

# 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

30 January 2026

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 2026 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 as other industry organizations in the province's screen-based industry.

To protect Ontario's successful investments in the film and television industry and continue to build our sector, FilmOntario is asking the Government of Ontario to do the following in Budget 2026:

1. increase the base rate in the Ontario Film and Television Tax Credit (OFTTC) to 40% and the Ontario Production Services Tax Credit (OPSTC) to 25% in order to meet the demands of an increasingly competitive business environment for film and television production;
2. invest an additional \$26 million to be directed toward the creation of linear content in the Ontario Creates Intellectual Property (IP) Fund in order to support the growth, and global competitiveness of Ontario-owned production companies; and
3. consider making the Ontario Computer Animation and Special Effects (OCASE) tax credit a producer-claimable credit in order to reduce red tape and improve Ontario's competitive position.

Premier Ford has set a goal for this sector of \$5 billion in annual spending, and in spite of some recent economic uncertainties in the sector, and with the investments outlined in the following pages, we think we will be on our way to getting there.

## **Investing in Film and Television Pays Off**

When the film and television tax credits were introduced by a Conservative government in 1996, spending on film and television in Ontario totaled a mere \$530.2 million<sup>1</sup> – or just under \$1

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<sup>1</sup> Ontario Media Development Corporation, 1991-2011 20-year comparison.

billion in today's dollars. Compare that to 2024, when production spending in the province totaled \$2.6 billion in direct spending all across the province.<sup>2</sup> This ongoing investment in the industry by the province has created a world-class filming jurisdiction, one that all Ontarians can be proud of.

These investments have created a jurisdiction that is unique in the country, one that supports both the creation and retention of Canadian-owned intellectual property by Ontario companies, as well as hosting some of the best film and television productions from around the world. With the steadfast support of Premier Ford, Minister Cho and the rest of the team, this industry can continue to thrive. However, this is not the time to stand still – other provinces and international jurisdictions are working hard to compete with these investments, and without action we risk losing our leadership position.

In recent weeks, we have seen the global popularity of *Heated Rivalry*, based on a Canadian book, produced by an Ontario company, made for an Ontario-based streaming service, filmed across Ontario from Hamilton to Muskoka, and using Ontario crews and state-of-the-art Ontario production facilities. It is now the most-watched show ever on Crave, and on HBO Max, which streams it in the U.S. and around the world, it is the top-rated live action acquired series since the service launched in 2020.<sup>3</sup> Truly an Ontario success story, and there is much more to come.

We have seen equal success with first-class Hollywood productions who choose to film in the province. Netflix's *Frankenstein*, directed by Guillermo del Toro and filmed in Ontario, has now garnered nine Oscar nominations, including for Best Picture, but also recognizing the Canadian talent behind the production design, sound editing, hair, and makeup teams.<sup>4</sup> The incentives provided by this government attract these types of productions to the province, and the talent and first-class infrastructure these investments nurture keep them here.

And these high-profile productions are only part of the story. Production happens all across the province with substantial economic impact in many Ontario communities. There were a total of 383 movies, TV series, and specials that made Ontario their home in 2024,<sup>5</sup> all across the province. To cite just a few examples: series like *Shoresy* showcase northern Ontario, Ottawa is home to a thriving movie-of-the-week industry, *IT: Welcome to Derry* filmed on location in Port Perry and Cobourg, and *The Handmaid's Tale* spent several location days in Cambridge and Brantford. In addition, 2025's *Very Merry Mystery* was shot entirely on location in London, Ontario, employing over 100 locals as crew and background performers and supporting local vendors including caterers, restaurants, and hotels; more than forty hotel rooms were booked by the production for more than four weeks.

For those Canadian productions that are delivering this economic impact across the province, the 10% regional bonus in the Ontario Film and Television Tax Credit (OFTTC) is a crucial piece of funding for domestic producers of original Canadian content and makes a compelling argument

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<sup>2</sup> Ontario Creates, [Ontario Film and Television Production 2022-2024 by Format](#).

