

FILMONTARIO

F I L M · T E L E V I S I O N · I N T E R A C T I V E

11 February 2022

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd floor
95 Grosvenor Street
Toronto ON M7A 1Z1

Sent by email: submissions@ontario.ca

Dear Minister Bethlenfalvy:

FilmOntario is pleased to submit the following for your consideration in the 2022 Provincial Budget. We are a not-for-profit industry consortium representing the 45,000 workers in the province's film and television industry, including those employed by Ontario-based production companies, unions, studios, equipment suppliers and animation and visual effects studios, as well other industry organizations in the province's screen-based industry.

Premier Ford has challenged the industry to reach \$5 billion in direct spending – a challenge that can be met with some strategic investments, a competitive business environment, and the hard work of the province's well-trained film and television industry workers. The key to this growth is the government's ongoing commitment to stable, effective, and competitive tax credits.

While the final report is yet to be released, FilmOntario supports all of the recommendations of the Ministers Film and Television Advisory Panel. Thank you to you and to Minister MacLeod for giving the industry an opportunity to provide input and information about the best way to grow the sector.

We would, however, like to take this opportunity to highlight some key investments that will make Ontario a more competitive jurisdiction for film and television production, and speed up our ability to reach that \$5 billion target:

- 1. Stable, effective, and competitive tax credits**

This government's commitment to stable film and television tax credits is crucial to growing the film and television industry in the province.

However, the market for film and television content has evolved significantly since the tax credits were introduced by a Conservative government in 1996. Video-on-demand and internet streaming services (such as Netflix) did not play a significant role in attracting audiences at that time. Now that audiences have many more viewing options, the tax credits need to be updated to remove the requirement for a traditional broadcasting deal. This will ensure that producers can make the business deal for their shows that makes the most sense for that show. It will also mirror the changes made

federally in 2017 and in the province of Quebec in 2018, while giving producers the flexibility they need to determine what platform is best for their project.

In addition, Ontario is currently less competitive than other jurisdictions that have similar tax credits which treat location fees paid to all local residents as eligible expenses for their tax credits. In Ontario, such fees are only eligible for the Ontario Production Services Tax Credit (OPSTC) if they are paid to a person or business who regularly leases property to the film or television business.

Allowing all location fees as eligible expenses for the OPSTC will encourage productions to get out of the studio and into the community, freeing up valuable studio days and widening the potential economic impact of a given film production. Productions will have a greater incentive to use properties owned by individuals and businesses throughout a community, not just those who are in the industry.

When productions move out to various locations, the entire province benefits. For example, the Emmy-Award winning *Schitt's Creek* supported a total of 985 Canadian businesses while filming its fifth season, 45% of which were outside Toronto, and twenty-eight of which were in the small town of Goodwood. Small businesses in the town such as Annina's Bakeshop and Café saw direct benefits from the revenue generated by providing catering for the show, as well as benefitting indirectly from the increased interest and tourist activity that came from the show's success.¹

2. **A Well-Trained, Diverse Workforce**

As demand for screen-based content continues to grow, Ontario's film and television industry workforce needs to grow along with it. Outreach to and training for young people, and for people looking for second careers, are important to ensure we are training the next generation of on- and off-screen talent.

Traditionally access to government assistance for training and on-the-job placement opportunities have been limited because most industry training is done by unions or industry associations, in situations where there is no traditional employee/employer relationship. Ensuring these programs are available and open to the industry will support the industry's development of training programs that address true gaps in the sector.

We therefore ask that you continue to ensure that all government programs designed to train or re-train individuals be open to unions, municipalities and other industry associations who can provide program advice and training opportunities to people in the industry. Ensuring that programs are designed to accommodate the working conditions of our sector will assist those who are learning new skills or upgrading existing ones. Programs including but not limited to Ontario Creates training support, the Ministry of Labour, Training and Skills Development (MLTSD) Skills Development Fund, and micro-credential programs should continue to receive funding.

¹ Case Study – Economic Impacts of *Schitt's Creek* – Prepared for the Canadian Media Producers Association in April 2020 by MNP LLP.

3. Continued Investment in Domestic Content Creation and Diversity

The Ontario Creates Export and Film Funds provide needed support to Ontario-based companies to create and sell their content at home and abroad. While the investments are often modest, for Ontario-owned companies they can have a substantial impact when it comes to finishing a feature film or being able to attend an important international market. These programs also have built-in support and promotion for diversity and inclusion efforts in the industry.

Continuing these Funds at their current levels is a crucial component in continuing the growth of the sector and maintaining the balanced ecosystem we have between domestic and foreign production. Where funds permit, increasing these Funds, which are always over-subscribed, would stimulate even more growth in the industry.

Thanks to the successful health and safety protocols implemented during the pandemic, the high demand for screen-based content, and the solid foundation the industry has in this province, we are well-positioned to help grow our sector and create jobs and investment in all regions of Ontario. The initiatives outlined above will help us achieve that goal.

Thank you very much for your consideration. Please do not hesitate to be in touch with any questions or concerns.

Sincerely,



Jennifer Jonas
Co-Chair, FilmOntario



David Rumley
Co-Chair, FilmOntario



Cynthia Lynch
Managing Director and
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cc: The Honourable Lisa MacLeod
Minister of Heritage, Sport, Tourism and Culture Industries