

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

28 January 2025

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

Submitted via online portal

Dear Minister Bethlenfalvy:

FilmOntario is pleased to submit the following for your consideration in the 2025 Provincial Budget. We are a not-for-profit industry consortium representing the over 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.

Film and TV Production in Ontario

The film and television industry in Ontario is made up of content that is developed and produced here from original intellectual property by Ontario-owned companies – shows like *Murdoch Mysteries*, *Late Bloomer*, *Shoresy* and *Sort Of* – and some of Hollywood's most successful productions that choose to film in Ontario – shows like *Star Trek*, *Reacher*, and *The Handmaid's Tale*. All of these productions are attracted to do business in Ontario because of our stable incentives, beautiful locations, commitment to sustainability, and an extremely talented workforce both in front of and behind the camera. We also have a world-class animation, post-production and special effects industry, which strengthens our overall industry. The well-balanced nature of our production ecosystem is unique in Canada when compared to other provinces and is one of our main strengths as a jurisdiction.

Premier Ford has said that he thinks that this sector could reach \$5 billion, and in spite of some recent uncertainties, we think we can reach that goal. In 2022, film and television production contributed a record-breaking \$3.2 billion in direct spending to the Ontario economy. However, in 2023 labour disruptions in the American market had a significant impact on production levels in the province, as they did in jurisdictions around the world, and spending levels in that year fell to \$1.8 billion. While we do not yet have final numbers from 2024, our best guess is that they will show an increase from the lows of 2023, but will not hit the record-setting levels of 2022. An uncertain and more competitive market for film and television production is having a significant impact not just on the number of productions we attract, but also on the budget levels of the shows that are filmed here.

These uncertainties come from a variety of sources. Like many industries, we do not yet know how the new U.S. administration's trade policies will affect the business we do. In any given year, between 50-60% of production spending comes from non-Canadian, mostly American,

companies; trade policies that have a negative impact on this part of our sector would be devastating, affecting thousands of workers across the province.

In addition, other Canadian provinces and international jurisdictions are improving their incentives for and investments in both domestic and service production. In December, the province of British Columbia announced that it would be increasing the rate of their domestic and service tax credits to 36% of eligible labour, effective January 1, 2025, with an additional bonus for very large productions. Nova Scotia similarly announced that it would double the size of its Film Fund this fiscal year, from \$38 to \$77 million for 2024-25. In their spring budget, the province of Quebec increased their service credit to 25% of all eligible costs, and the support they give to their domestic industry is unmatched in the rest of Canada. Alberta has also made improvements to their film and television incentives over the past year.

Production is also becoming more competitive internationally – Australia has increased its location tax credit, previously announced changes in the UK to many of their tax credits are beginning to be implemented, and many European jurisdictions are introducing new filming incentives. This is in addition to the multiple U.S. states that have either already or are contemplating enhancements to their credits – including the state of California, where Governor Newsom is hoping to more than double the credits available for filming in that state.

All of which is to say that, while Ontario continues to have amazing on- and off-screen talent, world-class infrastructure, and beautiful locations, the world is becoming much more competitive when it comes to film and television production. If we are going to meet Premier Ford's \$5 billion goal, it is vitally important that Ontario keeps pace with this increasingly competitive environment. What follows are some suggestions on how to do that.

Tax Credit Competitiveness

We appreciate this government's continued commitment to the film and television tax credits, and in particular the previous Budget commitments to updating the credits in order to maintain our competitiveness. And we know that tax credits are an effective investment – more than 85% of Ontario's production activity is directly attributable to the presence of our tax credits. For every dollar the government invests, a dollar is returned to the government in the form of municipal, provincial and federal taxes and fees. In addition, that same dollar generates an additional \$2.50 in labour income in the province and increases the province's GDP by \$3.40.¹ Tax credits work.

Tax credit stability is key to maintaining Ontario's position as a competitive filming jurisdiction. The government's ongoing commitment to the credits sends a strong message that Ontario is a good place to do business, attracting not only individual productions but also investments in studio infrastructure and technology, necessary components for a healthy film and television ecosystem. However, in today's competitive environment, maintaining the current tax credit rates will not be enough to keep up with domestic and international jurisdictions.

To that end, we are asking the government to return the Ontario Production Services Tax Credit (OPSTC) rate to 25%, the rate that was in place before the tax credit was cut by the previous

¹ PricewaterhouseCoopers, [Benefit Assessment of Ontario's Film and Television Tax Credits](#), December 2022.

Liberal government. This increase will restore our position as having a more competitive service credit than British Columbia, and bring the Ontario service credit in line with Quebec's. In addition, we are asking the government to increase the Ontario Film and Television Tax Credit to between 38 and 40%, of eligible labour, which will make the base rate more competitive than British Columbia's and in line with what is available in Quebec. We would also like to reiterate our support for the continuation of the 10% OFTTC regional bonus in its current form – this bonus is a crucial piece of funding for domestic producers and makes a compelling argument for choosing Ontario over other provinces for the creation of original Canadian content.