<sup>3</sup> "How 'Heated Rivalry' Became the Year's Biggest TV Surprise", *Variety*, December 22, 2025.

<sup>4</sup> "'Take pride in what we've built': Producer says 'Frankenstein' Oscar noms spotlight Canadian talent," *The Toronto Star*, January 26, 2026.

<sup>5</sup> Ontario Creates, [Ontario Film and Television Production 2022-2024 by Format](#).

for choosing Ontario over other provinces. As we noted above, the growth of production in regions across the province is a testament to the effectiveness of this incentive.

Ontario offers many advantages as a filming jurisdiction, with amazing on- and off-screen talent, world-class infrastructure, and beautiful locations, but the government's continued investment is a key element in remaining a leading jurisdiction and meeting the Premier's \$5 billion goal. The world is becoming more competitive when it comes to film and television production, with more jurisdictions competing for the same, or fewer, productions worldwide. There are now over 100 jurisdictions with production incentives, and in the past two years, 25 jurisdictions have updated or made enhancements to those incentives. And the repeated threats – including as recently as this week<sup>6</sup> – from the U.S. President of introducing tariffs on our sector are also creating uncertainty throughout the film industry.

This government has done an incredible job of investing in the film and television sector. The single best thing you can do to protect this investment is to continue to publicly restate the government's commitment to this industry. In uncertain times, hearing from government that they value the economic and cultural contributions of the province's film and television workers provides a measure of stability that is needed in today's environment.

But resting on our current and past success will not grow the industry, nor will it protect the investment that has already been made. What follows are our recommendations for how the government can support the sector in maintaining Ontario's leading position as a film and television jurisdiction. These recommendations are incremental changes to the existing, effective tools, but they will result in a huge impact for the sector, and for the province.

## **Protecting Ontario's Investment**

We are asking that the 2026 Ontario Budget protect and build on the government's investment in our sector by doing three things:

### 1. Maintain Ontario's Competitiveness through increased OFTTC and OPSTC Rates

We appreciate this government's continued commitment to the film and television tax credits. 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.<sup>7</sup> 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

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<sup>6</sup> "Donald Trump Still Wants Tariffs on Films Made Outside U.S., Says He Plans Low-Interest Bonds for Hollywood Movies," [Deadline](#), January 26, 2026.

<sup>7</sup> PricewaterhouseCoopers, [Benefit Assessment of Ontario's Film and Television Tax Credits](#), December 2022.

rates will not be enough to keep up with domestic and international jurisdictions who are competing hard for the business.

Research undertaken by the Nordicity Group Limited for FilmOntario shows that Ontario's effective tax credit rates are falling behind other jurisdictions. Part of this research involved comparing effective tax credit rates with some of our strongest competitors – including Quebec, British Columbia and New York – and Ontario comes in as less effective than all of them.<sup>8</sup> For domestic productions, the tax credits in other provinces are often combined with additional provincial investments, so it is important that Ontario offer a competitive suite of tax credits and other investments in order to attract this type of work.

Therefore, 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 Liberal government in 2015. This increase will restore Ontario's position as having a more competitive service credit than British Columbia, and bring the Ontario service credit in line with Quebec's. Such a change could generate an increase of up to 17% in spending on international productions in Ontario by 2027, adding almost \$300 million to Ontario's GDP, creating almost 6,000 new FTES and adding \$110 million in government tax revenues.<sup>9</sup>

To maintain the important balance between international and domestic production that is a key factor of Ontario's success, we are also asking the government to increase the Ontario Film and Television Tax Credit (OFTTC) to 40% of eligible labour, which will bring the base rate in line with what is available in British Columbia and Quebec. Such a change would generate an additional \$45 million annually in spending on Canadian productions in Ontario, translating to over 500 more FTEs, and \$52 million in provincial GDP. Just as importantly, this will attract the type of capital that has the longest-term impacts in the province – the type that builds companies as well as creating jobs.

