

FILMONTARIO
FILM · TELEVISION · INTERACTIVE

2018 REPORT

Dear FilmOntario Members:

This year, as we celebrate our 15th anniversary, we are pleased to report that our hard work as an organization is paying off. In the Province’s Fall Economic Statement, released November 15, the government noted that our industry is thriving, recognized that our tax credits are essential to that success, and stated that the government is committed to providing stability and support for our key sector. We couldn’t be happier with this recognition and commitment and we look forward to working with government and with you to keep this momentum going.

“Ontario’s film and television industry is thriving. Thanks to the province’s world-class talent and crews, cutting-edge studios and a diversity of locations across the province, Ontario has been home to Hollywood blockbusters and Canadian success stories.” (Fall Economic Statement)

This is a testament to the work we have done since our launch in 2003, and our long-standing commitment to working collaboratively on behalf of the province’s screen-based industries. Our unique structure, which brings together labour, management, suppliers and studios from all across the industry, ensures that we present a united front and accomplish a tremendous amount to keep the sector moving forward.

With elections at both the provincial and municipal levels, 2018 has been a busy year full of rapid and enormous change. At FilmOntario, we have been committed to making sure that the industry’s voice is heard by all levels of government and that politicians – especially the 73 new MPPs who were elected this summer – have a clear understanding of the screen-based industries’ contribution to the province and its economy.

New Government, Consistent Message

With the election of a new provincial government in June, FilmOntario has re-committed to the messaging that we have been putting forward for the past three years with all political parties, focusing on the economic impact of our industry and the importance of the film and television tax credits in ensuring that jobs and investment continue to grow. This messaging fits in well with the new government’s “Open for Business” agenda, and we remain focused on delivering it to all political parties as we head into the 2019 Provincial Budget process.

In order to assist us in forging relationships with the new government, we have enhanced our own relationship with consulting firm KTG and re-invigorated our Board Government Relations Committee. Our priority has been to make sure that all politicians, and especially our new MPPs and Cabinet Ministers, fully understand that the screen-based industries have a significant impact on the province’s economy. This has meant an increased commitment of financial and human resources, and we would like to thank FilmOntario member the Canadian Media Producers Association (CMPA) for contributing to and supporting these efforts. We also made the decision to invest more heavily in industry research, commissioning an Economic Impact Study by Nordicity, as outlined below.

Since the election, we have had meetings with the new Deputy Minister and Minister of Tourism, Culture and Sport, the Minister of Finance, key conservative caucus members, and political staff at

Culture, Finance and Treasury Board, as well as with the Secretary of Cabinet. This activity will increase in volume over the next few months throughout the Provincial Budget process.

In September, the government launched their “Planning for Prosperity” consultation, which sought input from Ontarians through an on-line survey on spending priorities. Not only did FilmOntario make our own submission to this survey, we encouraged all of you to do the same. We posted our answers about the financial impact of the industry and the importance of stable and effective tax credits on our website, and almost 100 of you let us know that you also took the opportunity to fill out the survey. Thank you to everyone who took the time to make your voice heard – your support in spreading the industry’s message is essential to our success.

On Halloween, we were very pleased to co-host an educational breakfast for MPPs at Queen’s Park with FilmOntario members the Motion Picture Association – Canada (MPA-C). In spite of the early-morning start, we had a very good turnout of elected representatives and political staff, who were greeted at the door by a scary display of costumes courtesy of the Canadian Alliance of Film & Television Costume Arts & Design (CAFTCAD). Remarks by the Honourable Sylvia Jones, who at the time was Minister of Tourism, Culture and Sport, and NDP Culture Critic Jill Andrew highlighted the fact that all parties continue to recognize that the screen-based industries make a significant contribution to both the economy and to the quality of life in Ontario.



Later in the morning during Question Period, and as she has several times since the start of this legislative session, Minister Jones noted that the government “will continue to support the expansion of the film industry in Ontario.” Just a few weeks later, the government’s Fall Economic Statement made a commitment to stability and support for our industry, and noted the importance of our tax credits to our ongoing success. It is clear that, thanks to the support of our members and our industry partners, the provincial government understands our priorities and will work with us to keep our industry moving forward.

