

# **Ontario Media Development Corporation**

## **2015-16 Business Plan**

### **FINAL**

January 16, 2015



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## I. Executive Summary

Ontario Media Development Corporation (OMDC) is committed to delivering effective support to drive growth and productivity and to build the capacity and competitiveness of Ontario's creative media industries. Through a unique and successful toolkit of tax credits, programs and services for the film and television, book and magazine publishing, music and interactive digital media industries, OMDC enables investment, employment and innovation in the province's \$12.4 billion Entertainment and Creative Cluster (ECC). The entertainment and creative cluster is one of Ontario's fastest growing sectors, outpacing overall provincial growth.<sup>1</sup> Since 2000, the ECC has created over 48,000 net new jobs, an increase of 30% compared to 15% for the overall economy.<sup>2</sup> Delivering a strong menu of programs, the agency remains central to the implementation of an economic development strategy for the Province of Ontario's Entertainment and Creative Cluster.

Here are just a few examples of how OMDC plays a vital role in driving economic activity and job creation in the Province of Ontario:

- Aided by scouting and facilitation services through OMDC's **Film Commission** and **LA Office**, and in conjunction with OMDC's toolkit of programs and tax credits, Ontario's film and television industry contributed \$1.15 billion to the provincial economy in 2013 – the third year in a row over the one billion dollar mark and a 71% increase over the \$671.23 million the industry generated in 2008. Led by domestic television, that production activity accounted for more than 25,000 full-time direct and spin-off jobs.<sup>3</sup>
- Between 2005 and 2013-14, the **IDM Fund** contributed \$16 million to support 144 projects which have created over 28,000 weeks of work.<sup>4</sup> An independent evaluation of the Fund, conducted in 2011, estimated revenue of \$189 million from the 76 projects that had received IDM Fund support by 2011.<sup>5</sup> This revenue has continued to grow as nearly twice as many projects have now been funded. In addition to these impressive economic results, our recipients are also regularly recognized for their creativity and innovation:
  - Xenophile Media's IDM-Fund supported transmedia project, *Time Tremors*, received the iKids Award for Best Learning App for Smartphone and was nominated for a 2014 International Digital Emmy award.
  - IDM Fund-supported game *Guacamelee!*, by DrinkBox Studios, was selected Best Vita Game of 2013 (Sony PlayStation Vita System).
  - Story2OH received a 2014 Canadian Screen Award for Best Original Interactive Production. The IDM-Fund supported *Ruby Skye P.I.* has been the recipient of many awards including Grand Prize Winner at L.A. Webfest.
- The first year of the **Ontario Music Fund** provided 108 grants to music companies in Ontario and had an application oversubscription rate of 350%. Results from the first round of funding commitments are expected soon.

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<sup>1</sup> Statistics Canada data, MTCS analysis. GDP data is sourced from Statistics Canada's Provincial Economic Accounts 2011. Labour data is sourced from the Labour Force Statistics Survey 2012. This number encompasses the broader Cluster based on the following categories: written and published works, film and television, broadcasting, performing artists, music, interactive digital media, advertising, design, independent artists, and architectural services.

<sup>2</sup> Ibid.

<sup>3</sup> OMDC, 2013 Production Statistics.

<sup>4</sup> Ontario Media Development Corporation (OMDC), program statistics, October 2014.

<sup>5</sup> Projections according to *Evaluation of the Interactive Digital Media Fund*, Communications MDR, August 2011, p. 76-78.

- Since 2008-09, the **Industry Development Program** has provided support for over 200 OMDC/Industry partnerships with established events and trade organizations to offer initiatives, events and activities that stimulate the growth of the cultural media industries. In 2013-14, these events resulted in over 54,000 business connections for participants.
- Business-building initiatives supported by the Industry Development Program in 2013-14 include: MagNet, Canada's leading magazine publishing conference, the Ottawa International Animation Festival, Interactive Ontario's Inplay and iLunch cross-sector business-building sessions, Canadian Independent Music Association's Ontario Showcases at MIDEM, the International Visitors Programme during the International Festival of Authors, and The Word on the Street.
- In 2013-14 OMDC had the **Film Fund** independently reviewed. The results revealed that with an investment of \$33 million since 2005, the Film Fund has supported 255 feature film projects, creating more than 7,120 jobs and over \$423.5 million of GDP for the Province of Ontario. The evaluation also discovered that 83% of companies surveyed said that the Film Fund was instrumental in their decision to shoot in Ontario and that the Fund provided much-needed funding and additional incentive over and above tax credits.<sup>6</sup>
- Many **Film Fund** supported projects gained critical acclaim both at home and abroad. For example, three Film Fund films screened at the 2014 Toronto International Film Festival (TIFF), including *October Gale*, *Maps to the Stars*, and *Wet Bum*.
  - Film Fund recipient, *Watermark*, won Best Documentary at the Canadian Screen Awards, Best Canadian Film Award from the Toronto Film Critics' Association and the Rogers Best Canadian Feature Film prize.
  - When TIFF announced its Canada's Top 10 selections in December 2013, a number of OMDC-funded films were on the list, including: *Enemy*, *The F Word*, and *Watermark*.
  - Two Film Fund-supported features were selected for competition in Cannes; David Cronenberg's *Maps to the Stars* and Atom Egoyan's *The Captive*.
- In 2013-14, OMDC certified an estimated \$518 million in **Tax Credits** representing 2,689 projects with total production budgets of over \$4.8 billion. The Tax Credit investment by the Province leveraged an additional \$8.40 for every dollar invested for the creation of cultural media content.<sup>7</sup> Average aggregated total processing times for tax credits at the mid-year mark in 2014-15 have improved by approximately 40% (or approximately 17 weeks) compared to the average at the mid-year mark in the prior year, as a result of implementing a risk assessment model.
- In 2013-14, OMDC supported 213 companies across five creative media industries through the OMDC **Export Fund** to participate in a combined 865 business trips with the aim of exporting their content to a global market. This included attendance at international markets as well as targeted sales trips to support a corporate strategy for export growth. Companies receiving support from the Export Fund in 2012-13 (the most recent year for which results are available), report sales of \$392 million. This represents a return of \$222 for every dollar invested by OMDC.

OMDC will continue to build on these successes for the rest of 2014-15 through its programs and activities.

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<sup>6</sup> Communications MDR, prepared for OMDC, "Supporting the Future Success of Ontario's Feature Film Industry Findings of an Evaluation of the OMDC Film Fund", July 28, 2013, p. 7.

<sup>7</sup> OMDC Program Results, 2013-14.

OMDC programs continue to be significantly over-subscribed, as the number of applications received across the agency continues to grow. While this is an indication that the creative media industries in Ontario are flourishing, the increased demand is reducing OMDC's ability to adequately service new growth and is leading to a decline in overall customer service levels. These pressures need to be addressed in order for OMDC to continue to meet the government's objective of building capacity in Ontario's creative media industries. The agency gratefully acknowledges extension of five temporary FTEs for extra Business Officers in Tax Credits. Although these additional FTEs will continue to provide much needed assistance, OMDC is still under-resourced in other program areas and, to the extent possible, we will continue to explore ways to make our business processes more efficient and reallocate resources to areas of need as other projects wind down.

In 2011-12 the agency conducted an independent strategic review that confirmed OMDC's effectiveness in supporting Ontario cultural media firms, and recommended ways for OMDC to improve its impact.<sup>8</sup> The resulting *Strategic Plan* identifies the OMDC as a key tool in Ontario's strategy to stimulate innovation in the Entertainment and Creative Cluster by delivering funding programs, administering tax credit certification, promoting the province abroad, promoting export sales, and providing business intelligence and economic research into the cultural media industries.

Working in conjunction with the Ministry of Finance (MOF), the Tax Credits department completed the implementation of a risk assessment model across all six tax credits. This has reduced processing times considerably; a comparison of processing times at the half-way mark of 2014-15 and the same time in the year prior shows a 17 week reduction in the aggregated average processing times across all six credits.<sup>9</sup> This represents an improvement of approximately 40%.

Despite the significant improvement in the aggregated processing times, the processing time for the Ontario Interactive Digital Media Tax Credit (OIDMTC) remains disproportionately high. Without legislative changes, processing times for OIDMTC will continue to be unacceptably long due to: i) increased volume of products applying that greatly surpasses our processing capacity; ii) the high number of first time applicants applying for the OIDMTC who are unfamiliar with the tax credit and are applying for non-traditional products; and iii) the OIDMTC legislation itself, which requires an extensive and complicated review that also leads to a high rejection rate. Risk assessment alone cannot solve these problems with the OIDMTC processing times. In order to mitigate unacceptably long processing times, OMDC has been working with the Ministry of Tourism, Culture and Sport and the Ministry of Finance on multiple recommendations to improve the application and review process.

The absence of Government funding for the Interactive Digital Media (IDM) Fund continues to be a key issue for OMDC. The IDM Fund was established in 2004-05 and has proven itself to be a high-impact fund in an important and growing sector of Ontario's economy. Since 2005, the IDM Fund has awarded nearly \$16 million to support 144 projects, which have created over 28,000 weeks of work and stimulated more than \$55 million in production spending, resulting in significant revenues reported on completed projects.<sup>10</sup>

OMDC will continue the IDM Fund at \$3 million in 2015-16. The agency will support the fund by drawing \$2 million from OMDC's uncommitted cash reserves and by reallocating \$1 million from the OMDC Music Fund and Export Fund-Music which will not be offered next year. This will provide the necessary funds for 2015-16; however, supporting the IDM Fund using the agency's uncommitted cash reserves is not a long term

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<sup>8</sup> Peter Miller, David Keeble and Richard Cavanagh, OMDC *Strategic Plan: 2012-17*, April 4, 2012.

<sup>9</sup> OMDC Internal Results, 2013-14 and 2014-15.

<sup>10</sup> Ontario Media Development Corporation (OMDC), Program Statistics, August 2014.

solution and without an additional government investment, it will be necessary to make significant program reductions, and/or identify new sources of revenue for 2016-17 and beyond.

One of the biggest issues facing Ontario's creative media industries and OMDC is the dramatic and rapid evolution in the ways that creative content is produced, distributed and consumed. This presents both challenges and opportunities for OMDC and the sectors we support. Beginning in 2014-15, OMDC will administer a new Collaboration and Innovation Fund (CIF). This new fund will provide a parallel stream to existing OMDC programs and promote innovation, collaboration and risk-taking within the Entertainment and Creative Cluster. Phase one will invite select companies, based on the submission of an expression of interest, to participate in OMDC-facilitated networking sessions and external consulting to workshop and refine project ideas with participants and experts. In phase two, some of these companies will be selected for project funding via an application process. The early expectation is that this fund will be open to the publishing and screen-based sectors and that the CIF would support activities which cannot currently be accommodated under OMDC's existing siloed funds. The new program, together with the existing program streams, will allow companies to determine the best fit for their business model and specific project/objective. Music companies are currently able to apply for these types of activities under the Ontario Music Fund and as such, have been excluded from the pilot project. The CIF will launch at the end of 2014-15 with delivery of the first funding cycle planned for 2015-16. Grants awarded to successful applicants will be reallocated from within existing resources. Planning for the CIF is underway now and OMDC will brief MTCS on the details of the program as they are developed.

The Collaboration and Innovation Fund is part of the agency's response to the ongoing changes in the marketplace. As the creative industries evolve from distinct 'silos' to more convergent companies that create content across multiple platforms, OMDC has an opportunity to secure Ontario's leadership position in the development and delivery of innovative initiatives that support business growth and job creation across the Entertainment and Creative Cluster. OMDC will be submitting a separate Business Case that will contain additional recommendations to further transform and modernize the support, and its delivery, that the agency offers to the creative industries. This key strategy recognizes that OMDC must find flexible, adaptable and simple mechanisms that will allow Ontario firms to take advantage of new business models and create innovative new products that will deliver excellent results for the Province. In the current year, OMDC will continue to address opportunities for growth, increased productivity and innovation in Ontario and abroad through our unique tool-kit of tax credits and programs and services for the creative media industries.

