



# FILMONTARIO

FILM · TELEVISION · INTERACTIVE

THE STRENGTH OF OUR SCREENS

**2017 Report**

November 2017

Dear FilmOntario Members:

It has been another busy year for the screen-based industries, and for FilmOntario as an organization. While we have continued our focus on ensuring that the government continues to understand the need for stable and effective tax credits, we have also been working to address other key issues that have been raised throughout the year. As we head into an election year, we will continue to focus on these key concerns and work with all of our partners to ensure that our industry continues to grow.

***Workplace Harassment, Bullying and Discrimination***

Over the past several weeks, many people in our industry have courageously come forward to reveal that they have faced harassment and bullying on set and in the workplace. We would like to thank those who have come forward and to reiterate that this type of behaviour is never acceptable.

On October 24th, FilmOntario issued a statement supporting ACTRA Toronto’s calls for all players in the screen-based industries to join in a discussion about how best to address issues of harassment, bullying and discrimination in the workplace. We are encouraged to see that industry leaders have agreed to join a meeting on November 23rd to discuss how we can all work together to implement practical, concrete measures to tackle sexual misconduct in a way that also leads to cultural change.

Our industry is by no means alone in facing these issues, but we all have a responsibility to come together to address the gaps in policies, procedures and practices that allow bad behaviour to take place. We know that individual organizations have already taken steps to ensure safe, harassment-free workplaces, but we are always stronger as an industry when we work together. And now it is more important than ever that we work together to ensure our workplaces are welcoming to everybody.

***Stable and Effective Tax Credits***

As we did throughout 2016, during 2017 we continued to focus on making sure that the government understands the importance of tax credit stability in maintaining and growing the size of our industry. It is clear that the government is getting the message – the 2017 Provincial Budget did not contain any substantive changes to the film and television tax credits.

In April 2017, the Honourable Eleanor McMahon, Minister of Tourism, Culture and Sport, announced that 2016 had been the third record-breaking year in a row for film and television production in Ontario, contributing almost \$1.7 billion to the provincial economy. This activity supports over 35,000 jobs across the province. We were pleased to see that spending in Ontario continues to be split almost equally between domestic and foreign productions, indicating that domestic



production continues to be a key strength of the province's film and television ecosystem.

In her announcement, which was hosted by FilmOntario member William F. White, the Minister noted the importance of tax credits to the industry, and confirmed that they are “here to stay”. This was an important and welcome message for all of us here at FilmOntario.

As we reported last year, FilmOntario is taking a leadership role in the Minister's Film and Television Advisory Panel, announced in July of 2016 as part of the province's first ever Culture Strategy. The mandate of the panel is for members to provide advice, feedback and guidance to government on industry trends, challenges and opportunities.

In addition to FilmOntario, the industry is represented on the Panel by the Canadian Media Producers Association (CMPA), the Motion Picture Association – Canada (MPA-C) and the Computer Animation Studios of Ontario (CASO). Representatives from Minister McMahon's office, as well as from the Ministry of Tourism, Culture and Sport and the Ontario Media Development Corporation (OMDC), also participate in the panel.

The Panel has met seven times since its creation, with various working groups meeting more frequently to do detailed work on the issues before the Panel. One of the busiest working groups over the past year has been the group concerned with Tax Credit Modernization and Streamlining.

**Stable and effective  
tax credits remain a  
key priority**

Other than ensuring tax credit stability, the biggest issue that has been raised by members over the past year is the lengthy tax credit processing times. We are all aware that delays in receiving tax credits means more money paid in interest and other financing costs, and less money spent on content creation. FilmOntario raised this issue at the Advisory Panel and with the Minister's Office, emphasizing that these delays are undermining the credits' effectiveness.

Over the past few years, the OMDC has taken several measures to deal with increased application volumes. As a result, OMDC has increased the number of projects it certifies annually, but the improvements in processing have not kept pace with the increase in applications.

Working with the Advisory Panel, we asked that measures be put in place to deal with the significant backlog that currently exists in tax credit applications at the OMDC. As a result of this request, the OMDC is currently piloting additional measures to address processing times. These include revising their business processes and procedures based on their existing risk assessment practices, and implementing a 30-day time limit for applicants to submit any missing or incomplete information.

