

Ontario's Screen-based Industry: An Economic Profile for 2018

Executive Summary

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FilmOntario

Prepared by

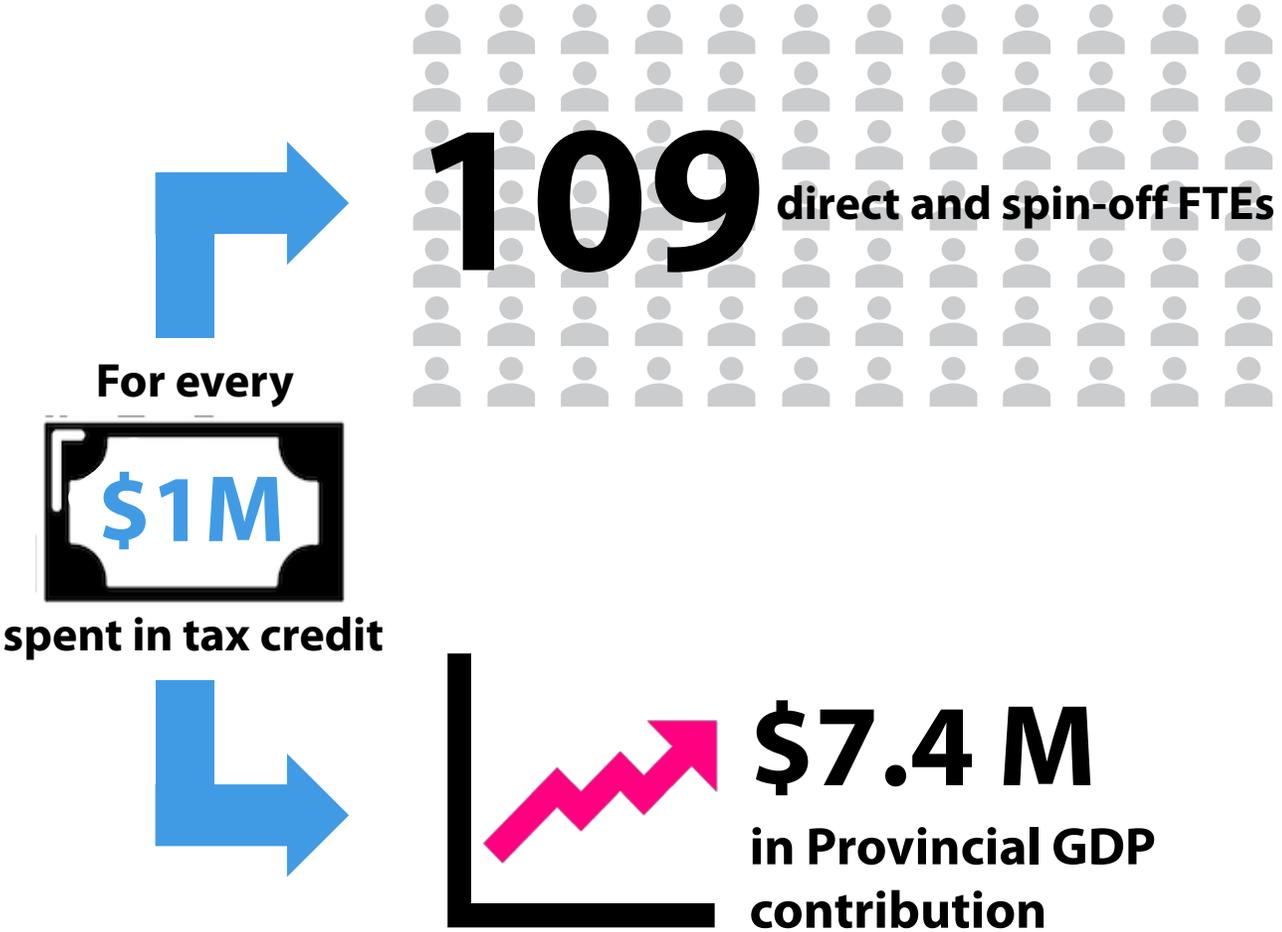
Nordicity

Executive Summary | Economic Impact

- From 2014 to 2017, the **production volume** of Ontario's independent media production industry grew by 23% to **\$1.6 billion in 2017**, representing one quarter of Canada's total independent media production volume.
- In 2017, the industry was responsible for the equivalent of **32,740 full time positions** (including both direct and spin-off employment), while contributing **\$2.3 billion** in provincial GDP to Ontario's economy.
- It is expected that Ontario's independent media production volume will grow at a **compound average growth rate of 5.4% until 2022**, which would result in a total of 38,980 full-time equivalents (FTEs) and \$3.0 billion in provincial GDP contributions in that year.

Executive Summary | Fiscal Impact

- From 2014 to 2017, the independent media production industry contributed an average of **\$354 million in tax revenue per year** to the Province.
- Over the same period of time, the Province paid out an average of \$296 million per year on tax credits to the industry, meaning it received **\$1.20 in taxes for every \$1 paid in tax credits.**



Executive Summary | Role of Tax Credits

- By examining the historical performance of four jurisdictions with tax credit (or equivalent) programs targeting the independent media production industry (Quebec, Georgia, New Mexico, and Nova Scotia), Nordicity observes:
 1. There is a **positive correlation between the introduction and/or enhancement of tax credits and production volume** (e.g., in Georgia or New Mexico).
 2. Conversely, the **removal or reduction of a tax credit has a negative impact on production volume** (e.g., Nova Scotia).
 3. Note that this research does not explore other factors affecting production volume in detail. In particular, **recent growth in global demand** has been a key factor in driving increased production activity in all jurisdictions. The major sources of this growth are Subscription-Video-On-Demand (SVOD) services like Netflix and Amazon, and growing production budgets for more traditional film and TV projects. Despite this environment, it is still possible to observe some effects of tax credit policy on production volume.

Nordicity's Mandate

- In June 2018, FilmOntario asked Nordicity to prepare an economic profile of Ontario's independent media production industry (i.e., film and TV production).
- More precisely, Nordicity has estimated the employment, provincial GDP, and provincial fiscal (tax) impacts of independent media production in Ontario for the period spanning 2014 through 2017.
- In addition, Nordicity has forecast the likely production volume in Ontario for the next five years and prepared estimates of what the impact would be in the event that such production volumes are realized.
- Finally, Nordicity was asked to demonstrate the role that tax credit interventions have on production volume in a given jurisdiction. To do so, Nordicity has highlighted changes to production volumes in four jurisdictions with which Ontario competes in the global market for production services.