Furthermore, we would like to continue to work with the government to explore ways to improve the effectiveness of the tax credits and reduce red tape 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. The steps undertaken by Ontario Creates under the leadership of Minister Cho to reduce tax credit processing times are making a significant difference for our members already. We look forward to working with our government partners to find ways to improve this system even more.

## 2. Invest in Original Canadian Content

Traditionally Ontario has been the centre of English-language Canadian content production. However, in the past several years, our members have noticed that this type of production is moving to other provinces. This is due in part to the regional objectives set by national funding

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<sup>8</sup> This research was undertaken as part of FilmOntario's confidential study "Ensuring the Competitiveness of Ontario as a Filming Jurisdiction." Contact FilmOntario for further information.

<sup>9</sup> Unless otherwise noted, all projections of the recommendations in this submission are from FilmOntario's confidential study "Ensuring the Competitiveness of Ontario as a Filming Jurisdiction." Contact FilmOntario for further information.

bodies and broadcasters, but is also fueled by the increased funding opportunities available in other provinces, both through their tax credits and direct investment programs.

At the beginning of this fiscal year, Ontario Creates launched a new Intellectual Property (IP) Fund that builds on the successes of the former Film and Interactive Digital Media Funds. While it is premature to judge the outcomes of the new Fund, we do know, like the predecessor programs it is based on, the IP Fund is greatly oversubscribed. This means that high-quality projects that could have provided jobs and investment for the province are not always able to go ahead, or have to move to other provinces where more investment is available. In order to improve this Fund and address unmet needs in the sector, we ask that the government invest an additional \$26 million, to be directed toward the creation of linear content, in the IP Fund at Ontario Creates. This increase will create 4,520 direct and spin-off FTEs in the province and add \$385.5 million to the province's GDP.

In addition to these economic benefits, this increase could open up the Fund to supporting more types of content – including broadcast television. The current IP Fund size also limits the type of investment they can make in a project – currently the province is a last-in funder, which puts Ontario producers at a disadvantage when negotiating with potential partners in Canada and across the world. An increase to the Fund could potentially provide different types of investments.

Increased investment through the IP Fund will improve Ontario's competitive position when it comes to supporting Ontario-owned domestic content creation, and support Ontario companies in taking their content to screens around the world – creating the next *Heated Rivalry*, *Murdoch Mysteries*, or *Shoresy*.

### 3. Reduce Red Tape by Streamlining the OCASE Tax Credit

As it currently operates, the Ontario Computer Animation and Special Effects (OCASE) tax credit is claimed on annual basis by the company doing the eligible animation and/or visual effects work. This is in contrast to all other competing jurisdictions, which allow the producer of the film or television show to directly claim the tax credit or incentive. Currently Ontario's OCASE tax credit places the onus on the vendor company to discount their work, and essentially cash flow the value of the tax credit until the end of the year when they make their OCASE claim.

This creates a distinct lack of transparency for producers who are choosing to work with Ontario animation and visual effects vendors. Since the OCASE tax credit does not accrue to the producers or the financiers of the project, the credit is often overlooked when considering bringing business to Ontario. This structural challenge results in business going to other jurisdictions where incentives are paid directly to the producer.

We are asking the government to consider making OCASE a producer-claimable credit, that is, working with the industry to update the credit so that the producer has the opportunity to make the application, rather than the vendor. This will simplify the process for both domestic and international producers, and make the benefit provided through OCASE more visible and

valuable to decision-makers who are considering Ontario for their visual effects and animation work.

And best of all, this change could be made at no cost to the government. While a transition period would need to be factored in, we believe that this change could have a meaningful impact on our ability to attract more business without an increase in the OCASE rate.

## **Conclusion**

We would like to thank the government for its ongoing commitment to the success of the film and television industry, and the investments that have been made to support the growth of our sector. We look forward to continuing to work together and protect what we've built to make sure Ontario remains the best place in the world for film and television production – and becoming a \$5 billion industry in the province.

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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