OMDC's 2013-14 final expenditures were \$40.6 million for accounting purposes, before adjusting for amortization and capital acquisitions. Uncommitted cash reserves at the end of 2014-15 are projected to be \$6.8 million. The value of this uncommitted cash reserve could be significantly diminished if it is necessary for the agency to continue to finance the IDM Fund through reserves. It should be noted that OMDC's fiduciary practice has been to ensure that the reserve fund is sufficient to cover lease, legislated and severance obligations before considering allocations to support short-term program requirements. While OMDC recommends the use of uncommitted cash to maintain program and service levels until this resource is exhausted, as an alternative to deep program reductions and associated stakeholder response, options for achieving a balanced budget are also provided. Further details can be found in the Financial Forecast Summary beginning on page 47.

This document represents a status quo budget with no increase in either financial or human resources. However, as noted above, OMDC is requesting an increase to the agency's base allocation in its *Business Case* in order to modernize and transform the support provided to Ontario's creative media industries. The agency currently has five additional temporary FTEs to address inadequate organizational capacity. Together, these investments by the Government will ensure OMDC is well-positioned to be a global leader, providing innovative and effective support to a growing world-class Entertainment and Creative Cluster, which will anchor future economic growth and knowledge jobs in Ontario.

## **II. Mandate**

OMDC is an operational service agency of the Ontario Government. OMDC was established on December 19, 2000 by Regulation 672/00 under subsection 32(5) of the *Development Corporations Act*. (Regulation 672/00 amended and replaced Regulation 270 which established the Ontario Film Development Corporation in 1986.)

As described in the Regulation, the objects of the Corporation are to stimulate employment and investment in Ontario:

- (a) by contributing to the continued expansion of a business environment in Ontario that is advantageous to the growth of the cultural media industry and to the growth of new employment, investment and production opportunities in Ontario;
- (b) by facilitating and supporting innovation, invention and excellence in Ontario's cultural media industry by stimulating creative production, format innovation and new models of collaboration among sectors of the cultural media industry;
- (c) by fostering and facilitating co-operation among entities within the cultural media industry and between the public and private sectors to stimulate synergies in product development and the creation of products with original Canadian content;
- (d) by assisting in the promotion and marketing of Ontario's cultural media industry as a world-class leader;
- (e) by administering provincial tax credit programs and such other programs and initiatives as may be required by legislation or a Minister of the Government of Ontario; and
- (f) by acting as a catalyst for information, research and technological development in the cultural media industry provincially, nationally and internationally.

### **Mission Statement**

OMDC's Board of Directors has developed a Mission Statement to guide the agency in fulfilling its mandate, as follows:

Ontario Media Development Corporation is the central catalyst for Ontario's cultural media cluster. It promotes, enhances and leverages investment, jobs and original content creation.

### **Governance and Ministry Relationships**

OMDC's mandate directly aligns with the Ministry of Tourism, Culture and Sport's (MTCS) vision of supporting the creative and cultural industries<sup>11</sup> by helping Ontario's content producers to develop globally competitive media content and to contribute to the growth of the province's knowledge-based economy. As the key delivery mechanism for providing programs and activities to the province's creative media industries, OMDC supports

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<sup>11</sup> Ontario Ministry of Tourism and Culture, *Results-based Plan Briefing Book*, 2011-12, p. 6.

the Ministry's goal of encouraging expansion of the Entertainment and Creative Cluster and stimulating job creation, economic growth and innovation.<sup>12</sup> OMDC is accountable to MTCS for the fulfillment of its mandate.

OMDC also maintains working relationships with the Ministries of Finance and Economic Development, Employment and Infrastructure in the delivery of programs and maintenance of stakeholder relationships.

#### Board of Directors

The Corporation is governed by its Board of Directors, consisting of not more than 17 members appointed by the Lieutenant Governor-in-Council (LGIC). The Board Chair and Vice-Chair are designated by the LGIC from among the appointed members. The Board of Directors meets regularly, at least six times a year. OMDC currently has 16 Board members:

Nyla Ahmad  
Paul Bronfman  
Adam Caplan  
Nathon Gunn  
Leesa Levinson  
Ildiko Marshall  
Marguerite Pigott  
Kevin Shea (Chair)

Patrick Bourbonnais  
Alexandra Brown (Vice-Chair)  
Susan de Cartier  
Sharifa Khan  
Sarah MacLachlan  
Anita McQuat  
Mark Sakamoto  
Blake Tohana

#### Annual Report, Audit and Investments

The Corporation is required to deliver to the Minister an annual report on its affairs, including audited financial statements signed by the Chair of the Board of Directors and one other Director, and such other materials as the Minister may request. The audit is conducted annually by the Office of the Auditor General of Ontario.

Paragraph 8(3)(e) of OMDC's enabling regulation restricts the investments available to the Corporation. Within these parameters, OMDC's investment strategy is developed in consultation with the Audit Committee of the Board and is approved by the Board of Directors. OMDC currently invests its funds in bankers' acceptances and bearer deposit notes of Schedule I or II banks at prevailing rates for periods as determined under the general direction of the Audit Committee.

#### President and Chief Executive Officer and Staff

The President and Chief Executive Officer (CEO) reports jointly to the Board of Directors and the Deputy Minister of Tourism, Culture and Sport. The CEO is responsible for the management of OMDC's programs and staff. Staff are hired under Ontario's *Public Service of Ontario Act, 2007*. The current full-time staff complement is 71, which includes five temporary FTE Business Officer positions in Tax Credits. Staff succession planning, training and development strategies include: making staff and management learning plans a priority, offering cross-training opportunities

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<sup>12</sup> *ibid*, p. 111.



for interested staff, involving staff in employee engagement activities and getting permission for non-management staff to participate in management training opportunities.

#### Client Service

OMDC conforms to Ontario Public Service (OPS) quality service standards regarding telephone, e-mail and other correspondence. The agency does not provide over-the-counter services; however, in the event a complaint about procedures or quality of service is expressed by a client we ensure a high calibre of customer service for a resolution. In general, complaints are handled individually by each department under the direction of the department manager. The department manager can exercise judgment in determining what constitutes a complaint, and whether it should be considered by Senior Managers and/or the Chief Executive Officer (CEO). It is expected that, in the vast majority of cases, the Senior Managers and/or the CEO will recommend a course of action to resolve the complaint. However, the CEO may determine that the complaint should be considered by the OMDC Board of Directors.

The agency also adheres to all OPS Accessibility legislation and directives; the agency's Policy on Accessibility Standards for Service to the Public is posted on the OMDC website and available at reception. OMDC supports the Government of Ontario's strategic goal of integrating multiculturalism and diversity into all OPS programs, policies and services. These underlying principles inform all OMDC activities.

The agency is responsible for its own Information Technology support. In 2009-10 OMDC began the phased launch of an Online Application Portal (OAP) to allow online applications by the public to agency fund and tax credit programs. Applying for all Tax Credits and OMDC Funds through the OAP is now mandatory. By offering one window through which OMDC stakeholders can submit paperless applications, the agency is directly contributing to the Government's priorities of protecting and preserving the environment and lowering the cost of doing business. OMDC is currently working to ensure that all of its web-based services meet legislated accessibility standards.

### III. **Environmental Scan: Assessment of Issues Facing the Sectors and the Agency**

*Current as of October 31, 2014*

#### **Introduction**

##### **The Creative Media Industries in Ontario**

Ontario's ECC is a key driver of direct economic value, employing over 200,000 workers and generating over \$12.4 B in direct industry GDP.<sup>13</sup> Between 2005 and 2011, growth in Ontario's Entertainment and Creative Cluster (ECC) outpaced overall provincial growth.<sup>14</sup> The Ontario Ministry of Finance estimates that since 2000, the ECC created over 48,000 net new jobs, an increase of 30 per cent compared to 15 per cent for the overall economy.<sup>15</sup> Moreover, Cluster employees tend to be highly skilled, educated and creative, feeding into Ontario's wider knowledge economy which is expected to lead long term growth in the Province. Ontario remains one of the world's highest revenue-generating creative clusters and ranks third in employment behind California and New York.<sup>16</sup>

PricewaterhouseCoopers (PwC) reports that North American entertainment and media related spending rose by 4.8 per cent in 2013, a slight increase over the previous year's growth. Projections for future growth remain steady, at about 4.8 per cent compounded annually from US\$619 billion in 2014 to US\$783 billion in 2018.<sup>17</sup> The projected growth rate for both Canada and the U.S. through to 2018 also remains unchanged, with a projected growth in Canada of 5.0 per cent compound annual increase compared with 4.8 per cent in the United States.<sup>18</sup>

Ontario's individual creative media industries continue to be national leaders with a global reach, and together provide a strong foundation for the province's Entertainment and Creative Cluster. Below is a brief description of Ontario's film and television, interactive digital media, music, magazine and book publishing sectors:<sup>19</sup>

##### ***Film and Television***

- Ontario's film and television production industries contributed \$1.15 billion to the provincial economy in 2013 – the third year in a row over the one billion mark. Led by domestic television, that production activity accounted for more than 25,000 full-time direct and spin-off jobs.<sup>20</sup> In 2010, Ontario's thriving computer animation and visual effects industry reported \$156.3 million in revenues, a 60 per cent increase over 2008 figures, contributing an economic impact of \$190 million.<sup>21</sup>

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<sup>13</sup> Statistics Canada data, MTCS analysis. GDP data is sourced from Statistics Canada's *Provincial Economic Accounts* 2011. Labour data is sourced from the *Labour Force Statistics Survey* 2012. This number encompasses the broader Cluster based on the following categories: written and published works, film and television, broadcasting, performing artists, music, interactive digital media, advertising, design, independent artists, and architectural services.

<sup>14</sup> MoF, Entertainment and Creative Cluster Statistics, 2013.

<sup>15</sup> Ibid.

<sup>16</sup> Ontario Ministry of Tourism and Culture, *Ontario's Entertainment and Creative Cluster: A Framework for Growth*, June 2010, p. 5.

<sup>17</sup> PricewaterhouseCoopers (PwC), *Global entertainment and media outlook: 2014-2018*, Entertainment and Media Market by North American Segment, August 16, 2014.

<sup>18</sup> PwC.

<sup>19</sup> OMDC regularly compiles industry profiles to provide information on the size and economic impact of each of the cultural media industries, and information on trends and issues facing the sectors. These can be found on the OMDC website at [Industry Profiles](#).

<sup>20</sup> OMDC, 2013 Production Statistics, 2014.

<sup>21</sup> Computer Animation Studios of Ontario (CASO), *Economic Profile of the Ontario Computer Animation and Visual Effects Industry, 2008-2010*, p. 19 and 34.

### ***Interactive Digital Media***

- In 2011 digital media companies in Ontario employed more than 16,000 people and generated approximately \$2.1 billion in gross revenue,<sup>22</sup> and in 2014 there were just under 1,000 IDM firms operating in the province. This sector includes the growing video game and web series industries in Ontario. It is estimated that there are 96 video game companies, employing 2,600 people and spending \$238 million annually in the province, and Ontario's video game industry is expected to experience continued growth.<sup>23</sup> A recent study of Ontario's web series creators reported that the volume of web series production was just under \$7.5 million in 2013, and further, that over half of respondents have increased their volume of production by more than 25% since 2012.<sup>24</sup>

### ***Music***

- Ontario's music industry is the largest in Canada with the highest revenue of any province at \$430 million, or 82 per cent of national revenues.<sup>25</sup> Music Canada estimates that Ontario generated 78 per cent of Canada's 3,322 direct and indirect recording industry jobs in a 2012 report.<sup>26</sup>

### ***Magazine***

- Ontario produces more than half of the magazines in Canada, and almost half of those titles ship to readers outside the province.<sup>27</sup> Ontario's periodical publishing sector reported 56 per cent of national operating revenues in 2011 for a total of \$1.18 billion.<sup>28</sup>

### ***Book***

- Ontario's book industry remains the country's largest, generating operating revenues of 1.2 billion, nearly two-thirds of the national total. Ontario publishers also accounted for 67 per cent of the industry's salaries, wages and benefits.<sup>29</sup> A recent survey of Canadian publishers reported that all publishers who responded are now producing ebooks. Ebook sales are greater than 10% of annual revenue for 1 in 3 publishers.<sup>30</sup>

## **Current Environment**

### **General Economic Environment**

The 2008-09 recession continues to be a significant influencing factor on the global business environment. Though Ontario's real gross domestic product (GDP) has increased almost 10 per cent since the recession ended in 2009, and Ontario has added nearly 450,000 net new full time jobs, economic growth is slow and recovery remains fragile.<sup>31</sup> The Ontario Ministry of Finance is forecasting GDP growth to double from 1.3 per cent in

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<sup>22</sup> Nordicity, *Canadian Interactive Industry Profile 2008*, p. 97.

