
December 1 - Initial Analysis & Speaking Points

Ensuring Ontario's Competitiveness: Jurisdictional Review and Tax Credit Improvement Study

December 1, 2025

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Introduction

Project Leadership:

FilmOntario is dedicated to ensuring that Ontario remains a leading hub for film and television production both within Canada and on the global stage and has contracted Nordicity to conduct a Competitiveness Study.

Nordicity is an international consultancy with over 40 years experience supporting evidence-based strategic planning; policy and program development, evaluation and implementation through economic and qualitative analysis, and inclusive public engagement.

Project Purpose:

- To strengthen FilmOntario's ability to effectively advocate for the continued growth and support of the screen industry at the provincial level by providing data and strategic recommendations regarding Ontario's competitive position among specific jurisdictions relative to tax credit and other direct investment programs such as Ontario Creates intellectual property (IP) program.

The project is comprised of two parts:

- A review of trends in global incentives and a detailed comparison of tax credits and other incentives in leading jurisdictions, for both domestic and service production.
- An examination and testing of selected improvements to Ontario's current tax credits and incentives, that include both projected cost of improvements and benefits (jobs, GDP, inward investment and tax revenue to the Province).

This deck summarizes initial findings of Part One – Market Realities.

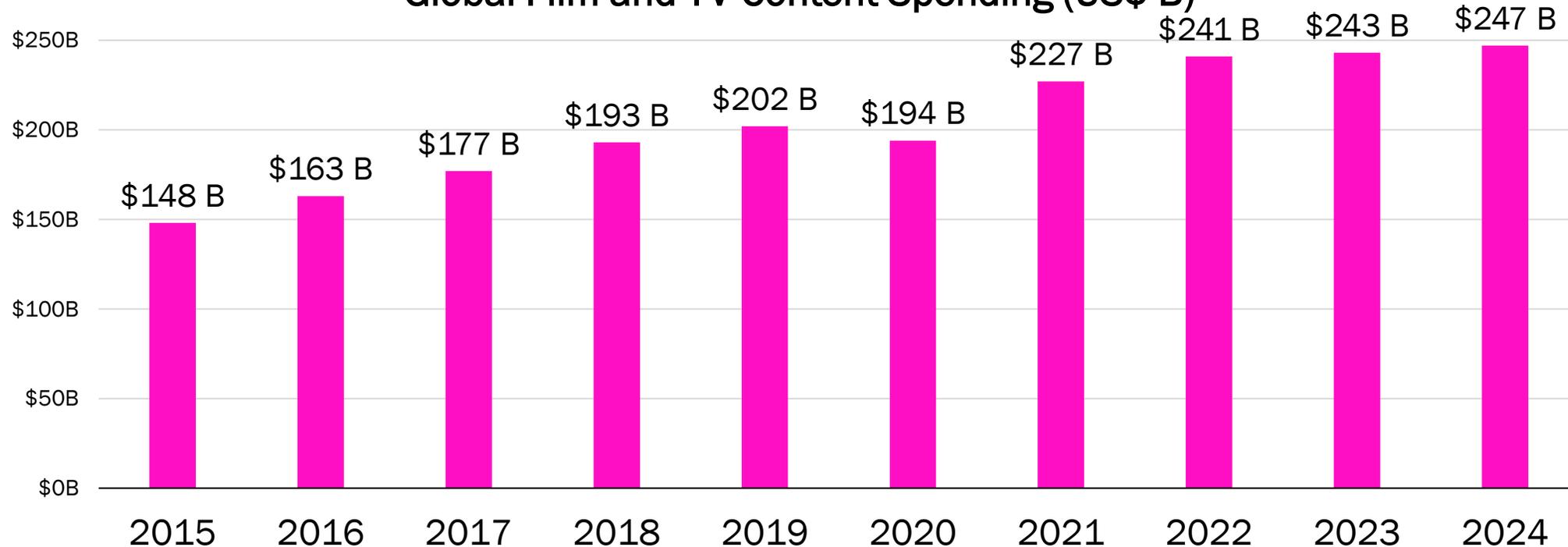


Global Market Realities

With audiences increasingly watching content from around the world online, the Canadian – and Ontario – media production industries operate in a global marketplace. Understanding global industry trends is essential to assessing and enhancing the competitiveness of Ontario.

Content spending has essentially plateaued since 2022. While the slow down is in part due to the 2023 U.S. labour disruptions, the plateau reflects broader industry trends as streamers and broadcasters focus on profitability.