Supporting the Message

While it appears that we have the government’s attention, it is also clear that a government that is focused on deficit reduction will need data to support continued investment in the screen-based industries. As part of our plan to highlight our industry successes and make the case for stable and effective tax credits, we engaged Nordicity to complete an Economic Profile of the Screen-based Industry. The purpose of the study was to:

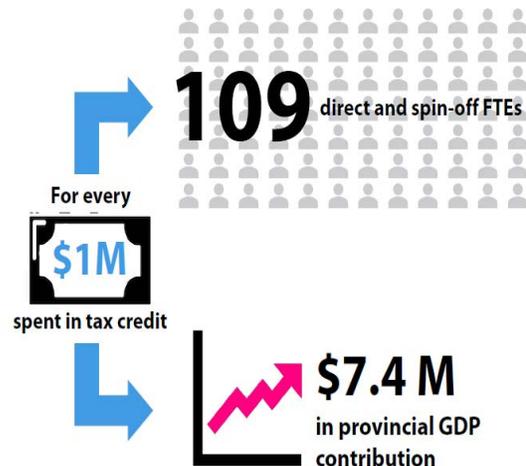
- estimate the employment, provincial GDP and fiscal impacts of the screen-based industries in Ontario, focusing on the independent production sector;
- forecast the sector’s likely production volume for the next five years, and its related fiscal impact; and
- demonstrate the impact of tax credit changes in several competing jurisdictions: Georgia, New Mexico, Nova Scotia and Québec.

The study was completed earlier this fall.

The focus of this study is on independent production and therefore does not include the activities of broadcasters or distributors. As such, it presents a more conservative estimate of production activity and its related impacts than some other research (including the CMPA's *Profile*), while at the same time giving an accurate picture of the production activity that is directly supported by the province's film and television tax credits.

The study shows that independent production volume has grown by 23% since 2014, to \$1.6 billion in direct spending in 2017, and contributes \$2.3 billion to provincial GDP. Over the next five years, the industry is forecast to grow by 5.4% annually, to \$2.1 billion in direct production spending with a total impact of \$3 billion in provincial GDP by the year 2022.

The study also demonstrates that the film and television tax credits are a good investment for the province. For every \$1 million spent on the credits, 109 jobs are created and \$7.4 million is contributed to the provincial economy. In addition, the study's conservative estimates suggest that the credits aren't actually a cost to the government – for every \$1 they pay out, \$1.20 is returned to government coffers through provincial and municipal taxes and fees; a number that is expected to grow to \$1.24 over the next four years.



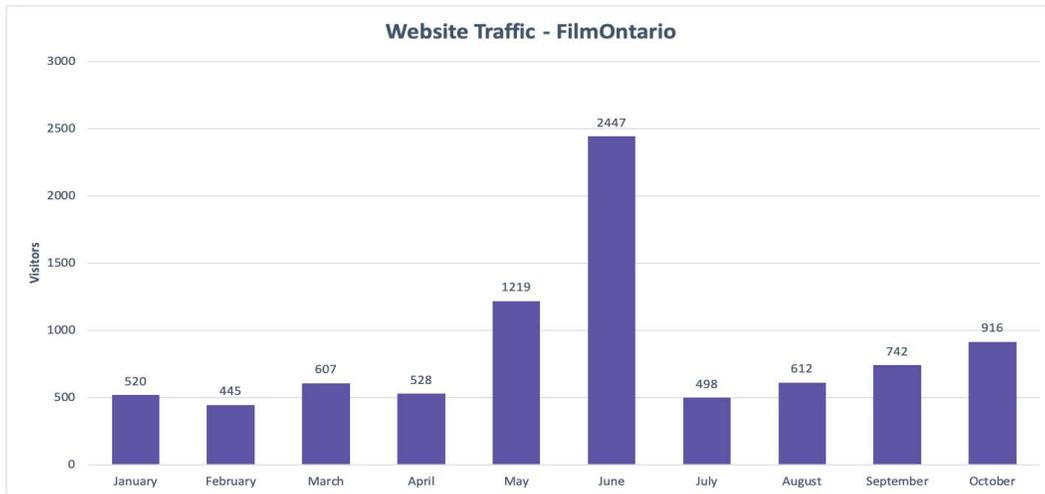
Georgia's production spending increased by 2500% with the tax credit, while Nova Scotia's declined by 45% without it

Most importantly, the study clearly shows that changes in tax credit programs have a direct impact on production spending in a jurisdiction. As the global demand for screen-based content continues to grow, it will be increasingly important to ensure that Ontario remains a competitive jurisdiction with the most effective tools to attract productions to the province. The study highlights that introducing or enhancing credits leads to higher production volumes, while removing or reducing credits leads to lower production volumes. In Georgia, production spending has increased by 2500% since the tax credit was introduced, while Nova Scotia production decreased by 45% when their credit was eliminated in 2015. While this is something everyone in the industry understands, having third-party research to demonstrate this impact is a valuable tool as we continue to meet with government officials.