<sup>23</sup> Entertainment Software Association of Canada (ESAC), *Canada's Entertainment Software Industry in 2011*, p. 11.

<sup>24</sup> Independent Web Series Creators of Canada, *Industry Profile of Independent Web Series Creators in Ontario*, June 2014.

<sup>25</sup> Statistics Canada, "Sound Recording and Music Publishing 2011," Catalogue no. 87F0008X, Table 1, January 2013.

<sup>26</sup> Music Canada *Economic Impact Analysis of the Sound Recording Industry in Canada*, April 12, 2012, p. 21.

<sup>27</sup> TCS Management Consultants, *A Strategic Study of the Magazine Industry in Ontario*, September 2008, p. 3.

<sup>28</sup> Statistics Canada, "Periodical Publishing 2011", Catalogue no. 87F0005X, Table 1, January 23, 2013.

<sup>29</sup> Statistics Canada, "Book Publishers 2012," Catalogue no. 87F0004X, Table 1, March 2014.

<sup>30</sup> eBound Canada, *Book Publishing Current and Emerging Best Practices in Promoting and Marketing Digital Content*, August 2014, p. 33.

<sup>31</sup> MoF, *Ontario's Long-Term Report on the Economy*, 2014, pp. xiii.

2013 to 2.6 per cent by 2017.<sup>32</sup> Growth is expected to strengthen in several key emerging market economies while economic growth in the United States is expected to contribute to stronger results across all advanced economies, including Canada.<sup>33</sup> The Bank of Canada's economic growth outlook is projected to average between 2.25 and 2.5 per cent for 2014 and 2015, about the same as projected in the previous year.<sup>34</sup> The Canadian dollar is expected to remain around 93 cents for the next several months and the lower rate is anticipated to boost Ontario exports and encourage business investment.<sup>35</sup>

### **External Factors Impacting Ontario's Creative Media Industries**

The current operating environment for Ontario's content creators can best be described as a state of constant change. Several legislative and regulatory changes have impacted the business environment. In addition, rapid technological changes and a tough fiscal environment have presented new challenges and opportunities. A summary of some of the most significant factors impacting Ontario's creative media industries are described below.

#### **Copyright Legislation and Tariff Regimes**

After more than ten years of discussion and consultation, Canada's *Copyright Act* saw major revisions in 2012 with the passing of Bill C-11. Changes to copyright legislation have differing effect on Ontario media producers depending on the particular sector or subsector of the Cluster. In the book publishing industry, the change to provisions around fair dealing allow users of copyrighted works more flexibility without the need to gain permission or pay licence fees for certain works—the extension of fair dealing to education in particular is having major effects. A 2012 Supreme Court ruling involving Access Copyright and the province of Alberta gave new rights to students and educators in using copyrighted materials for research and private study and some educational institutions are now opting out of Access Copyright licences, arguing that fair dealing covers their use of copyrighted materials in classrooms.<sup>36</sup> This decision is a significant threat to revenues in the educational book publishing sector.

Filmmakers, in particular documentary producers, also see fair dealing as a major issue. The Documentary Organization of Canada unsuccessfully lobbied for an exemption for documentary producers in C-11 in order to allow them to circumvent the technical protection mechanisms (TPMs) on digital media in the Act. Since documentarians are both users and creators of copyrighted material, they seek both protections from piracy and the freedom to access the copyright-protected materials they need to create their work under fair-dealing provisions. However, since C-11 prohibits filmmakers from making copies of materials that are protected under TPMs, documentary filmmakers are now incurring higher costs for licensing these materials, proving a further prohibition in getting their projects financed.<sup>37</sup>

Alongside changes to the Copyright Act, some sectors of Ontario's creative media industries regard changes to royalty rates and tariffs to be a concern. In May, 2014 the Copyright Board of Canada published a long-awaited decision regarding royalty rates for non-interactive and semi-interactive Internet music streaming services. Copyright collective Re:Sound's Tariff 8 sets royalty rates for commercial webcasters at 10.2 cents

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<sup>32</sup> Ontario Ministry of Finance (MoF), 2014 Ontario Budget, May 01, 2014, p. 189.

<sup>33</sup> Bank of Canada, *Monetary Policy Report Summary*, July 2014, pp. 6 and 8.

<sup>34</sup> Ibid, p. 18.

<sup>35</sup> Ibid, p. 10.

<sup>36</sup> Access Copyright, Press Release, "Canada's writers and publishers take a stand against damaging interpretations of fair dealing by the education sector" April 18 2013.

<sup>37</sup> Documentary Organization of Canada, Submission to the Legislative Committee Studying Bill C-11, "Exemption for Documentary Filmmakers to Circumvent Technical Protection Mechanisms in Bill C-11", February 2012.

per thousand plays, to be paid to artists and record companies for the public performance of their sound recordings in the years 2009-2012. The decision is facing music industry criticism. Re:Sound has filed an application for judicial review of the decision, backed by a coalition of Canadian music organizations and companies. The coalition's criticisms are chiefly that the decision ignores previous royalty rates freely negotiated between the music industry and digital music providers, and that the rates are less than 10% of those that the same services pay in the U.S. and other countries.<sup>38</sup>

### **Foreign Ownership of Canadian Cultural Industries**

Federal foreign ownership policy is increasingly affecting Ontario cultural media industries, and ownership rules and their enforcement have been of particular concern to the book publishing industry. In the past three years, several entries and mergers of note occurred in publishing, including the merging of Penguin and Random House's Canadian operations and the entrance of Simon & Schuster into the Canadian market with a Canadian publishing program, as well as the sale of Harlequin to NewsCorp/HarperCollins. For domestic publishing companies, a problematic aspect of the federal government's approach to foreign ownership is the lack of transparency around how the department of Canadian Heritage is interpreting and applying the existing foreign ownership policy when deciding whether or not to allow foreign entrants. According to the Investment Canada Act, foreign companies are not permitted to acquire or set up new publishing companies in Canada unless a net benefit to Canada and the Canadian-controlled sector is realized.<sup>39</sup> The resulting tangible benefits associated with these recent entries, mergers and sales have generally not been reported, which has contributed to criticism by the independent publishing sector. The Association of Canadian Publishers has gone on record stating that the federal government has set aside their own policies with regard to these matters, and that these decisions erode the frameworks that protect and develop the independent book publishing sector in Canada.<sup>40</sup>

### **National Digital Strategy**

In April, 2014, Industry Canada released a national digital economy strategy called Digital Canada 150. The 26-page document is built on five pillars: Connecting Canadians; Protecting Canadians; Economic Opportunities; Digital Government and Canadian content. The strategy includes a commitment to ensure that every Canadian has 5Mbps broadband access by 2017, a speed most other OECD countries have already reached. The strategy, four years in the making, has been criticized for the absence of clear and measurable targets.<sup>41</sup> Further, the strategy fails to include any significant commitments to content creation, the central element of a digital economy and the driving force behind the development of new technologies.

### **Let's Talk TV**

In October 2013 the Canadian Radio and Telecommunications Commission (CRTC) launched "Let's Talk TV", a substantial review of the state of television in Canada. This is an important policy review that will result in a new framework for Canadian television and have a lasting impact on Ontario's television, film and interactive digital media industries. At the heart of the review is a request from the Federal Government that the

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<sup>38</sup> Copyright Board of Canada, News Release, "The Copyright Board of Canada sets royalties to be paid by Internet music streaming services for the use of sound recordings for the years 2009 to 2012", May 2014.

<sup>39</sup> Department of Canadian Heritage, Investing in the Future of Canadian Books; Review of the Revised Foreign Investment Policy in Book Publishing and Distribution, July 2010.

<sup>40</sup> Association of Canadian Publishers, Press Release, "Publishers Mourn the Loss of a Pioneering Firm", January 10, 2010

<sup>41</sup> Geist, Michael, "Digital Canada 150: The digital strategy without a strategy", *The Toronto Star*, April 04, 2014.

CRTC examine mandating cable distributors to offer consumers an à la carte-style of channel selection. As the present model of channel bundling allows profitable channels to subsidize less profitable ones, the change could have a significant negative impact on the amount and diversity of content that is available for consumers and that is produced in Canada. While not overtly part of the CRTC consultation, the possible regulation of over the top (OTT) players such as Netflix and Youtube has emerged as a central issue in the hearings. An exemption order issued by the CRTC prevents OTT services from the same regulations that are required of traditional broadcasters. The major changes to the audiovisual consumption habits of Canadians have fragmented broadcast audiences creating a competitive advantage for foreign OTT players. Creating regulatory parity by deregulating domestic broadcasters would likely significantly reduce the amount of Canadian content that is created and broadcast. However, considerations for increasing regulatory requirements for new media TV offerings is an extremely unpopular consumer proposition and one that the Federal Government does not support.<sup>42</sup> The CRTC is expected to issue a new framework in response to the hearing early in 2015.

### **Temporary Foreign Workers Program (Film, TV & Music) and Internships**

In the last year, changes to federal and provincial labour policies and enforcement practices have affected the cultural media sectors, in particular the film/television, music and magazine industries. The film and television industry is concerned about recent changes to Canada's Temporary Foreign Worker Program which have resulted in increased fees and waiting periods for issuing work permits; slower processing times are of particular concern due to the risk that such delays could discourage foreign service production, worth \$372.6 million to Ontario in 2013. New rules and higher fees for obtaining a Labour Market Opinion (LMO) were also introduced in 2013, which would have affected international music acts playing in bars and restaurants. However, further to industry engagement on this issue, regulations were amended such that foreign musicians and their crew are no longer required to obtain a work permit for performances in bars and restaurants. In both cases involving foreign workers, a key issue for stakeholders was that the changes could affect Canada's competitive advantage by sending a message that the country is 'closed for business,' with potential downstream impacts on Canadian crews, viability of Canadian music venues and opportunities for local performers.<sup>43</sup> A separate issue has also come to the fore regarding unpaid internships, both at the federal and provincial levels. The Ontario Ministry of Labour stepped up its enforcement efforts in a number of sectors including the magazine industry this past spring, which required several magazine publishers to end or change their internship programs. Unpaid internships are not permitted under Ontario's Employment Standards Act unless particular conditions are met, and there have been calls for the federal government to intervene to regulate unpaid internships. Internships play a role in recruitment for junior positions across the cultural industries, and are a frequent means of gaining experience and building relationships for workers new to the sector.<sup>44</sup> Employers may need assistance in transitioning their programs and recruitment practices to be in compliance.

### **Non-Traditional Financing Sources**

In an environment where conventional funding sources are becoming more competitive, use of alternative financing mechanisms (including crowdfunding, support from foundations, private equity investment and corporate branding or sponsorship) is growing across cultural industry sectors. For example, recent studies have noted that non-governmental organizations and foundations, both local and international, can be

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<sup>42</sup> Burgess, Mark, "Government blamed for CRTC predicament on Netflix," *The Wire Report*, September 29, 2014.

<sup>43</sup> "Temporary foreign worker reforms raise ire of film, TV industry," CBC.ca, July 16, 2014; Canadian Independent Music Association, "Statement from CIMA on Changes to LMO Process for Temporary Workers," August 29, 2013; "Regulations amending the Immigration and Refugee Protection Regulations," *Canada Gazette*, Vol. 148, No. 14, July 2, 2014.