Global Film and TV Content Spending (US\$ B)



Source: Statista



Global Market Realities

Scripted series commissions among top streamers:

-24%

from 2024 to 2025

YouTube's Canadian reach:

98%

YouTube 2024 revenue rivals Netflix:

36.1B vs 39B

- **Cost-sensitive buyers in a post-“Peak TV” and “streaming wars” period:** Globally, six U.S. streaming companies account for roughly 51% of worldwide content spending, and their business models have shifted from growing subscribers to growing profits.
 - This shift includes the introduction of ad-tier subscriptions, restrictions around subscription-sharing, service bundling, and a focus on subscriber retention to drive and stabilize revenue.
 - Belt-tightening on the expense side of the balance sheet has resulted in changes in commissioning behavior. Streamers now prioritize lower-risk content with confirmed audience (internationally recognized IP, stars, sports, live events), fewer scripted series are being commissioned and both the number seasons and the number of episodes within each season has been reduced.
- **Middle squeeze:** Money is flowing to blockbusters and ultra-low-cost content, squeezing out mid-budget productions and companies that used to anchor export pipelines, the segment where many Canadian independent producers sit.
- **Platform diversification and new buyers:** AVOD, FAST, YouTube, TikTok and other global platforms are now key discovery and monetisation channels. They offer new export pathways for short-form, vertical, and niche content beyond traditional linear and SVOD deals

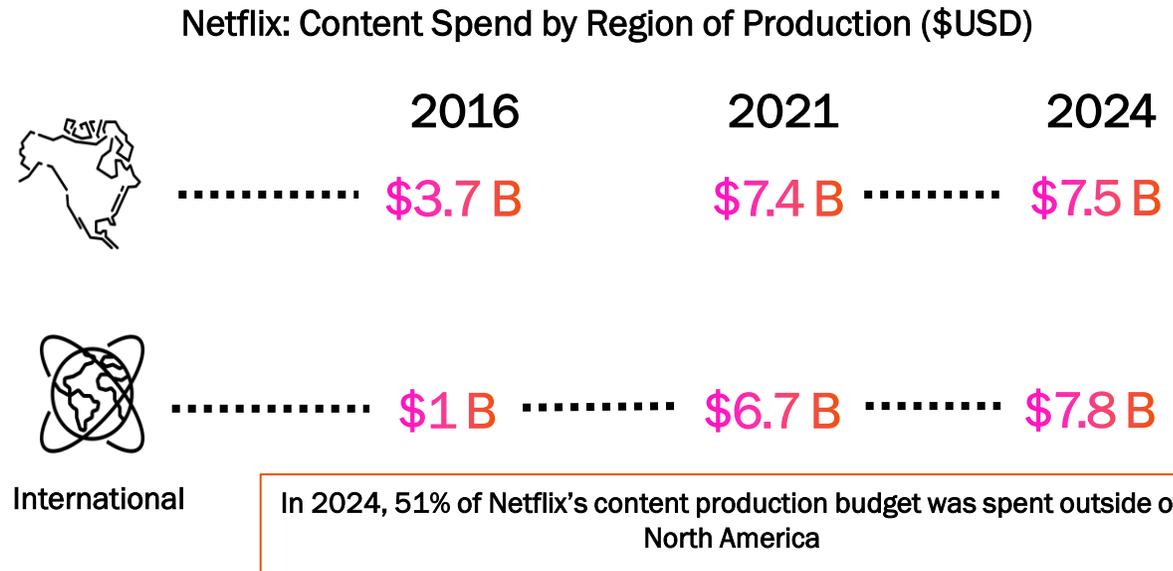
Sources: Ampere Analysis, *Global streamers' Scripted TV commissions fell by 24% in H1 2025*, *Canada Media Fund Trends Report 2024* (Comscore Canada data), *Variety*



Global Market Realities

While most streaming platforms are not expanding content production internationally, **Netflix and Amazon continue to work overseas because of cost efficiency and their emphasis on local content** (70% of Netflix's subscriber base is outside of North America).