We have started to share the final report with some of our government partners, and will continue to use it as a communications tool in upcoming meetings with the President of Treasury Board and Ministers of Finance and Culture. We are still working on plans for the study's release, so stay tuned to your member updates for further information.

Spreading the Message

Over the past year, and particularly during the two elections, it was more important than ever that members and the public stayed informed about FilmOntario’s activities and messaging. To that end, we have continued to work with our communications consultant, Cass Enright, to enhance our website content and social media presence. Increased traffic to the website, which peaked during the election campaigns, has made it clear that people find this content important and engaging.



During the provincial election, we created material that outlined the industry’s importance to the province and FilmOntario’s position on relevant issues. We also reached out to the major parties for their commitments to the industry. The FilmOntario website became the central repository for this information – giving members and the public a place to go for all their election-related needs. In addition, we used our Twitter account to get the word out and make sure that everyone knew where to find our messaging.

We posted similar information during the municipal elections. While the focus was on Toronto, where the bulk of our members work and live, we also provided questions that could be asked of anyone running for municipal office across the province. In Toronto, in lieu of hosting a traditional mayoral debate, we tried something new by hosting a Q&A which aired live on Twitter with the two leading candidates, John Tory and Jennifer Keesmaat. Put together, these videos have earned over 3,000 views on Twitter and on the FilmOntario website. Thank you to everyone who turned in live and/or who has viewed the videos since.

Film and TV Industry Q&A with Toronto Mayor John Tory

Mayoral candidate livestreams and election coverage generated over 38,000 social media impressions

We have also used the website and social media to highlight our industry’s successes. In January and March, this meant celebrating the Emmy, Oscar and Canadian Screen Award wins by our many deserving Ontario productions. In September, we highlighted the Ontario films and talent that were being featured at this year’s edition of TIFF; these Tweets attracted an average of 4,000 impressions during the Festival.

Over the next year, we will continue to improve our website and social media presence, and plans are underway to update the FilmOntario video. Our communications strategy will continue to be 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 and your colleagues and co-workers can be strong and vocal advocates on behalf of the industry.



Streamlining and Modernizing Tax Credits

In early 2018, we continued to work with the Liberal government to promote the importance of streamlining and updating the film and television tax credits, investing in studio development and infrastructure, and providing targeted support to domestic content creators. Our 2018 Provincial Budget Submission included proposals to update the broadcast and financing triggers in the Ontario Film and Television Tax Credit (OFTTC) and Ontario Production Services Tax Credit (OPSTC) to reflect current licensing and business realities, and to simplify residency requirements so that individuals who are residing in the province during the year of the production would be considered eligible labour.

Last year’s Provincial Budget did not in the end include any substantive changes to the film and television tax credits, although it did cite the province’s stable tax credits as key to attracting production to Ontario. It also included a commitment from the Liberal government to work with the industry to find ways to encourage studio investment. These commitments were repeated in the Liberal election platform released in May; the NDP platform also committed to maintaining stable tax credits and pledged an additional \$50 million for investment in studio infrastructure. We were very pleased to see these multi-party commitments to and understanding of our industry, and continue to work with all parties to ensure that there is broad support for the screen-based sector.

In the months leading up to the election, we continued to work with the Minister of Culture’s Film and Television Advisory Panel on tax credit streamlining and modernization issues. A key issue addressed by the panel, carried over from last year, was the lengthy processing times for Tax Credits at Ontario Creates. As we all know, long processing times can add to the cost of financing for producers. FilmOntario and the other industry members on the Advisory Panel pushed to implement administrative changes that would reduce the queue at Ontario Creates and speed up tax credit processing times.

As a result of this advocacy, Ontario Creates implemented a number of business measures in the last six months of 2017 that had a positive impact on the OFTTC and the OPSTC, reducing processing times by 11 weeks and 6 weeks for each of those credits, respectively. They were also able to clear a large number of files from the backlog, laying the groundwork for new files to be processed more quickly.

The most recent update from Ontario Creates indicates that there continue to be improvements in processing times. As of the end of September, 2018, processing times had been reduced by 15% to 32 weeks for the OFTTC, by 30% to 21 weeks for the OPSTC, and by 25% to 39 weeks for the Ontario Computer Animation and Special Effects (OCASE) tax credit. We would like to thank the team at Ontario Creates and at the Ministry of Tourism, Culture and Sport for working so hard on this issue with us in order to achieve this positive step forward.