<sup>44</sup> Simon Houpt, "Unpaid internships at magazines new target of Ontario labour ministry," *The Globe and Mail*, March 27, 2014; Simon Houpt, "End to unpaid internships shakes up magazine industry," *The Globe and Mail*, March 27, 2014; WorkInCulture, *Labour Market Insights in Ontario's Cultural Industries*, April 2014.

important funding partners, particularly when it comes to documentary projects.<sup>45</sup> Similarly, branded entertainment, that is, content produced in partnership with brands, represents a new financing possibility for certain kinds of screen-based production.<sup>46</sup> However several roadblocks still exist. In the documentary industry, for instance, the amount raised through non-traditional means is still modest, and cannot be considered a full substitute for conventional financing (broadcast licence fees and public funding). Currently there is also an issue whereby monies raised through alternative financing run the risk of reducing public funding or tax credits, putting producers in a position of having to choose one route or the other.<sup>47</sup> When it comes to branded content, there is currently regulatory uncertainty in that advertising is a non-eligible genre for tax credits and other financing; with the rise of branded entertainment, the definition and boundaries of advertising are being blurred and tested.<sup>48</sup>

Among alternative financing vehicles, crowdfunding has emerged as a key area of interest, particularly for screen-based producers. Crowdfunding enables fundraisers to collect contributions from the general public via online mechanisms. Several models exist including donation, lending and/or equity investment. Two types of crowdfunding expected to grow in the future are subscription crowdfunding and equity crowdfunding. Subscription crowdfunding, a subset of the donation model, allows individuals to contribute to creators on an ongoing rather than a project-by-project basis, which until now has been a more common form of support.<sup>49</sup> With equity crowdfunding, individuals purchase shares in a company or project via an internet funding portal. This form is not currently legal in Ontario, but earlier this year, the Ontario Securities Commission (OSC) released a framework for allowing exemptions from the issuing of prospectuses for equity crowdfunding. New amendments to existing securities rules will come into effect February 2014. These amendments, will widen the pool of potential equity investors in projects and offer new opportunities (however modest initially) for Ontario's cultural sectors to access additional financing.<sup>50</sup>

## Discoverability

In the post-digital transformation age, Ontario media producers share a struggle to secure distribution and find audiences amid the overwhelming availability of screen-based, music, book and digital magazine offerings available over the Internet and via various portable devices. Film and television producers looking for digital distribution can access any number of online video portals, however projects without broadcaster or theatrical distribution compete with a broad range of other online content, and producers must seek out direct-to-consumer relationships in order to find and retain audiences, increasingly before production even starts.<sup>51</sup>

For Ontario book publishers, the growth of the e-book market offers some offsets to the print decline observed since 2010. However, discoverability is a major challenge, particularly in light of the decline of shelf space for physical books at the major retailers, and a rapid decline in retailers themselves, as the last two years have seen several independent and major book stores in Ontario close their doors. BookNet Canada suggest that technical issues, such as missing metadata (cover images, descriptions, reviews) or lack of availability in all formats can prevent titles

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<sup>45</sup> Documentary Organization of Canada (DOC), *Growing the Pie: Alternative Financing and Canadian Documentary*, May 2014; Interactive Ontario, *International Digital Media Co-Production: A Guide for Canadian companies*, 2014.

<sup>46</sup> Canadian Media Production Association (CMPA), *Branded Entertainment: A New Production Financing Paradigm – Second White Paper*, February 2014.

<sup>47</sup> DOC 2014.

<sup>48</sup> CMPA 2014.

<sup>49</sup> Canada Media Fund (CMF) Trendscape, "The Subscription Model of Crowdfunding," June 16, 2014.

<sup>50</sup> Ontario Securities Commission (OSC), "Notice Of Amendments to Ontario Securities Commission Rule 45-501 Ontario Prospectus and Registration Exemptions," Retrieved January 7, 2015 from <http://www.osc.gov.on.ca>.

<sup>51</sup> Canadian Media Production Association, *Discoverability: Strategies for Canada's Digital Content Producers in a Global Online Marketplace*, February 2013.

from reaching consumers on e-book platforms.<sup>52</sup> Ontario's music companies were among the first to feel the impacts of the move to digital content and are still changing their business models to prioritize the discoverability of their artists' online music content. A study commissioned by the Canadian Independent Music Association in 2013 points out that the main vehicle for music discovery in the domestic market is no longer radio airplay, which is regulated for Canadian content and offers protections for domestic offerings. Social media is now seen as the predominant music sharing and discovery platform, and according to a 2012 Department of Canadian Heritage report, 42% of respondents to their survey indicated they use YouTube to discover music sometimes or often.<sup>53</sup> Ontario-based music companies are engaged in an ongoing transformation of business models to address these discoverability challenges and opportunities; Ontario label Arts & Crafts started their own digital download store in 2005 to engage directly with fans of their brand.<sup>54</sup>

Canadian producers of all types of content are now creating a broad range of digital content and products in a truly global online marketplace and success is increasingly being determined by how quickly content creators are able to adopt new techniques and tools for reaching, engaging and holding audiences. The OMDC-supported research study on discoverability by the Canadian Media Production Association (CMPA) suggests that in order to improve the chances of audiences discovering content, producers must begin the relationship with their audience before production even begins and then continue to nurture that relationship well into the future. As each product and media campaign is unique, the costs associated with discoverability are considerable and increasingly carried by the content producers. Discoverability is now central to the development of production of content and producers who are unable to finance this activity may find it to be an obstacle to success.<sup>55</sup>

### Untapped Talent and Leveraging Industry Growth

Several burgeoning areas of activity in the Ontario creative media sectors represent opportunities for growth, but have traditionally lacked the kind of formal supports that established sectors receive. Web series are a growth sector within the screen-based industry in the province. A recent study funded by OMDC for the Independent Web Series Creators of Canada (IWCC)<sup>56</sup> showed that not only are nascent web series producers entering this market, broadcasters and traditional television producers are increasingly moving into web series production. Ontario company iThentic has partnered with CTV, who are airing the Emmy-winning web series *Guidestones* on their CTV Extend web portal.<sup>57</sup> Web series producers who create content specifically for the internet have reported a 25% increase in production volume since 2012, but face barriers in distribution, developing non-traditional business models and revenue streams and the amount of time and resources needed to find niche audiences and engage them on social media. Ontario is home to over a hundred web series producers who have access to far fewer sources of financing than traditional television producers, but who are creating content that regularly wins critical awards and festival screenings.<sup>58</sup>

<sup>52</sup> BookNet Canada, *The State of Digital Publishing in Canada 2013*, March 2014.

<sup>53</sup> Canadian Independent Music Association, *Sound Analysis: An Examination of the Canadian Independent Music Industry*, February 2013; Department of Canadian Heritage, *Canadian Book, Film, Periodicals and Music Opinion Survey Final Report*, September 2012.

<sup>54</sup> OMDC Success Story: Arts & Crafts, [http://www.omdc.on.ca/WGIGO/Success\\_Stories/Music\\_Success\\_Stories/OMDC\\_SUCCESS\\_STORY\\_ARTS\\_CRAFTS.htm](http://www.omdc.on.ca/WGIGO/Success_Stories/Music_Success_Stories/OMDC_SUCCESS_STORY_ARTS_CRAFTS.htm)

<sup>55</sup> Canadian Media Production Association (CMPA), *Discoverability: Strategies for Canada's Digital Content Producers in a Global Online Marketplace*, 2013, p 4.

<sup>56</sup> Independent Webseries Creators of Canada, *Industry Profile of Independent Web Series Creators of Ontario*, May 2014

<http://www.omdc.on.ca/Assets/Research/Research+Reports/Industry+Profile+of+the+Independent+Web+Series+Creators+of+Ontario/Industry+Profile+of+the+Independent+Web+Series+Creators+of+Ontario.pdf>

<sup>57</sup> Media Release, iThentic, "CTV announces release of iThentic's *Guidestones: Sunflower Noir*", June 10 2014.

<sup>58</sup> A list of festivals accepting Ontario-produced webseries as well as award nominations and wins in 2013 can be seen on pg. 31-32, *Industry Profile of Independent Web Series Creators of Ontario*, May 2014

<http://www.omdc.on.ca/Assets/Research/Research+Reports/Industry+Profile+of+the+Independent+Web+Series+Creators+of+Ontario/Industry+Profile+of+the+Independent+Web+Series+Creators+of+Ontario.pdf>



Content from other industry sectors also stands out on the international stage while facing similar barriers to formal support. Canadian Aboriginal feature film is garnering increasing success and recognition worldwide; recent landmark retrospectives at the Toronto International Film Festival in 2012 and at the Berlin International Film Festival in 2013 identify Canada as one of the four pillars of Indigenous cinema in the world, and the Cannes and Sundance festivals have also recognized Canadian Aboriginal filmmaking talent in recent years.<sup>59</sup> However, this critical recognition has not yet translated into the sustained production of Aboriginal feature films. Research for an OMDC-funded report by the ImagineNATIVE film festival identifies that the Aboriginal films that are being produced in Canada are primarily documentaries, and little financing is flowing to Aboriginal dramatic feature film production—although the ImagineNATIVE study reveals that one factor in low production levels is likely lack of take-up in film funding programs by Aboriginal producers.

### **Export Market Challenges, Successes, Opportunities**

Ontario content companies are well-positioned in the export market and frequently collaborate with international production and distribution partners. Ontario television dramas have done particularly well in recent years, with many success stories including *Orphan Black*, *Rookie Blue* and *Murdoch Mysteries*, the latter of which are seen in over 100 markets worldwide and have been picked up by broadcasters north and south of the border for multiple seasons.<sup>60</sup> The service production sector is strong as well. Foreign companies left \$372.6 million in production dollars in Ontario in 2013.<sup>61</sup> This figure is expected to grow; the value of the Canadian dollar has dipped to five-year lows in recent months, due to weaker-than-expected inflation and a stronger U.S. economy. A lower loonie typically helps attract more foreign production to Canada. A recent study by Interactive Ontario highlighted some of the key reasons foreign companies choose to partner with Canadian producers on digital and convergent media projects. These include the availability of funding, as well as the creative skills, design talent, and experience of Canadians.<sup>62</sup> Canadian companies are also sought-after partners for Latin American producers, particularly in the documentary and animation spaces. The feeling is mutual, as Canadian producers have significant interest in the Latin American market, which presents a number of export opportunities.<sup>63</sup>

There are a number of initiatives on a national and provincial scale aimed at strengthening opportunities for Canadian companies to access international markets and collaboration opportunities. The federal government is renegotiating a number of its existing audiovisual treaties with different countries and has recently signed a new audiovisual coproduction agreement with India. The Canada Media Fund is among the entities that are pursuing co-development and co-production incentives and agreements with various countries, including New Zealand and Brazil. OMDC and the Rio Film Commission recently signed an agreement to share ideas on film production and other creative sectors. Opportunities are not limited to the film sector. For example, a recent OMDC-funded research report highlighted opportunities for music companies in the German market (considered the strongest economy in Europe and fourth in the world based on GDP).<sup>64</sup>

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<sup>59</sup> ImagineNATIVE, *Indigenous Feature Film Production in Canada: A National and International Perspective*, October 2013.

<sup>60</sup> Etan Vlessing, "Rookie Blue picked up for fifth season summer run," *Playback*, July 18, 2013. Etan Vlessing, "MIPCOM 13: Ovation buys Murdoch Mysteries for the U.S.," *Playback*, October 8, 2013; Etan Vlessing, "Playback's Specialty Show of the Year: Orphan Black," *Playback*, December 6, 2013.

<sup>61</sup> OMDC, "Ontario Film and Television Production 2011-2013," Retrieved September 22, 2014 from <http://omdc.on.ca>.

<sup>62</sup> Interactive Ontario, *International Digital Media Co-Production: A Guide for Canadian Companies*, 2014.

<sup>63</sup> Vlessing, Etan, "Canadian producers headed south for coproductions," *Playback Online*, September 18, 2014; Vlessing, Etan, "San Sebastian: Canadian companies target Latin American partners in Spain," *Playback Online*, September 22, 2014.

<sup>64</sup> Canadian Association for the Advancement of Music and the Arts (CAAMA), *The Music Market in Germany and Opportunities for Canadian Companies*, April 2014.