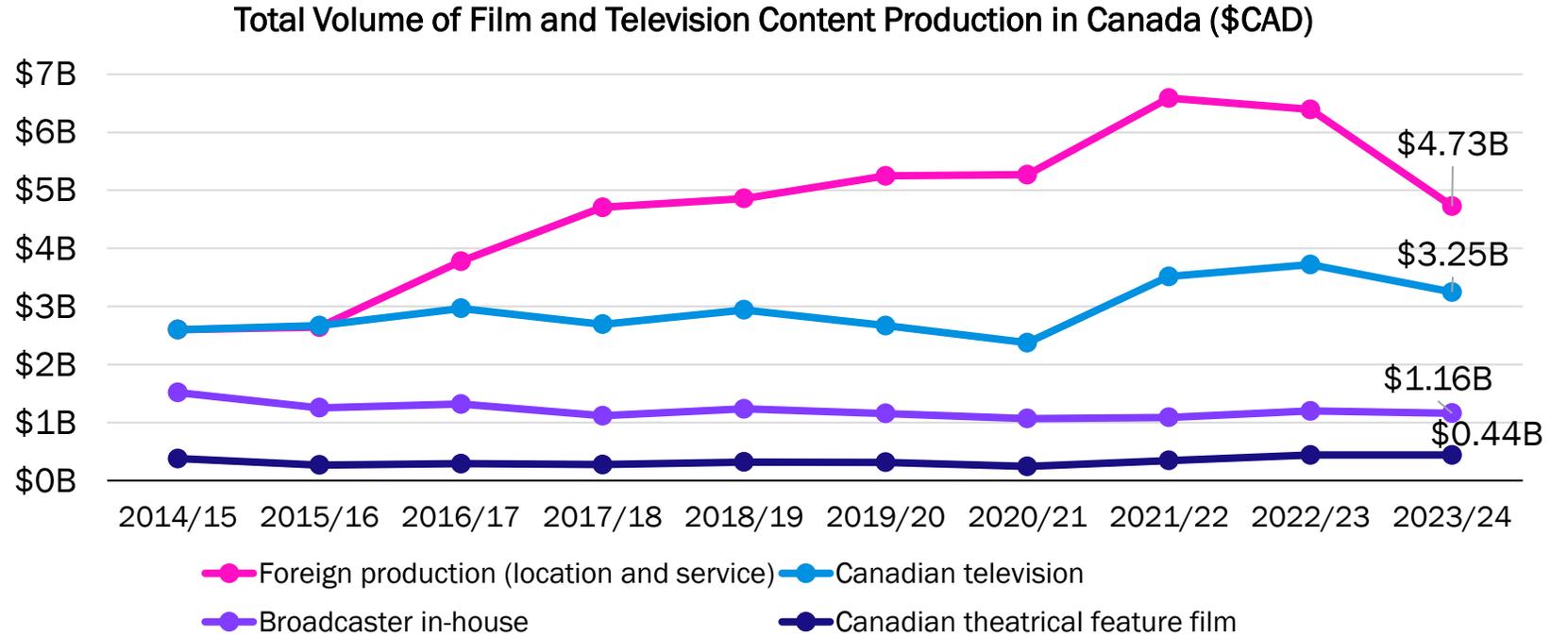
Rising International Competition: More jurisdictions worldwide are offering production incentives to attract service and support domestic production



Source: Profile 2024; Ampere Analysis



Pressures within Canada



Canada’s film and television industry is part of the global industry and subject to the trends described above. The total production volume in the Canadian film and television industry decreased by 18.5% to \$9.58 billion in 2023/24.

- Canadian television production decreased 12.7% to \$3.25 billion (although still above pre-covid levels). Canadian television declined as private Canadian broadcasters normalized their Canadian programming expenditures (CPE). In the previous 2 years, their CPE was extra-high because they were catching up on their CPE shortfalls during Covid. This decline was less of a market-driven weakening and more of a regulation-driven pattern.

- Foreign location services (FLS) production decreased by 26.1% to \$4.73 billion, largely driven by the 2023 Hollywood strikes.
- Canadian theatrical production was unchanged. Increased funding for Telefilm helped keep Canadian theatrical elevated.
- The total Canadian film and television industry accounted for approximately CAD \$11.04 billion in GDP in 2023/2024, down by 19% from the previous year although still generating nearly 179,000 full-time equivalent jobs.