This pilot project is only partway through, and it is too early to know whether the measures are succeeding. We expect that the Panel will receive a full report on the success of these measures in

the first quarter of 2018. At that time, we will take the opportunity to reflect on what else can be done to improve processing times.

The Advisory Panel's tax credits working group is also considering proposals to streamline and modernize the screen-based tax credits. In consultation with members, we have developed a list of priorities that will ensure that Ontario's tax credits continue to be effective and competitive. These priorities include:

- Updating broadcast and financing triggers in the OFTTC and OPSTC to reflect current licensing and business realities.
- Simplifying residency requirements so that individuals who are residing in the province during the year of the production are eligible, and working toward standardizing the documentation required to establish residency.
- Reducing administrative complexity in OCASE by allowing producers making on-set VFX claims to file their OCASE application at the same time as their OFTTC/OPSTC claim.
- Expanding OPSTC eligibility to incorporate all location fees paid to taxable Ontario individuals and companies.
- Making OCASE more technologically neutral, in order to ensure that all the effects related to a production are OCASE-eligible.

In our political meetings, politicians from all parties recognize the importance of reducing the administrative burden on tax credit applicants in order to ensure that the tax credits continue to remain competitive with other jurisdictions and effective in supporting content creation. The points noted above, and especially the need to improve processing times, will continue to remain a key cornerstone of our government relations activities leading up to the 2018 Provincial Budget and the election scheduled for June 2018.

### ***Support for Studio Development and Expansion***

As the number and size of productions filming in Ontario has increased, there has also been an increase in the demand for studio space, particularly in the City of Toronto. Our existing studios are operating at capacity and will be for the foreseeable future. We are currently losing service productions to other jurisdictions as there is nowhere for new shows to go, and domestic producers are feeling increasingly squeezed by the lack of suitable production spaces.

Over the past two years, FilmOntario has been in discussion with studio owners and government partners in an attempt to address the need to develop new studio space. As an industry organization, our role has been to bring people together to explore options and provide solutions. In order to formalize these discussions, FilmOntario recently completed a Studio Report to identify gaps and needs in studio infrastructure and provide recommendations to the provincial government on how to best move forward.

The report focussed primarily on existing studio owners operating in and around the City of Toronto, who were interviewed by a third party hired by FilmOntario. Thank you to all of the

studio members who agreed to be interviewed; the report could not have been completed without your support and your willingness to share information.

The interviews confirmed that studios in Toronto have been operating at capacity for at least the past year, and that they are booked well into 2018. This means that studios have been turning away work: the study respondents reported turning away a total of 44 productions. Using extremely conservative estimates, the Report determined that this is a loss of at least \$130 million in direct production spending in the province, which could have translated into just over 1,000 full-time industry jobs.

**Increased production activity means our studios are operating at full capacity**

In order to facilitate studio development and expansion, the Report recommends that the provincial government do the following:

1. Commit to stable tax credit rates.
2. Assist studio owners in securing capital to complete the financing they need to break ground on new or expanded studio spaces.
3. Coordinate efforts with other levels of government to develop studio-friendly policies and leverage additional cultural infrastructure funds where available.

The Report has been shared with government and is now available on the FilmOntario website. We encourage you to read the Report and share it widely.

In addition to completing the Studio Report, we have also continued to work on studio issues with the City of Toronto. We have been in active discussions with City politicians to support increased studio development in the Port Lands, and to ensure that existing studio spaces are protected. This will continue to be a priority as Port Lands development gets underway.

### ***Increased Support for Domestic Content Creators***

While there is an increased global demand for screen-based content that is fuelling service production in Ontario (and other jurisdictions), domestic producers continue to face unique challenges. FilmOntario is committed to finding ways to ensure that those producers that tell our own stories, develop original intellectual property, and re-invest in Ontario-grown businesses are able to continue to grow and thrive right here at home.

**Support for domestic content creation is key to growing our screen-based ecosystem**

As part of our work on the Minister's Advisory Panel, we will be asking for increased funding to the OMDC Film Fund. Although the recently announced Diversity Initiative provides a modest increase to the Fund, we believe that a more permanent and more significant increase is needed. Over the past several years, small decreases in the OMDC budget have been taken out of the Film Fund, reducing the overall support to Ontario's feature filmmakers. The time has come to

increase the Fund, and to consider ways that the increased funding can be invested more effectively.