Ontario companies do face some challenges when it comes to exporting. For instance, there is no treaty co-production in the digital media space, and a further roadblock specific to digital media is that the Ontario Interactive Digital Media Tax Credit does not currently provide for international co-production due to the requirement that 90% of the project be developed in Ontario by the Ontario producer. Ontario producers therefore need to determine prior to pursuing a co-production whether foreign financing at least makes up for lost tax credits.<sup>65</sup>

An important strategic consideration for growing Ontario's entertainment and creative industries in 2015-16 will continue to be activities that support Ontario's content producers to maintain markets in developed economies while expanding into emerging economies. The U.S. and U.K. remain Canada's two most important cultural export markets, currently estimated at 79% and 5% respectively of Canada's export trade in cultural services, but the prospects for further growth are limited. Currently Canada exports much less of its total cultural output to the emerging economies; for example, Brazil, Russia, India, and China, and these countries represent significant potential for growth<sup>66</sup>

In the TV sector, traditional release approaches are being disrupted, which presents an additional challenge. Whereas there were traditionally several windows for exploiting content exclusively (based on platform and based on jurisdiction), the timeframes (windows) for exploiting content are shrinking, in that often world-wide rights or cross-platform rights are beginning to be sold. This contrasts with the current model of country-by-country and platform-by-platform sales opportunities that are typically more lucrative for producers, and this transition is expected to affect the screen-based market in coming years.<sup>67</sup>

A shift from print/analogue to digital modes of distribution and consumption of cultural content has been underway for a number of years. Among some of the more recent developments, key trends include:

- a) **A move toward consumers increasingly accessing digital content on mobile devices rather than desktop.** According to Media Technology Monitor data, as of 2013, 62% of Canadians own a smartphone and 39% own a tablet, up from 52% smartphone ownership and 26% tablet ownership just one year earlier. Many consumers stream Internet TV and audio content on their smartphones and tablets, and read digital magazines and e-books in bed or on the go.<sup>68</sup> Content producers are responding by increasingly developing marketing plans that recognize the growth of mobile.<sup>69</sup>
- b) **A shift to multi-tasking while viewing traditional content on 'second screens,' exemplified by the use of a mobile phone or tablet in tandem with TV watching.** According to ComScore, approximately one-third of mobile owners use their smartphone or tablet while watching TV, with tablets slightly more popular for multitasking. Multitasking while watching has popularized the growth of 'social TV', particularly for the 18-34 demographic (although all age groups have multitaskers). Multitasking can include carrying out a transaction,

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<sup>65</sup> Interactive Ontario, *International Digital Media Co-Production: A Guide for Canadian Companies*, 2014.

<sup>66</sup> Statistics Canada, Service bulletin, Culture Services Trade: Data Tables, 2000-2009. Catalogue no. 87-213-X, Table 12.

<sup>67</sup> Miller, Peter, *State of the Canadian Program Rights Market*, June 27, 2014.

<sup>68</sup> MTM data, cited in CRTC, *Communications Monitoring Report 2014, Part Two: Telecommunications*, September 2014; Adhoc recherche, *How Canadians select audiovisual content*, July 2014; Magazines Canada, *Digital Magazine Fact Book 2012*.

<sup>69</sup> eBOUND Canada, *Book Publishing: Current & Emerging Best Practices in Promoting and Marketing Digital Content*, August 2014.

looking up complementary information and looking up shows.<sup>70</sup> Second screens are also being used by various family members in a household to watch different content on smaller screens.<sup>71</sup>

- c) **In screen-based media, the growth of ‘time-shifting,’ that is, content being viewed increasingly on-demand rather than live or on a pre-determined schedule.** Although live TV is still dominant, use of PVR, free or paid streaming, downloads and video on demand is increasing.<sup>72</sup> Approximately 41% of Canadians watch Internet TV, and 18% stream a personalized online music service.<sup>73</sup>
- d) **The proliferation of subscription models for consuming content (shifting away from product ownership ad-based or pay-per-view/pay-per-download models).** Approximately one-quarter of Canadians 18 and over subscribe to Netflix<sup>74</sup>, and Sandvine estimates that on certain networks, 30-40% of prime-time internet traffic in Canada can be attributed to Netflix, up from 13.5% of evening internet traffic three years ago.<sup>75</sup> Subscription services that provide consumers with unlimited access to content for a low monthly fee have blossomed in Canada following the success of Netflix in the screen-based space. Some examples of this trend include the recent entry of Next Issue, a magazine subscription service, into the Canadian market, forthcoming plans for Shomi, a Rogers Media and Shaw Media-backed subscription video-on-demand (SVOD) service, as well as a similar offering from Bell Media. Subscription models are also emerging in the book sector (e.g. Oyster, Scribd and direct subscriptions offered by publishers) and have a longer-standing history in the music industry (e.g. Spotify).<sup>76</sup> Subscription models are disrupting traditional content distribution mechanisms such as broadcast television and radio and traditional retail channels such as booksellers.

Content producers are responding to this environment through experimentation with new content distribution, marketing and business models. Monetization is a persisting challenge and the environment is currently dominated by experimentation in search of more stable business models. This is happening in uneven ways in various creative sectors. In the music industry, streaming models have a longer history, but remuneration for various intermediaries from creators to publishers remains a challenge. In the digital game world, free-to-play and ad-supported models coexist alongside “freemium” (free to download, with various extras that can be purchased in app), pay to download, and other emerging approaches.<sup>77</sup> In book publishing, traditional business models and marketing approaches are continuing along with experimentation with emerging techniques such as increasingly strategic use of social media platforms including image and video-based platforms. Experimentation is occurring with respect to pricing models, such as through promotional offers, bundling, serialization and various subscription models. The shift to digital distribution offers publishers the ability to collect and analyze data and to have increasingly direct relationships with readers. A recent survey of book publishers found that all are producing ebooks, and more than half are selling digital content directly to readers. Distribution channels are a mix of direct-to-consumer approaches and use of a third-party service (e.g. Kobo, Amazon, Google, as well as different channels for the library and educational markets).<sup>78</sup>

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<sup>70</sup> ComScore, *2014 Canada Digital Future in Focus*, March 2014; CMF and Evolumedia, *The Second Screen and Television: Overview and Growth Perspectives*, October 2012.

<sup>71</sup> Adhoc recherche, 2014.

<sup>72</sup> Adhoc recherche, 2014.

<sup>73</sup> MTM data, cited in CRTC, *Communications Monitoring Report 2014, Part Two: Telecommunications*, September 2014.

<sup>74</sup> CRTC, *Communications Monitoring Report 2014 – Part 1*, September 2014

<sup>75</sup> Press release, “Sandvine Data: Canadians love Netflix (and Hockey),” Sandvine.com, September 18, 2014.

<sup>76</sup> Houpt, Simon, “The Netflix effect: Why distracted consumers are bundling up,” *The Globe and Mail*, March 21, 2014; eBOUND Canada, 2014.

<sup>77</sup> App Annie, *App Annie Index: 2013 Retrospective: The Top Trends of 2013*, January 2014.

<sup>78</sup> eBOUND Canada, 2014.

In the magazine space, digital distribution channels continue to be explored however print remains a significant portion of the business. For this sector, the announcement that Canada Post will end home delivery by 2019 has exacerbated a trend away from traditional distribution and publishers are gradually widening their use of alternate channels: while print circulation of Canadian magazines declined 10.7% between 2006 and 2011, the volume of magazine distribution through mail subscriptions decreased even further, by 18%. Meanwhile, magazine circulation by other forms, such as single-copy sales, bulk distribution, and newspaper inserts, increased 3.1% over the same period.<sup>79</sup>

### OMDC's Current Situation

Companies must be well-capitalized in order to be able to invest in the creation and marketing of content for multiple platforms and be able to find innovative solutions to the challenges of a global digital marketplace. The financial assistance provided through OMDC programs and services and the Province's tax credits addresses this need in part. OMDC will continue to address the needs of Ontario's content producers by ensuring that they have access to financing, support to market and distribute their products effectively, and the support and opportunity to make important business contacts abroad. Global market demand for cultural media products among both new and emerging economies is growing at a rate greater than the general economy. In addition, the increasing digitization of content has made it easier for Ontario content creators to reach global audiences. With their high quality and cost-competitive products and Ontario's cultural media content companies are well-positioned to take advantage of this market.

Despite enhanced opportunities to get products to the market, Ontario content companies face increasing competition from other jurisdictions that have also recognized the potential of the entertainment and creative cluster and the skilled, high-paying jobs that go with it. The creative industries now represent a significant and expanding segment of many countries' GDP. As such, Ontario's content creators are facing worldwide competition for talent, investment dollars and market access. OMDC will continue to address the needs of Ontario's content producers by ensuring that they have access to financing, support to market and distribute their products effectively, and the support and opportunity to make important business contacts abroad. The financial assistance provided through OMDC programs and services and the Province's tax credits addresses this need in part, but the agency also needs to continue to prioritize effective means of collaboration, marketing and market intelligence in 2015-16 to fully maximize the opportunities available and to minimize risks.

In response to the current environment faced by content creators, OMDC will pilot a new Collaboration and Innovation Fund (CIF). This new, two-phase, fund will provide a parallel stream to existing OMDC programs and promote innovation, collaboration and risk-taking within the Entertainment and Creative Cluster. Phase one will invite select companies, based on the submission of an expression of interest, to participate in OMDC-facilitated networking sessions and external consulting to workshop and refine project ideas with participants and experts. In phase two, some of these companies will be selected for project funding via an application process. The early expectation is that this fund will be open to the publishing and screen-based sectors and that the CIF would support activities which cannot currently be accommodated under OMDC's existing siloed funds. The new program, together with the existing program streams, will allow companies to determine the best fit for their business model and specific project/objective. Music companies are currently able to apply for many of these types of activities under the Ontario Music Fund and as such, have been excluded from the pilot project. The CIF will launch at the end of 2014-15 with delivery of the first funding cycle planned for 2015-16. Grants awarded to successful applicants will be reallocated from within existing resources. Planning for the CIF is underway now and OMDC will brief MTCS on the details of the program as they are developed.

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<sup>79</sup> "Canada Post losing Pub Mail volumes faster than industry decline," *Masthead Online*, January 27, 2012.

The collective bargaining process with public service employee unions may impact OMDC operations in the months ahead. AMAPCEO's most recent collective agreement with the OPS was ratified in August, 2014. The Agreement was arrived at following a contentious round of bargaining that saw the union mobilizing its members for job action. The Agreement is a four year deal, expiring in March of 2018. For OPSEU, bargaining will officially begin in November 2014 as the current OPSEU Agreement with the OPS expired in December. According to union communications to members, the OPSEU bargaining team expects an OPS bargaining position and proposal for concessions similar to those that AMAPCEO faced during its recent negotiations; union communications in October 2014 were pre-emptively discussing a possible strike mandate. It is fair to assume that like the AMAPCEO negotiations, the OPSEU negotiations may be difficult and members may be mobilizing for various job actions throughout bargaining.

The review of government Business Support Programs and Refundable Tax Credits, announced in the *2013 Ontario Budget*, is expected in 2014-15. The impact to the agency's programs and activities, if any, is currently unknown and, depending on the outcome of the review, a shift in agency direction may be required. OMDC is confident that the review will demonstrate that the agency remains central to the implementation of an economic development strategy for growth and that our programs and refundable tax credits play a vital role in driving economic activity and job creation in the Province of Ontario.

Though Ontario's economy is growing, growth is less robust than forecast and deficit reduction remains an important Government goal. To combat deficit targets, Ontario has maintained the lowest per-capita program spending among the provinces.<sup>80</sup> In a climate of fiscal prudence OMDC must work hard to demonstrate the significant return on investment that the government support directed to Ontario's creative creates. This is why OMDC will be submitting a separate Business Case that will contain additional recommendations to further transform and modernize the support, and its delivery, that the agency offers to the creative industries. This key strategy recognizes the opportunity for Ontario to secure a leadership role with modern and innovative support tools that generate significant economic growth and employment for the Province.

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<sup>80</sup> MoF, 2014 Ontario Budget, May 01, 2014, p. xxv.

#### IV. Strategic Directions

For the past four years, OMDC has been provided with a stable level of base funding of \$22.95 million with the intention of allowing the agency to offer reliable programs and services to its stakeholders and to focus on areas of significant strategic importance to the Province's creative media industries. In 2013-14, OMDC also began the administration of the new Ontario Music Fund (OMF), a \$45 million program, spread over three years.