We continue to see improvements in tax credit processing times

While the Minister’s Advisory Panel has not yet been reinstated by the new government, we will continue to engage all of our government partners in conversations about more ways to streamline the application process, update the tax credit requirements to reflect the realities of the current business environment, and overall to ensure that the film and television tax credits remain competitive and effective in attracting business to our province.

Support for Studio Development and Expansion

In 2017, FilmOntario released a report highlighting the need for more studio space in the province, and especially in and around the GTA. As an industry organization, our role in the studio discussion has been to bring people together to explore options and provide solutions. We are pleased to report that our Studio Report generated many conversations, at various levels of government, and was used by many stakeholders to highlight the opportunities for industry expansion that could take place given further studio development.

Over 1,000,000 square feet of studio space coming on line in the near future

Over the past year, and especially over the past few months, there have been several announcements regarding expansions of existing studios and/or new studio spaces being built across the province. This includes an expansion at Pinewood, an expansion at Cinespace’s Kipling facility and a new Cinespace facility at Toronto’s Marine Terminal 51, a new studio in Markham, an investment by CBS in a new space in Mississauga, and preliminary plans for a new studio development in Ottawa. Ontario Creates estimates that these announcements will amount to a net increase of over 1,000,000 square feet of studio space coming on line in the near future.

These private investments represent industry confidence in Ontario’s screen-based production sector and optimism about the opportunities for growth. We look forward to working with all of our members to ensure that these investments are a success, and we are even more excited about the excellent productions that are going to come out of these new spaces!

Workplace Harassment, Bullying and Discrimination

At this time last year, we were only beginning to understand the scope of harassment and bullying that takes place in our workplaces. Since that time, the industry has worked together to develop The Canadian Creative Industries Code of Conduct, which was signed on International Women's Day this past March. FilmOntario was pleased to sign on to this Code following the April 4, 2018 Board meeting.

In order to meet our obligations under the Code of Conduct, FilmOntario has developed and published Workplace Violence and Harassment Policies and Programs. These Policies and Programs ensure that the FilmOntario workplace, which includes the events that we host, is free from violence and harassment. They also outline our reporting and investigation procedures. You can find these documents on the FilmOntario website.

We would like to encourage all of our members, if they haven't done so already, to sign on to the Industry Code of Conduct and develop their own workplace policies. Our industry is by no means alone in facing these issues, but everyone has a responsibility to come together to address gaps in policies, procedures and practices that allow bad behaviour to take place. It is only by working together that we will be able to ensure our workplaces are welcoming to everybody.

Industry Partners

Over the past year, we have been pleased to support and partner with fellow industry organizations on specific issues. One such issue was the application to the CRTC by the FairPlay industry coalition (which included the CMPA, ACTRA, IATSE and others) for the creation of an Independent Piracy Review Agency. We submitted a letter of support to the Commission in March of this year, joining in the call for the CRTC set up an Agency to protect the rights of Canadian content creators.

The Computer Animation Studios of Ontario (CASO) has been advocating to the provincial and federal governments to reverse their policy of grinding the federal portion of the production tax credit received by every applicant on a show that is receiving OCASE, whether or not that producer is receiving any portion of the OCASE credit. In addition to co-signing a letter with CASO to the CRA, we have been participating in joint meetings with provincial and federal officials on this issue. Work is continuing on this file and we hope to have a satisfactory resolution soon.

We have also worked with the CMPA to advocate for increased support for domestic feature films through enhanced Telefilm funding and some targeted changes to the federal tax credit. We were pleased to sign on to an industry-wide letter from the CMPA to Minister of Canadian Heritage Pablo Rodriguez, outlining the need for the increased support. We followed this up with letters to all Ontario Liberal MPs, asking them to make their own request to the Minister for this support, which several MPs did on our behalf.

We would like to commend CASO and the CMPA for taking the lead on these initiatives, and we look forward to continuing to work together on future issues as the need arises.

Promoting Ontario

We continue to work with our partners at the newly-rebranded Ontario Creates and the City of Toronto to promote the city and the province as a world-class production jurisdiction. Cynthia Lynch sat on the City's Film, Television and Digital Media Board, chaired by long-time industry champion Councillor

Paula Fletcher. Should the Film Board be re-constituted, as we have been advocating for, we will seek to continue to hold a seat on the Board. As a representative of the Film Board, Cynthia made a deputation to the City’s Economic Development Committee when the production statistics for 2017 were announced, thanking staff and politicians for their ongoing support for the industry.