Secondly, we will be asking the government to re-instate a version of the OMDC's Intellectual Property Development Fund. This one-time Fund ran as a pilot program to provide support for early-stage development activities. As the federal government has committed to enhancing early-stage development through the CMF as part of its Creative Canada policy, the time is right for the provincial government to also invest in these activities and in creating stronger Ontario-owned companies.

### ***Continuing to Strengthen Government Relationships***

Over the past year, we have continued to work with our government relations firm to solidify relationships with politicians and political staff from all political parties. Since last year's AGM, FilmOntario has participated in more than 30 meetings and events with Cabinet Ministers, MPPs, party critics and political staff to promote the industry and the importance of stable and effective tax credits in industry growth.



Our continued emphasis on strong government relations has meant that we have been able to respond effectively when unforeseen issues arise. For example, the government's recent Bill 148, the Fair Workplaces, Better Jobs Act, contained several provisions which could be detrimental to our industry. Once the different industry organizations came together to agree on a position regarding the Bill's scheduling and equal pay provisions, as well as on the need to continue the industry exemptions currently in place for meal breaks and hours of work, FilmOntario was able to work with government to find solutions. The government appreciated the fact that we were one of the only industries to come to them with solutions that were supported by both management and labour, and has committed to addressing our concerns in the regulations and interpretation bulletins that will accompany the Bill once it is passed.

Our cross-industry partnerships have also meant that we have been able to support important government relations initiatives at the federal level. We were pleased to support the CMPA's petition to have part of the CRTC's group-based license renewals sent back to the Commission for re-consideration, by sending letters to all Ontario-based federal Members of Parliament and by signing on to public letters supporting the petition. We would also like to thank all the individual FilmOntario members who signed the House of Commons petition on this issue, and who promoted the petition to their friends, neighbours and business colleagues. By working together, we made our voices heard and the decision was sent back to the CRTC for re-consideration of key issues. This would not have been possible without the strong leadership of the CMPA and the participation of all of our members.

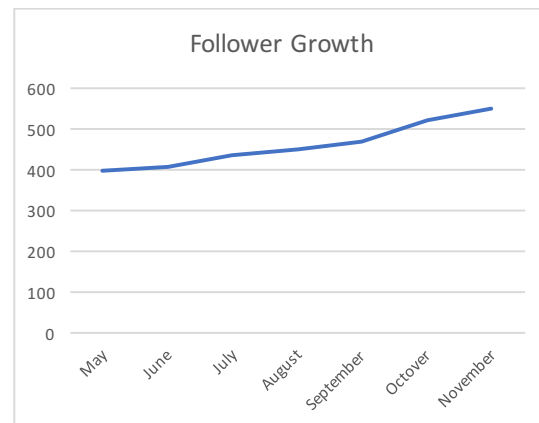
### ***Telling Our Story***

As we head into a provincial election and the possibility of a new government, it will be more important than ever that we spread the word about the importance of the screen-based industries in improving both the economic and cultural environment in the province. Our job over the next

year will be to ensure that our messaging to all political parties continues to be clear and compelling and makes the case for stable and effective tax credits and other investments in our industry.

FilmOntario has engaged the services of Cass Enright to assist us in developing and implementing a communications strategy that is geared toward three main audiences: (1) politicians, so that they continue to support the industry; (2) the general public, so that they understand the value that government support brings to the province; and (3) you, our members, so that you can be strong and vocal advocates on behalf of the industry.

We picked early September as the starting date for a significantly improved and increased Twitter presence with more Tweets and more images. We were able to take advantage of all the good news coming out of TIFF and the launch of the fall TV session and the results have been impressive. In the month of August we sent 4 tweets that generated 3,979 impressions, while in September we sent 48 tweets that generated 71,400 impressions. We will continue to build on this success by using our Twitter account to highlight our members' accomplishments and to draw attention to the economic impact of our industry. Feel free to send us good news stories and social media campaigns that you would like us to share. And don't forget to follow us at [@Film\\_Ontario!](https://twitter.com/FilmOntario)



We are also in the process of redesigning the FilmOntario website. Although it is a work in progress, we are aiming for a cleaner, more streamlined look with more up-to-date information that is easier to find. Stay tuned for further improvements throughout the year.