We understand that our colleagues at the Computer Animation Studios of Ontario (CASO) are proposing an increase to the Ontario Computer Animation and Special Effects (OCASE) tax credit. We unequivocally support their position as it is an important piece of making Ontario a competitive jurisdiction for all parts of our ecosystem.

Furthermore, we would like to continue to work with the government to explore ways to improve the effectiveness of the tax credits by getting tax credit money into the hands of producers sooner, allowing them to spend more of that money on hiring workers to create the content that ends up on the screen. We greatly appreciate the recent investment in additional tax credit staff at Ontario Creates, and look forward to seeing a positive impact on processing times that this will undoubtedly have. We also look forward to seeing the impact of other technical and administrative changes that the Agency is making on processing times.

That being said, finding a way to pay out the tax credits sooner in the process would be of even greater benefit to the industry by putting more of the money on our screens. One way to achieve this would be by advancing the tax credit amount claimed, or a portion of it, when a tax credit application is filed or when a production is certified by Ontario Creates. Another way to do it would be to allow companies to apply for their tax credits sooner, for example as soon as they start making Ontario-based expenditures, rather than having to wait until the first day of principal photography to apply. We are very much interested in continuing to talk with the government about these options.

In addition, producers who receive support through the Northern Ontario Heritage Fund (NOHFC) have their tax credits reduced by a proportionate amount (the "grind"). This grind, coupled with the increased costs of production in Northern Ontario, reduces the effectiveness of both the tax credit and the NOHFC funding, once again meaning that there is less money overall to be spent on the screen. We therefore submit that the government should remove the grind from NOHFC funding, in order to make more funds available to invest in the workers and other elements that improve the quality of the production and make Northern Ontario a more attractive part of the province for filming.

These tax credit improvements will keep Ontario competitive both within Canada and around the world, allowing the industry to flourish across the province. The support will allow us to continue to build the sector to the goal of \$5 billion envisioned by Premier Ford, and provide employment for thousands of film and television workers.

Maintain and Improve Existing Support Programs

We would also like to note the importance of maintaining and improving existing programs that support our industry. The Film Commission at Ontario Creates promotes Ontario as a world-class filming jurisdiction, with beautiful locations, world-class on- and off-screen talent, and a commitment to sustainable production practices. The Global Market support the agency provides profiles Ontario creators on the world stage, where their productions not only shine but where they can also attract important financing for future projects and the jobs that come with them.

Recently, Ontario Creates undertook an extensive review of their investment support to original content creation in the province of Ontario, resulting in the creation of a new Intellectual Property (IP) Fund that builds on the successes of the former Film and Interactive Digital Media Funds. From the experience of our members, we know that the now discontinued Funds were greatly oversubscribed, meaning that high-quality projects that could have provided jobs and investment for the province were not always able to go ahead, or had to move to other provinces where more investment was available. In order to see that the new IP Fund gets off on a strong footing, and to address unmet needs in the sector, we ask that the government invest an additional \$15 million in the IP Fund at Ontario Creates. As we noted above, other provinces are increasing their investments in the film and television industry, and this includes increasing their support for the domestic industry. This support will improve Ontario's competitive position when it comes to supporting domestic content creation, and support Ontario companies in taking their content to screens around the world.

In addition, the industry needs to attract a diverse, skilled workforce from all across the province. Film and television workers also need to make sure their skills adapt and evolve to incorporate the latest technology into their work. But the sector also has unique training needs, and it has traditionally been difficult to access government support for training due to these unique needs. The Skills Development Fund has been successfully used by municipalities and private organizations in the sector to support training opportunities – for example through the City of Toronto's xoTO partnerships with community organizations to provide opportunities for equity-deserving groups and others seeking to join the industry and through on-set mentorships offered by FilmOntario member NABET 700-M UNIFOR with support from the Fund.

Unfortunately, many others in our sector have found the Skills Development Fund difficult to access due to onerous administrative requirements and, in some cases, difficulties in making the funding models work with the realities of how our industry operates. We therefore ask that a unique Film and Television stream be developed within the Skills Development Fund, in order to best meet the needs of our sector and maximize the training opportunities for the film and television workers of today and tomorrow.

Maintaining and improving support for Ontario Creates and its programs and for the Skills Development Fund will help keep the province's film and television sector competitive in the world market, ensuring that the industry continues to drive employment and economic development right here at home.

We would like to thank the government for its ongoing commitment to the success of the film and television industry, and in particular its commitment to stable and effective tax credits. We

look forward to continuing to work together to make sure Ontario remains the best place in the world for film and television production.

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

Sincerely,

[Filed Electronically]

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cc: The Honourable Stan Cho
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