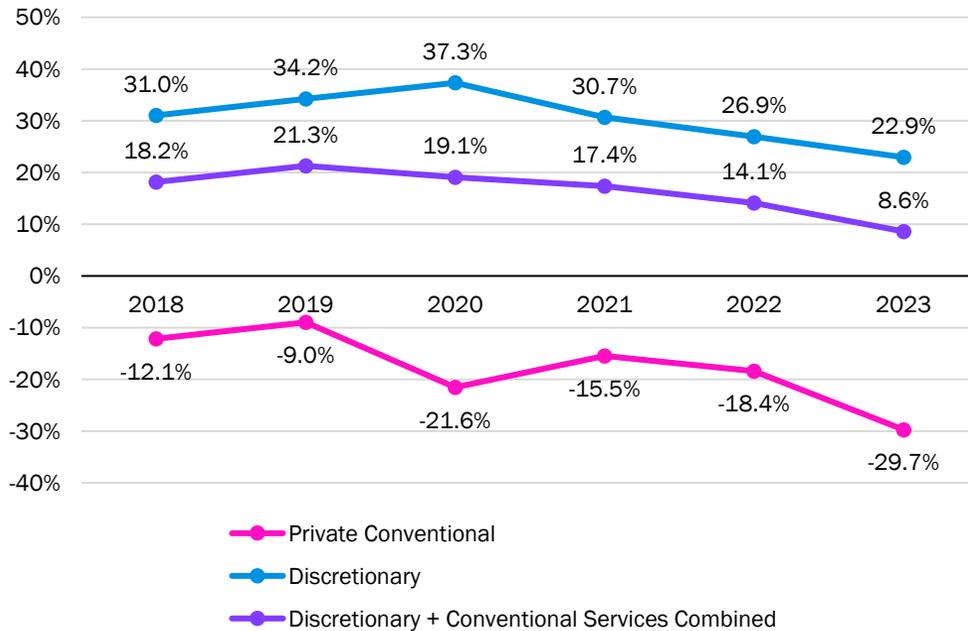
Source: Profile 2024

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Pressures within Canada

Broadcasting profit margin before interest and taxes (PBIT), large ownership groups (BCE, Rogers and Corus), English-language services



Source: CRTC, Aggregate Annual Returns

Broadcasters: Despite declining revenue, broadcasters collectively remain generally profitable. Private conventional television margins are decreasing and have not remained profitable (down 29.7% in 2023); however, discretionary services have remained profitable averaging a 30% profit margin from 2018 to 2019. Aggregated, the private conventional and discretionary services profit margin was 8.6% in 2023 and averaged an overall profit margin of 16% from 2018 to 2023. BDU revenue has declined from \$9B (2015) to \$6.4B (2024), representing a subscription loss of ~20%.

Regulatory transitions: The modernization of the Canadian broadcasting system represents a once in a generation shift. The industry remains nervous as the new regulations are developed. Recent decisions include a new definition for Canadian content, and the requirement that streamers contribute 5% of annual Canadian revenues to domestic content funds (currently held up in a federal appeal process).

Geopolitical volatility: U.S. trade policy proposals contribute to instability and lack of predictability relative service production business with the U.S.

Federal investments: The recent influx of funding is intended to help stabilize the industry during transition from the traditional to the new blended traditional and digital regime and signals the federal government’s ongoing commitment to the Canadian film and television industry through notable investments: over three years, beginning in 2026/2027 \$150 million to Telefilm Canada, \$127.5 million to the Canada Media Fund, and \$26 million to the National Film Board, and a one-year top-up of \$150 million to CBC/Radio-Canada in 2025/2026.



Ontario Specific Pressures

With significant levels of production in Canadian content and FLS production, Ontario was affected by both the 2023 Hollywood strikes and the Canadian programming Expenditure (CPE) normalization among English-Canadian private broadcasters.

Ontario's total film and television production volume fell by \$1.23 billion, or 27.2% in 2023/2024.

- Just over half of this drop was due to a 35.2% drop in Ontario's FLS production.
- Just under 40% of the total drop is due to a 29.2% drop in its Canadian television production.
- Canadian theatrical feature film production and broadcaster in-house production was also lower in Ontario in 2023/24.

For the past ten years Ontario has had the highest total volume Canadian content (television and film, not including FLS) production in Canada. In 2023/2024, Ontario's Canadian television production was \$1.132 billion and Canadian theatrical was \$193 million for a total of \$1.325 billion representing 36% of the total share, down from \$1.4 B in pre-covid 2019/20.

Foreign Location Service (FLS) Production in Canada fell by 26.1% from 2022/23 to \$4.73 billion in 2023/24.

Most of this decrease was in television series, which fell by 36.2%. FLS feature film production also dropped in 2023/24, but just by 4.9%.