Finally, we have created a video to highlight the benefits of the industry and the return on the government's investment in our sector. Thanks to all the members who submitted material, we are now able to show off not only the compelling content that we make in this province, but also the many faces that work behind the scenes and the innovative tools we use to get the job done. The video will be found on the website and will be promoted through our social media, so please be sure to share it extensively!

Thanks to a significant contribution from FilmOntario member the MPA-C, we are also able to demonstrate that there is substantial public support for continued government investment in our industry. They have shared a new Abacus Data public opinion poll conducted to measure attitudes towards film and television production across Ontario. Overall, the poll results were extremely positive, with more than 70% of Ontarians saying they support additional federal and provincial incentives to stimulate productions by Canadian, Hollywood or

**Public polling data reveals that Ontarians support our sector and government production incentives**

international studios.

We will be very pleased to share these results in our government relations activities over the next year, as they will make it very easy for politicians to agree that continued investment in the industry should be a priority for any government!

### ***Promoting Ontario***

We continue to work with our partners at the City of Toronto and the OMDC. Cynthia Lynch sits on the City of Toronto's Film, Television and Digital Media Board, and is the lead of the City's Branding, International and Business Relationships Working Group. Cynthia also sits on the OMDC Screen-based Industry Advisory Committee. One of our most important shared objectives with these important partners is to promote Ontario as one of the world's leading jurisdictions for film and TV production.

In March, many of you joined us at the Staples Center in Los Angeles to cheer on the Maple Leafs and network with over 20 L.A.-based studio executives. The OMDC provided logistical support for the event and the City supplied the great giveaways our guests went home with.

We also participated in a familiarization tour for L.A.-based VFX executives organized by the OMDC in July. The visitors toured several local VFX studios, as well as the facilities at SIRT. FilmOntario was pleased to sponsor a reception for the L.A. guests and FilmOntario members during the fam tour, which was attended by approximately 45 people in total. Following the reception, the L.A. guests attended a dinner hosted by the Mayor of Toronto, where they got to meet different industry representatives and experience more of the City.

Thanks to everyone who participated in these events and helped us show off Ontario and all it has to offer!

### ***Thanks to All Our Members***

While the formal membership campaign ended last year, we continue to work on expanding FilmOntario's membership to maintain our position as a strong and representative voice for the industry. In the past year, we are very pleased to have welcomed the following new members:

- Enterprise Holdings
- PricewaterhouseCoopers LLP
- Rob Heydon Productions Inc.
- Switch VFX/Switch Animation
- The Hazelton Hotel

We would also like to thank all of you for your ongoing support of and dedication to FilmOntario. As we are funded from membership fees alone, we literally could not accomplish anything without our members.

Finally, we would also like to take the opportunity to acknowledge and thank our extremely engaged and hard-working Board of Directors:



John Weber (Treasurer)  
Take 5 Productions

Jayson Mosek (Secretary)  
NABET 700-M UNIFOR

David Carter  
Canada Film Capital / EP Canada

David Rumley  
IATSE 667

Frank Siracusa  
Whizbang Films

Hilary Goldstein  
Buchli Goldstein LLP

Ira Levy  
Breakthrough Entertainment

Jane Tattersall  
Tattersall Sound and Picture

Jonathan Barker  
SK Films

Monty Montgomerie  
IATSE 873

Paul Bronfman  
Comweb / William F. White

Scott Garvie  
Shaftesbury Films

Vanessa Steinmetz  
Entertainment One

Without their leadership and support, FilmOntario would not be the strong organization it is today. The time that the Board takes away from their daily businesses to work on behalf of the industry is much appreciated.

***More Work Ahead...***

We have come a long way over the past year but, as always, there is more work yet to be done. 2018 will be a year of change for the province, and therefore will be a year of change and opportunity for our industry. By continuing to work together, we will be able to meet any challenges head on.

Thank you for all of your hard work over the past year and we look forward to many successes in the year ahead.

Respectfully submitted,