The absence of Government funding for the Interactive Digital Media (IDM) Fund continues to be a key issue for OMDC. The IDM Fund was established in 2004-05 and has proven itself to be a high-impact fund in an important and growing sector of Ontario's economy. Since 2005, the IDM Fund has awarded nearly \$16 million to support 144 projects, which have created over 28,000 weeks of work and stimulated more than \$55 million in production spending, resulting in significant revenues reported on completed projects.<sup>81</sup>

OMDC will continue the IDM Fund at \$3 million in 2015-16. The agency will support the fund by drawing \$2 million from OMDC's uncommitted cash reserves and by reallocating \$1 million from the OMDC Music Fund and Export Fund-Music which will not be offered next year. This solution will provide the necessary funds for 2015-16; however, supporting the IDM Fund using the agency's uncommitted cash reserves is not a long term solution and without an additional government investment, it will be necessary to make significant program reductions, and/or identify other offsetting revenues for 2016-17 and beyond.

OMDC actively supports all OPS Accessibility legislation and directives as well as the Government of Ontario's strategic goal of integrating diversity into all OPS programs, policies and services and adheres to all OPS Accessibility legislation and directives. The agency is committed to continuing to extend its services and programs to ethno-cultural and other special interest/needs groups. For example, in the current year OMDC is supporting the Canadian Ethnic Media Association's Annual Awards, Abilities Arts Festival, Toronto Reel Asian International Film Festival and the ReelWorld Film Festival. OMDC will continue to support similar activities in the year ahead. For the agency's recently redesigned website, accessibility was the single most important consideration for every design and function decision that was made and enhanced accessibility continues to drive ongoing improvements to the website.

Building on the strategic planning work carried out by OMDC in 2007 and 2008, in 2011-12, the agency conducted an independent strategic review of its ability to provide the maximum benefit for Ontario's creative media industries. The review resulted in a new *Strategic Plan*<sup>82</sup> that confirms OMDC's effectiveness in supporting Ontario creative media firms, and recommends ways for OMDC to improve its impact. The *Strategic Plan* identifies OMDC as key to Ontario's strategy to stimulate innovation in the Creative Cluster by delivering funding programs, administering tax credit certification, promoting the province abroad, promoting export sales, and providing business intelligence and economic research into the creative media industries.

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<sup>81</sup> Ontario Media Development Corporation (OMDC), Program Statistics, August 2014.

<sup>82</sup> OMDC, *Strategic Plan 2012-2017*, April 2012.

The Plan found that Ontario's creative industries are in a state of flux with equal measures of strength, opportunity and vulnerability. It identifies five key industry challenges:

- **Limited Access to Financing** for cultural media firms;
- **Continuing Instability of Business Models** as new technologies and platforms disrupt traditional revenue models;
- **Limited Revenue from Global Markets** due to a historic reliance on domestic markets;
- **Timeliness of Support** in accessing tax credits; and
- **Gaps in Access to Talent** to grow Ontario cultural media firms in a competitive global market place.

To meet these challenges the Plan identifies five key strategies, two pre-conditions and nine phased initiatives to focus OMDC on achieving continued success:

Pre-conditions:

- **Understanding Key Business Models**
  - *Initiative 1: Expand Scope of Market Intelligence*
- **Working with Government Stakeholders**

Strategies:

- A. Improve Support Delivery Process**
  - *Initiative 2: Engage Partners to Implement Selective Tax Credit Auditing*
- B. Maximize Effectiveness (ROI) of Investment Support**
  - *Initiative 3: Develop ROI Measures*
  - *Initiative 4: Engage Partners in Evaluating Support Mechanisms*
  - *Initiative 5: Engage Partners to Re-design Support Mechanisms*
  - *Initiative 5a: Engage Partners to Examine Loan Guarantees*
  - *Initiative 5b: Develop "Lines of Business" Funding*
- C. Achieve Greater Adaptability / Flexibility in Support Mechanisms**
  - *Initiative 5c: Engage Partners to Examine Simpler, More Flexible Tax Credits*
- D. Facilitate Partnerships**
  - *Initiative 6: Develop a Collaborative Innovation Fund (CIF)*
  - *Initiative 7: Create Cluster Partnerships Database*
  - *Initiative 8: Explore Support for Development Activities*

## **E. Increase Connections to Export Markets**

- *Initiative 9: Continue Export Development Support*

OMDC's programs and activities largely address these strategies and as such, much of the agency's activities will remain the same for the coming year. However, as a result of the Ontario Music Fund, OMDC's previous music programs (OMDC Music Fund and Export Fund-Music) will not be offered in 2015-16. As indicated in the agency's 2014-15 Business Plan, OMDC plans to launch a Collaboration and Innovation Fund (CIF) this year. The fund will be an important part of the strategy towards transforming OMDC's support tools to better meet the needs of modern content creators.

The dramatic and rapid evolution in the ways that creative content is produced, distributed and consumed presents both opportunities and challenges for OMDC and the sectors supported by the agency. The global entertainment and media industry is projected to grow 5.0% annually from 2013 to 2018 and as digital technologies continue to play an important role in everyday life in Canada and around the world, the opportunities for Ontario's content creators to reach niche, domestic and international audiences are increasing.<sup>83</sup> An important strategic opportunity for OMDC will continue to be activities that support Ontario's content producers to maintain markets in developed economies while also expanding into emerging economies.

OMDC will be submitting a separate Business Case that will contain additional recommendations to further transform and modernize the support, and its delivery, that the agency offers to the creative industries. This key strategy recognizes that OMDC must find flexible, adaptable and simple mechanisms that will allow Ontario firms to take advantage of new business models and create innovative new products that will deliver excellent results for the Province. In the current year, OMDC will continue to address opportunities for growth, increased productivity and innovation in Ontario and abroad through our unique tool-kit of tax credits and programs and services for the creative media industries.

OMDC will also continue to engage in research and communication activities in order to make sure that cultural media industries have access to the market information they need and that their issues are brought to the attention of all levels of government. We will also continue to publicly celebrate and promote the success of Ontario's content creators to domestic and international audiences.

### **2015-16 Goals**

Goals for 2015-16 have been developed by management and OMDC's Board of Directors based on the directions coming from the *Strategic Plan* as outlined above. While the goals are numbered for organizational purposes, this is not intended to imply a prioritization of any one goal over another. That being said, the need to improve access to financing continues to be crucial for all of the cultural media industries. Without the ability to adequately capitalize their companies, content creators are not able to properly invest in new digital activities, adapt to emerging business models, produce high-quality content, or market strategically. The chart on page 28 illustrates how OMDC's activities map to 2015-16 goals and strategies.

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<sup>83</sup> PricewaterhouseCoopers (PwC), Global entertainment and media outlook: 2014-2018, Entertainment and Media Market by North American Segment, August 16, 2014.



OMDC will continue to support the development of the province's Entertainment and Creative Cluster, specifically the book, magazine, interactive digital media, music, film and television industries, through the following four goals. The agency will also continue to manage its resources in an effective, accountable and transparent fashion consistent with the Transfer Payment Accountability Directive.

**Goal #1: Drive Growth and Productivity in Ontario's creative media industries**

Strengthen the competitive position of Ontario's Entertainment and Creative Cluster by improving access to financing and by making strategic investments to leverage additional private equity and public investment for Ontario's creative media industries.

Strategies:

1. Monitor and continue to improve effectiveness of streamlined tax credits process.
2. Deliver programs that assist companies in accessing financing from public and private sources.
3. Maximize effectiveness of OMDC programs and services.

**Goal #2: Enable Business Innovation and Collaboration**

Promote business evolution by enabling innovation and collaboration across Ontario's Entertainment and Creative Cluster and by creating opportunities for Ontario's creative media companies to become leaders in the rapidly changing business and digital environments.

Strategies:

1. Provide support to business evolution activities and research.
2. Renew OMDC programs and services to maintain maximum adaptability and flexibility in a constantly changing business environment.
3. Facilitate opportunities for partnership among and between content and technology companies.
4. Develop opportunities to stimulate knowledge transfer and business innovation.

**Goal #3: Expand Access to Global Markets and Support Content Development**

Foster and support Ontario's creative media companies in accessing international and domestic markets, developing quality content and promoting Ontario as a world-class centre of media production.

Strategies:

1. Invest in the creation of world-class content that facilitates job growth and furthers investment in the province of Ontario.
2. Enhance business connections for Ontario media companies to improve access to markets and platforms.
3. Promote Ontario internationally as a world-class centre of media production.

**Goal #4: Provide Strong Leadership to Advance Ontario's Creative Media Industries**

Model strong, effective and innovative leadership, provide value as an information hub and be a champion for Ontario's creative media industries.

Strategies:

1. Commit to continuous improvement and service excellence.
2. Provide timely market intelligence on the evolving business environment to inform policy and programs and increase the competitiveness of Ontario companies.
3. Be a champion for Ontario's creative media industries.

## **V. Overview of Agency's Current and Future Programs and Activities**

Since its creation, OMDC has consistently demonstrated its ability to deliver results in the creative media industries by providing a high impact menu of programs and services that create jobs and investment for the province of Ontario. In the 2010 Provincial Budget, the Government of Ontario committed to stable, long-term funding for OMDC operations, and this has in turn provided a measure of stability for the agency as well as for our stakeholders. While this stability is much-appreciated, the amount is not enough to maintain programs at the status quo level. This is made more challenging as the Government of Ontario has not renewed support to OMDC's Interactive Digital Media Fund. As a result, the agency no longer has the financial resources within its core funding to support the dynamic and growing IDM sector in Ontario or to aggressively pursue innovation in our programs or new initiatives without reallocating resources from existing programs or using the agency's cash reserves. This is especially significant at a time when the business climate for Ontario's creative industries is characterized by a dramatic and rapid evolution in the ways that creative content is produced, distributed and consumed. Despite these challenges, there is also great opportunity for Ontario's content creators. OMDC is therefore submitting a separate *Business Case* requesting an increase to OMDC's base allocation.

### **Overview of Current Programs and Activities**

OMDC strives to effectively and efficiently deliver its programs and initiatives and engages in partnerships with the public and private sectors to leverage resources and services for the benefit of the sectors we serve. OMDC is committed to ongoing analysis and continuous improvement in its undertakings. OMDC staff has demonstrated its capacity to deliver meaningful, results-based initiatives to clients in all of the sectors it serves. The achievements outlined in this section reflect OMDC's 2012-13 and 2013-14 Performance Measures Results as available at the end of the Second Quarter of 2014-15. In 2014-15, in addition to delivering programs and services, OMDC staff attended client meetings, industry events and activities and professional development opportunities, and will continue to do so regularly.

OMDC works cooperatively with the Ministries of Finance (MOF); Government and Consumer Services (MGCS); Tourism, Culture and Sport (MTCS); and of Economic Development, Employment and Infrastructure (MEDEI) on collaborative initiatives if and when they arise. OMDC will continue these relationships and will also continue to brief MTCS prior to the launch of new initiatives and to share the agency's research work and data. OMDC also has regular intergovernmental contact with peer organizations through national organizations such as the Association of Provincial Funding Agencies, National Tax Credits Committee, Telefilm's International Business Development Group and the Association of Film Commissioners International. OMDC also regularly meets with other MTCS Agencies in a roundtable to discuss common issues of Human Resources, Financial Services, Information Technology, and Communications.

OMDC offers its programs and activities through four departments:

1. **CEO and Communications:** Encompasses the office of the President and CEO and the Communications staff, who are responsible for supporting the agency in all its Communications activities as outlined in the Communications Plan in Section XIV.
2. **Business Affairs and Research Group:** Provides the strategic direction and operating structure to enable the Corporation to achieve its objectives, including strategic and business planning, research and statistics, financial services, information technology support and corporate operations. Supports the Ministry and industry through the collection and dissemination of industry statistics and raising

awareness of industry issues to federal bodies (e.g., Canadian Radio-television and Telecommunications Commission, Canada Media Fund). HR services are provided by the Ministry of Government and Consumer Services through its centralized HR Ontario service.

3. **Industry Development Group:** Comprising the Industry Initiatives, Film Unit (also known as the Film Commission), and the Ontario Music Office, the Industry Development Group provides opportunities for the cultural media industries to create products, market completed products, undertake strategic initiatives that grow companies and help them access new markets, collaborate across and within sectors and attract and support production activities in Ontario as well as collecting statistics on those production activities. The Group provides support to industry organizations to develop and offer initiatives specific to business development as well as monitoring deliverables and results collection related to funded initiatives.
4. **Tax Credits and Financing Programs Group:** Co-administers six refundable tax credits with the Canada Revenue Agency (CRA). The Group provides input to MTCS and collects and monitors statistics related to tax credit activity that inform policy advice to the Ministry of Finance (MOF) on the status of creative media industries and the effectiveness of the tax credits.