We were pleased to join Mayor Tory on his annual trip to Los Angeles in April, and as part of our sponsorship, extend the invitation to FilmOntario members to attend the cocktail party held during the trip at The Jeremy West Hollywood. We were also a sponsor of the Meeting Space at xoTO House during TIFF 2018, giving all FilmOntario members access to the space and the opportunity to meet TIFF delegates from around the world. The City of Toronto reports that almost 800 people visited xoTO House during the four days it was open.



There have been many changes to the City of Toronto Film Office over the past year. After two successful years as the Film Sector Development Officer, Michele Alosinac left her position to take on a new role in the private sector. We wish Michele all the best in her new position, and were happy to welcome Magali Simard to this role at the beginning of 2018.

In October, the federal government appointed City of Toronto Film Commissioner and Director of Entertainment Industries Zaib Shaikh to be Canada’s Consul General in Los Angeles. We would like to thank Zaib for his service, and we are delighted that a local industry leader will be promoting the industry in Los Angeles. The City is hoping to have a replacement for Zaib in place during the first quarter of 2019.

Cynthia also continues to sit on the Screen-based Industry Advisory Committee at Ontario Creates. Over the past year, our ongoing partnership with the Agency included sponsoring a dinner during their familiarization tour which welcomed ten Los Angeles-based executives to Toronto in July. The visitors toured several local studios and other companies, and heard presentations from all of our local unions. Thirty FilmOntario members attended our dinner at Leña, where they had the opportunity to network with the visiting executives in a relaxed and informal setting.

Also this year, we said good-bye to our representative in Los Angeles, Kelly Graham-Scherer, who has also moved on to a new industry role in the private sector. We would like to thank Kelly for the nine years she has spent promoting Ontario and fostering relationships on behalf of the industry, and we wish her all the best in her new position.

Thanks to All Our Members

In 2019, we will once again be engaging in a formal membership campaign in order to expand our membership base and maintain our position as a strong and representative voice for the industry. In the past year, we were very pleased to have welcome the following new members:

- CMU College of Makeup Art & Design
- Film and Event Solutions
- High Park Entertainment
- IATSE 634
- Qmulus Film Accounting

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 truly could not accomplish anything without our members.

Board of Directors

We would like to take this 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
Jonathan Barker SK Films	Paul Bronfman Comweb / William F. White
David Carter EP Canada	Scott Garvie Shaftesbury
Hilary Goldstein Buchli Goldstein LLP	Ira Levy Breakthrough Entertainment
Monty Montgomerie IATSE 873	David Rumley IATSE 667
Frank Siracusa Whizbang Films	Vanessa Steinmetz Entertainment One
Jane Tattersall SIM International	

At the end of this year, Frank Siracusa will be leaving the FilmOntario Board. A Board member since 2007, Frank has served as a member of the Communications Committee and was instrumental in working on our Thank You - Ontario! campaign that highlighted the impact of various productions on local economies. We would like to thank Frank for his service to FilmOntario.

In July of this year, FilmOntario Board Member Jonathan Barker passed away. Jonathan was CEO of SK Films, one of the leading companies in giant screen cinema, where he produced award winning films including *Into the Deep*, *Bugs!* and *Flight of the Butterflies*.

A former actor, theatre producer, lead singer of an R&B band, entertainment lawyer and government and corporate film executive turned independent producer, Jonathan joined the FilmOntario Board in

2006. Over the years, his experience and insights have helped guide the organization through many industry challenges.

We would like to extend our sincere condolences to Jonathan's wife Wendy and his children Scott, Tyler, Georgia, Alex and Caleigh. His contributions to the industry and to FilmOntario will be missed by all of us.

More Work Ahead . . .

2018 started out as a fantastic year for Ontario productions with Golden Globe, Emmy and Oscar wins for *The Handmaid's Tale* and *The Shape of Water* and Canadian Screen Awards for *The Breadwinner*, *Murdoch Mysteries*, *Cardinal* and *Vikings*, to name just a few. This domestic and international recognition demonstrates that Ontario really is the best place in the world to create screen-based content. As we head into 2019, at FilmOntario we will continue to spread that message, and to work with all of you to ensure that the government continues to appreciate the industry's economic impact and contribution to quality of life in the province continues. Thank you all for your ongoing support.

WE COULDN'T DO IT WITHOUT OUR MEMBERS.

Respectfully submitted,