- **British Columbia** remained the leading province, although its volume of FLS production fell by 36.5% or \$965 million in 2023/24.
- **Quebec** displayed more resilience likely due to FLS VFX production. Its volume of FLS production decreased by only 7.9%, or \$122 million, to \$1.42 billion.
- **Ontario** experienced a similar drop to British Columbia with its FLS production falling by 35.2%, or \$698 million, to \$1.28 billion. As a result, Ontario slipped from Canada's second largest FLS production centre to its third largest in 2023/24.

[Source: Profile 2024](#)



Methodology - *Using Profile, the annual economic report on the media production industry in Canada*

Profile, the annual Economic Impact Analysis Report that Nordicity has prepared since 1997 uses estimates based on data collected from multiple sources including from: the Canadian Audio-Visual Certification Office (CAVCO) of the Department of Canadian Heritage; by the Canadian Radio-television and telecommunications Commission (CRTC); federal funding agencies (the Canada Media Fund and Telefilm Canada), as well as provincial and territorial funding agencies.

Estimates for CAVCO, the principal source of data for the CMPA Profile account for the lag between actual fiscal year in which principal photography start (PPS) date falls and the year that a producer submits an application for the Canadian Film or Video Production Tax Credit (CPTC). Under the CPTC program, producers can submit their CPTC application to CAVCO up to 42 months after the end of the fiscal year in

of PPS. As a result, it is possible that the data from CAVCO may not provide a comprehensive indication of production volume until up to four years after the end of a particular fiscal year.

In the CMPA Profile, the estimates of Canadian television production also include an estimate of television production certified by the CRTC, but not necessarily in receipt of the CPTC (e.g., reality programming).

Research conducted by Nordicity and the Department of Canadian Heritage in 2009 indicated that CRTC-certified television production accounted for an estimated 13.5% of total Canadian production. This rate was used in Profile 2024 to estimate the total volume of CRTC-certified production.

[Source: Profile 2024](#)



Methodology – Differences in Data Reporting

Certain federal and provincial funding agencies, including Telefilm Canada, also publish statistics for film and television production activity. The statistics published by these funding agencies may differ from those in Profile for a variety of reasons:

- Some funding agencies publish production statistics on a calendar-year basis rather than on a fiscal-year basis, as they are reported in Profile.
- Statistics reported by Telefilm Canada only include feature films that either received financial support from the agency or were recommended under one of Canada’s audiovisual coproduction treaties.
- Some funding agencies report production activity on the basis of the fiscal year in which a film or television project receives approval for its tax credit application or other type of funding award, rather than the year in which the project’s principal photography starts (i.e. the practice used by CAVCO). For example,

Telefilm Canada reports feature film production activity based on the fiscal year in which a project receives its funding commitment from the agency.

- Statistics reported by funding agencies exclude broadcaster in-house production and genres of programming that are ineligible for provincial tax credits (e.g. reality programming).
- Provincial funding agencies typically report production activity on the basis of the province in which the film or television project spending occurred, whereas the statistics in Profile are reported following the practice of CAVCO, which reports on the basis of the province in which the lead producer of the project is based. (Note that Profile 2024 also includes, for the first time, regional statistics based on the province/region in that accounts for the majority of a project’s filming days).

[Source: Profile 2024](#)



Methodology – Specific to Profile 2024

The estimates of Canadian production used in Profile 2024 were slightly different than in previous years. 2024 was a transition year to position the publication in the fall of the reporting year (rather than the spring of the following year). This change in publication date required that Nordicity apply a higher gross up rate than the rate previously applied (11%) to account for the 42-month window in which producers may submit their application to CAVCO.

For Profile 2024, Nordicity applied the following gross-up factors to the raw production data supplied by CAVCO:

- 2021/22, 2.9%
- 2022/23, 5.4%
- 2023/24. 22.4% (television), 16.4% (theatrical).

[Source: Profile 2024](#)

The higher gross up rates are due to the fact that Profile 2024 was prepared using a dataset from CAVCO from Spring 2024 rather than Fall 2024 and therefore would be subject to a larger lag adjustment, since it was missing six months of data in comparison to the historical Fall datasets supplied by CAVCO.

The above rates were based on historical rates of under-coverage observed in the CAVCO statistics between 2012/13 and 2018/19 (i.e. before the COVID-19 pandemic), with particular weight given to the rates of under coverage observed in the latter years of this 7-year period.

The rates for 2023/24 include further adjustment to reflect the historical changes in volume observed between the Spring and Fall datasets prepared by CAVCO.