### **Programs and Activities**

OMDC offers programs and activities in support of the corporate goals outlined in the previous section. Below we have provided some highlights of the programs offered and activities carried out in 2015-16. The programs and activities that follow are organized the type of activity supported, however, it should be noted that all programs and activities address more than one of the agency's goals and can support multiple different activities.

## OMDC Activity Map 2015-16

ACTIVITY	<b>Goal #1:</b> <b>DRIVE GROWTH AND PRODUCTIVITY IN ONTARIO'S CREATIVE MEDIA INDUSTRIES</b>  <b>Strategies:</b> - Streamline administration of tax credits. - Deliver financing programs. - Maximize effectiveness of programs and services.	<b>GOAL #2:</b> <b>ENABLE BUSINESS INNOVATION AND COLLABORATION</b>  <b>Strategies:</b> - Provide support to business evolution activities and research. - Regularly renew programs and services. - Facilitate partnership opportunities. - Stimulate knowledge transfer and innovative business opportunities.	<b>GOAL #3:</b> <b>EXPAND ACCESS TO GLOBAL MARKETS AND SUPPORT CONTENT DEVELOPMENT</b>  <b>Strategies:</b> - Invest in the creation of world-class content. - Enhance business connections. - Promote Ontario.	<b>GOAL #4:</b> <b>PROVIDE STRONG LEADERSHIP TO ADVANCE ONTARIO'S CULTURAL MEDIA INDUSTRIES</b>  <b>Strategies:</b> - Maximize organizational effectiveness. - Provide timely market intelligence. - Be a champion.
Communications Activities		✓	✓	✓
Content and Marketing Funds	✓	✓	✓	
Content and Marketing Fund Program Reviews		✓		✓
Corporate and IT Initiatives	✓			✓
Export Fund			✓	
Film Unit			✓	✓
Industry Advisory Committees		✓		✓
Industry Development Program		✓	✓	
International Business Development	✓	✓	✓	
OMDC-led initiatives (i.e., IFF at TIFF)		✓	✓	✓
Research Activities	✓	✓		✓
Sector Champion Activities				✓
Strategic Plan	✓	✓	✓	✓
Tax Credits Programs	✓	✓	✓	
Tax Credits Risk Assessment	✓			✓
Trillium Book Award			✓	
Ontario Music Fund	✓	✓	✓	
Collaboration and Innovation Fund		✓	✓	

## **Industry Development Group**

### **Film Fund**

- The Film Fund provides support to Ontario feature film projects that are ready for production or in the final stages of development. The Fund has two components:
  - Development – Provides funding in the form of an interest-free loan of up to \$25,000 for the final development stage.
  - Production – Provides funding in the form of a repayable advance of up to \$400,000 on a last-in basis to complete the production financing of a feature film.
- The objectives of this program are to increase investment and jobs in Ontario by Ontario-based feature film production companies, to assist in capitalizing Ontario-based feature film production companies and to increase the number of high quality, original feature films produced in Ontario by Ontario-based production companies.
- There are two deadlines for the Fund in 2014-15. Fifty eight applications were received (43 production, 15 development) for the first deadline in April. The total requested amounts were \$9,749,681 for production and \$1,703,403 for development. \$2,301,500 million was awarded to assist in the production and development of 19 domestic feature films. A second deadline will occur in November.
- Many of Film Fund supported projects gained critical acclaim both at home and abroad. For example, three Film Fund recipients screened at the 2014 Toronto International Film Festival (TIFF), including *October Gale*, *Maps to the Stars*, and *Wet Bum*.
  - Film Fund recipient, *Watermark*, won Best Documentary at the Canadian Screen Awards, Best Canadian Film Award from the Toronto Film Critics' Association and the Rogers Best Canadian Feature Film prize.
  - When TIFF announced its Canada's Top 10 selections in December 2013, a number of OMDC-funded films were on the list, including: *Enemy*, *The F Word*, and *Watermark*.
- In 2013-14 OMDC had the Film Fund independently reviewed. The results revealed that with an investment of \$33 million since 2005, the Film Fund has supported 255 feature film projects, creating more than 7,120 jobs and over \$423.5 million of GDP for the Province of Ontario. The evaluation also discovered that 83% of companies surveyed said that the Film Fund was instrumental in their decision to shoot in Ontario and that the Fund provided much-needed funding and additional incentive over and above tax credits.<sup>84</sup>
- Results for this program are measured by the number of jobs created and/or retained, and the leverage value of OMDC's contribution to each project.

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<sup>84</sup> Communications MDR, prepared for OMDC, "Supporting the Future Success of Ontario's Feature Film Industry Findings of an Evaluation of the OMDC Film Fund", July 28, 2013, p. 7.

### Interactive Digital Media Fund

- Though funding for the IDM Fund was not renewed in the 2014 Provincial Budget, OMDC was able to maintain the Fund in the 2014-15 fiscal year at \$3 million by drawing \$2 million from OMDC's uncommitted cash reserves and by reallocating \$1 million from the OMDC Music Fund and Export Fund-Music which are not being offered in 2014-15.
- OMDC's IDM Fund was designed to provide Ontario interactive digital media content companies with access to the final piece of funding required to move their proprietary projects into production. Successful applicants received a non-refundable contribution up to \$150,000 to create a market-ready interactive digital content product.
- The IDM Fund commenced in 2005 and was renewed in 2008 by the Provincial government to encourage growth in Ontario's innovative economy. Between 2005 and 2013-14, the IDM Fund has contributed \$16M to support 144 projects, which have created over 28,000 weeks of work and stimulated more than \$56M in production spending.<sup>85</sup>
- In 2011-12 OMDC had the IDM Fund independently reviewed and the results demonstrate the Fund's ability to leverage additional economic activity in Ontario's interactive digital media sector. It found that between 2005 and 2011 the Fund has leveraged \$25.3 million in Ontario labour expenditures and generated direct company revenues of well over \$56 million.<sup>86</sup>
- The objectives of this program are to support the creation and exploitation of original content by Ontario companies and to provide opportunities for interactive digital media content producers to build capacity and grow their companies.
- OMDC's IDM Fund recipients have been recognized for their creativity and innovation in a variety of platforms.
  - Xenophile Media's IDM-Fund supported transmedia project, *Time Tremors*, received the iKids Award for Best Learning App for Smartphone and was nominated for a 2014 International Digital Emmy award.
  - IDM Fund-supported game *Guacamelee!*, by DrinkBox Studios, was selected Best Vita Game of 2013 (Sony PlayStation Vita System).
  - Story2OH received a 2014 Canadian Screen Award for Best Original Interactive Production. The IDM-Fund supported *Ruby Skye P.I.* has been the recipient of many awards including Grand Prize Winner at L.A. Webfest.
- In 2014-15, OMDC received 73 applications with a request for \$8,344,229 million in funding with adjudication scheduled for November. In the previous year, 23 projects received \$3.0 million with budgets totalling \$6.8 million. The projects that received support in 2013-14 were able to leverage an additional \$1.28 in funding for every dollar invested by OMDC, with 2,801 weeks of jobs created and/or retained.

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<sup>85</sup> Ontario Media Development Corporation (OMDC), program statistics, October 2014.

<sup>86</sup> Revised revenue figure current as of August 2013.

- Results for this program are measured by the number of jobs created and/or retained, and the leverage value of OMDC's contribution to each project.

#### Book Fund

- The Book Fund provides funds of up to \$100,000 for Ontario-based, Canadian-owned publishers to increase their financial viability and overall business growth by supporting marketing initiatives which profile the works of Canadian authors to both foreign and domestic markets. Applicants can also apply for activities that build on or leverage existing digital capacity that best suit their individual corporate goals.
- The objectives of this program are to provide opportunities for book publishers to build capacity, increase sales revenue and grow their companies.
- The results of an independent evaluation of the Book Fund, completed in 2013, found that from 2005-06 to 2012-13, the Fund invested \$12.2 million to support 322 projects led by 62 publishing companies. In this same period the Book Fund helped create 166 new highly skilled jobs in the Ontario publishing sector, and contributed to the retention of over 700 direct and indirect jobs. The evaluation also found that since its inception the Book Fund has increased publisher revenues by \$44.3M, market share by 20% and profits by 15% (on average).<sup>87</sup>
- In 2014-15 the Book Fund received 51 applications and supported 37 projects with just over \$2.2 million for project budgets totalling more than \$3.6 million. This includes an additional \$40,000 of federal funding for a Francophone Book Publishing Initiative that will match the funding from the Book Fund.
- Results for this program are measured by return on investment (ROI) which represents the value of sales generated by a project for every dollar invested by OMDC. In 2012-13, the most recent year for which results are available, Book Fund recipients reported earning \$4.00 for every dollar invested by OMDC.<sup>88</sup>

#### Magazine Fund

- The Magazine Fund provides funds of up to \$75,000 for Ontario magazine publishers proposing business development projects with clear objectives and measurable results, including circulation, newsstand and ad sales projects, magazine makeovers, the exploration and implementation of new content strategies, new magazine start-ups and digital enhancement activities for their businesses.
- The objectives of this program are to provide opportunities for magazine publishers to build capacity and grow their companies through increased competitiveness and sales to support the creation of content by Ontario companies.
- The results of an independent evaluation of the Magazine Fund, completed in 2012, found that between 2005 and 2012, the Magazine Fund created 170 full time jobs and generated revenues for magazine publishers of \$24 million – three times the amount invested by OMDC.<sup>89</sup>

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<sup>87</sup> Communications MDR, Book Fund Program Evaluation, February, 2013.

<sup>88</sup> OMDC Internal Results, 2012-13.

<sup>89</sup> TCI Management Consultants, prepared for OMDC, "Magazine Fund Program Evaluation", May, 2012.

- In 2012-13, OMDC implemented a number of recommendations and refinements that came out of an independent review of the Magazine Fund. And, in 2013-14, OMDC delivered the second year of a digital-only magazine funding component to assist magazine media publishers in the move to standalone online content delivery.
- In 2013-14 the Magazine Fund received 63 applications, and the jury awarded \$1.9 million to 51 projects with budgets totalling \$4.1 million.
- Results for this program are measured by the leverage value of projects supported, and the ROI which represents the value of sales generated by a project for every dollar invested by OMDC.<sup>90</sup>

#### OMDC Music Fund (currently not offered)

- The OMDC Music Fund provided funds of up to \$60,000 to Ontario-based, Canadian-owned record labels, music publishers and artist management firms for the implementation of new strategic business and marketing initiatives. Applicants could also apply for projects with a digital focus. 2013-14 OMDC Music Fund commitments were allocated to the Ontario Music Fund Music Company Development stream which launched in October 2013.
- In 2013-14, the Music Fund received 36 applications and supported 14 companies that received \$688,375 in support for 22 projects with budgets totalling \$1.36 million. The projects that received support in 2013-14 were able to leverage an additional \$0.97 in funding for every dollar invested by OMDC, with sales results still to come.<sup>91</sup> In 2012-13, Music Fund recipients reported earning over \$12.00 for every dollar invested by the OMDC.<sup>92</sup>
- An independent evaluation of the OMDC Music Fund found that from 2005-06 to 2011-12 the Fund has invested a total of \$3.42 million in 117 initiatives. Recipient companies have attributed revenues of \$14.3 million to Music Fund support, and report approximately 112 new jobs. This represents a four to one return on OMDC's investment.<sup>93</sup>
- Results for this program are measured by the leverage value of projects supported, and the ROI which represents the value of sales generated by a project for every dollar invested by OMDC.
- The OMDC Music Fund will remain discontinued for 2015-16 as funds for similar activities are available through the Ontario Music Fund.

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<sup>90</sup> OMDC Internal Results, 2012-13.

<sup>91</sup> Ibid, 2013-14.

<sup>92</sup> Ibid, 2012-13.

<sup>93</sup> Nordicity, prepared for OMDC, "OMDC Music Fund Evaluation", October 2012.



### Industry Development Program

- OMDC provides targeted financial and strategic support to trade and event organizations in all six sectors for activities that provide opportunities for business development for Ontario entrepreneurs in the creative media industries.
- In 2013-14 the program supported 64 projects which initiated over 54,000 new contacts for participants.
- Business-building initiatives supported by the Industry Development Program in 2013-14 include: the Industry Program and Forum at Hot Docs Canadian International Documentary Festival; MagNet, Canada's leading magazine publishing conference; The Animation Conference at the Ottawa International Animation Festival; Interactive Ontario's InPlay and iLunch cross-sector business-building sessions; the Canadian Independent Music Association's (CIMA) Ontario Showcases at MIDEM; TIFF's Sales and Industry Centre; and the International Visitors Programme during the International Festival of Authors.
- Results for this program are measured by the number of initiatives supported and number of contacts made by participants.

### International Business Development

- Growth of international markets has been a priority for all of Ontario's creative media sectors to offset the limited size of the domestic marketplace and shrinking shelf space for cultural products. It also leverages digital distribution opportunities which continue to disrupt traditional business models. OMDC's *Strategic Plan* identifies the agency's success in helping Ontario cultural producers reach international markets as well as the importance of continuing the development of new markets. OMDC's International Business Development activities include delivering the OMDC Export Fund as well as delivering strategic initiatives in markets where a clear business opportunity has been identified. It also includes support for collaborative initiatives such as Canada Stand support at international markets.
- In 2006-07, OMDC, in response to feedback from stakeholders, moved to a single Export Fund to support all export activities. Support is awarded to sustain a slate of activities over the course of a year, including market event attendance and targeted sales trips. The objectives of this program are to enhance support for Ontario companies to access the global marketplace, increase international sales levels, attract investment in new projects, and to provide support for the commercial exploitation of cultural products.
- In 2013-14, the Export Fund supported 213 companies to attend 316 international markets. The International Business Development program organized a strategic presence at 21 markets including the Cannes Film Festival, MIDEM, Frankfurt Book Fair, and Film Bazaar in India.
- OMDC also undertakes strategic international business development activities in the form of industry missions, support for pavilions/stands at international markets, and targeted business-to-business networking opportunities.
- Companies receiving support from the Export Fund in 2012-13 (the most recent year for which results are available), report sales of over \$391,709,000 million representing a return of \$221.83 for every dollar invested by OMDC.

- Results for the Export Fund are measured by ROI (which represents the amount of sales generated by a project for every dollar invested by OMDC), and the number of foreign markets attended by program participants. Results for International Business Development are measured by the number of markets at which OMDC has organized a strategic presence.

### **Ontario Music Office**

- In October 2013, the province launched the Ontario Music Fund (OMF). The OMF replaced OMDC's former Music Fund and Export Fund. The new three-year, \$45 million grant program is aimed at strengthening Ontario's music companies, stimulating growth, and supporting the sector through four streams:
- Ontario Music Fund: Music Company Development
  - The Music Company Development stream of the Ontario Music Fund is intended to provide Ontario-based music companies with funding to support new or expanded business activities, including strategic business and market development, in the form of investments and undertakings.
  - In 2013-14, the Music Company Development stream of the OMF received 62 applications and awarded \$6.6 million in support of 39 grants with project budgets totalling \$51.7 million.
- Ontario Music Fund: Music Industry Development
  - The Music Industry Development stream of the Ontario Music Fund is designed to strengthen and develop the support structures and systems that contribute to economic and cultural growth of the music industry in Ontario by supporting organizations engaging in strategic initiatives with long-term impacts on the growth and sustainability of Ontario's music industry.
  - In 2013-14, the Music Industry Development stream of the OMF received 65 applications and awarded \$3.2 million in support of 22 grants with project budgets totalling \$26.0 million.
- Ontario Music Fund: Music Futures
  - The Music Futures stream of the Ontario Music Fund is aimed at stimulating entrepreneurship and providing support to develop Ontario's diverse and emerging music industry, including artist entrepreneurs which have the potential to grow professionally if provided with business mentoring, skills development and working capital to expand their recording, touring or A&R (artist and repertoire) capacity.
  - In 2013-14, the Music Futures stream of the OMF received 72 applications and awarded \$768 thousand in support of 26 grants with project budgets totalling \$2.5 million.
- Ontario Music Fund: Live Music
  - The Live Music stream of the Ontario Music Fund is intended to increase the number and quality of live music experiences enjoyed by residents in and visitors to Ontario at events, festivals and concerts featuring Canadian artists.

- In 2013-14, the Live Music stream of the OMF received 73 applications and awarded \$2.3 million in support of 21 grants with project budgets totalling \$12.7 million.
- Year one of the program had an oversubscription rate of 350%.
- The OMF has already supported a number of projects in 2013/14, including:
  - The launch and marketing of new recordings from Ontario-based record labels including: Arts and Crafts, Last Gang, Six Shooter, Paper Bag, and MDM Recordings, in addition to multinational labels Universal, Sony and Warner.
  - Support for a variety of live music events and conferences such as: Canadian Music Week, NXNE, Boots and Hearts Festival, Hamilton's Supercrawl Festival, and Ottawa Bluesfest and Chamberfest.
  - A mentorship program that pairs emerging artists with established Canadian artists to improve their business skills. This year's mentors include: Feist, Shad, The Hidden Cameras, Dala and Hollerado.
  - A brand recognition initiative to help raise the profile of Ontario's Francophone music companies and artists both across the province and internationally.
- Final reporting for 2013-14 has yet to be submitted and evaluated, however, results tracked will include jobs created/retained; company growth (net revenue/income); new artists contracted; new recordings supported; record/ticket sales; new performance opportunities; business connections/deals secured; online/social media & traditional media impressions.

### **Film Unit**

- The Film Unit serves as Ontario's Film Commission and offers services to attract film and television production as well as post-production, animation and visual effects activities to Ontario. These services include complimentary location scouting to all productions, both domestic and foreign, that are considering Ontario as a location, as well as marketing missions, familiarization tours, and facilitation and troubleshooting support to productions shooting in the province. The objectives of the Unit are to increase film and television production activity in Ontario by promoting the advantages of filming in the province. The Unit also collects statistics on this production activity. In the First Quarter of 2014-15 45 projects were provided with scouting assistance by the Film Unit.
- Ontario's Film and television production industries contributed \$1.15 billion to the provincial economy in 2013 – the third year in a row over one billion. Led by domestic television, that production activity accounted for more than 25,000 full-time direct and spin-off jobs.<sup>94</sup> This three year period represents the highest level of production activity since the agency started keeping records in 1986, and was achieved despite the continued strength of the Canadian dollar, aggressive competition from other jurisdictions and a soft global economy.
- OMDC, in partnership with the City of Toronto and with support from FilmOntario, maintains a full-time marketing presence in Los Angeles, providing on-the-ground marketing to attract production to Ontario and support to Ontario's screen-based content creators. The L.A. Office continues to make a significant contribution to Ontario's foreign production activity. In 2013-14, 19 productions which brought \$288.6 million in

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<sup>94</sup> OMDC, 2013 Production Statistics, 2014.

economic activity to the province were assisted by the Office. This figure refers to those film and television productions that were “leads” initially generated by the L.A. Office. OMDC is the managing partner of the Office.

- The size of the image collection in the award-winning Digital Location Library continues to increase. As of September 30, 2014, there were 12,752 portfolios in the database, representing over 278,851 individual images. Users of the system are made up of local freelance production personnel, domestic and international producers and OMDC staff, who use the system to create marketing packages. In the First Quarter of 2014-15, 157 of these packages were created. The database continues to be improved to better serve the needs of users, including recently installed system enhancements.
- In 2014-15 OMDC launched a mobile version of the Digital Location Database. It is designed to use anywhere, whether users are in the office or out in the field, and will engage users with mobile specific features and an optimal experience. Users will be able to conduct full searches, view location files and photos, view packages, link to Google Street View and Maps, as well as easily click to call/email location contacts. Additionally, they will also be able to access a number of specialized components of the OMDC’s database including personal Bankers Boxes, Short Term Location Listings, Research documents and *In The Loop* newsletters. Client Package links will also now have a Mobile version to provide increased portability and connectivity.

## **Other Programs and Activities**

### **OMDC Initiated Activities**

- OMDC works with industry stakeholders to deliver cross-sector collaborative activities. An example of such an activity is *From Page to Screen*, which brings Ontario book publishers together with film and television producers for a series of one-on-one meetings. During the past seven years the program has set-up over 2,000 business meetings and brokered 30 book options. In 2013-14, 73 companies participated and took over 400 meetings.
- These events encourage partnerships across the creative media industries that will lead to innovation, productivity and growth in the sectors. They also help to break down the barriers between sectors and allow them to focus on common business opportunities. Another key collaboration event is OMDC’s annual Digital Dialogue conference which will be held in the Fourth Quarter of 2014-15. More than 200 stakeholders from Ontario’s creative industries attended last year’s conference, including: financiers, venture capitalists, content creators and technology experts. Among this year’s topics were the changing broadcast landscape, leveraging investment, new pathways to monetization, and audience and community building.
- OMDC introduced a series of breakfast sessions in 2012-13 to continue the conversation and build upon the cross-sector networking and knowledge sharing throughout the year. These forums for discussion among decision-makers in the cultural media industries continued in 2013-14. Two Digital Dialogue breakfast sessions held in 2013-14 were attended by over 150 stakeholders.

### **Trillium Book and Poetry Award/Prix Trillium**

- The Industry Development Group delivers the Trillium Book and Poetry Award/Prix Trillium recognizing literary excellence in Ontario. A jury of peers is coordinated and managed by OMDC to select the short-listed titles and winners of four separate prizes.

- The 27<sup>th</sup> Annual Trillium Award received 396 submissions. OMDC hosted a public reading for the nominated authors the evening prior to the Awards. The winners were announced at an industry ceremony on June 17, 2014. The Assistant Deputy Minister of Tourism, Culture and Sport, Kevin Finnerty, presented the following awards:
  - *This is War* by Hannah Moscovitch for the Trillium Book Award in English-language
  - *La mauvaise mère* by Marguerite Andersen for the Trillium Book Award in French-language
  - *Light by Souvankham Thammavongsa* for the Trillium Book Award for Poetry in English-language
  - *Rêver au réel* by Daniel Groleau Landry for the Trillium Book Award for Poetry in French-language
- The deadline for submissions for the 28<sup>th</sup> Annual Trillium Award/Prix Trillium will be in the Fourth Quarter of 2014-15 and the Award winners will be announced in the First Quarter of 2015-16.

#### Funding to the Toronto International Film Festival Group

- OMDC is the mechanism by which the Government flows annual funds (\$815,000 in 2014-15) for the care and maintenance of the Province's film collection at the TIFF Cinematèque, pursuant to a tri-partite Memorandum of Understanding between the Ministry, the Agency and the Toronto International Film Festival Group (TIFFG).
- In 2014-15, OMDC also provided \$300,000 in operating support to the Toronto International Film Festival (TIFF). The agency also provided \$150,000 to the TIFF Sales Office during the Festival and \$30,000 to TIFF's Film Circuit through the Industry Development Program to support and promote the exhibition of Canadian films across Ontario. Finally, OMDC provided \$20,000 to TIFF Kids through the Industry Development Program in 2014-15.

## **CEO and Communications**

### Communication Activities

- OMDC continues to build on its successful social media presence. In 2015-16, the agency will continue to use social media to strengthen OMDC's brand.
- In addition, OMDC is committed to providing an active website with information on all of its programs and services seven days a week, 24 hours a day and to developing tools to enhance learning opportunities for Ontario content producers no matter where they reside in the province.
- Communications, along with the rest of agency, continues to extend its services and programs to the province's ethno-cultural and other special interest/needs groups. For example, in 2014-15 OMDC is continuing to support the Canadian Ethnic Media Association's Annual Awards, the Abilities Arts Festival, the Toronto Reel Asian International Film Festival and the ReelWorld Film Festival. Similar activities will be

continued in the coming year. OMDC will also endeavour to heighten awareness about Ontario's creative industries and the programs and services offered by the agency among various cultural communities

- To complement the 2015 Pan/ParaPan American Games activity, OMDC will seek to incorporate sports angles into the agency's ads, social media and website, where logical connections exist to do so. In addition, OMDC will work the Ministry to ensure that Ontario cultural media products have high visibility in the lead-up, and during, the Games.
- A full Communications Plan can be found starting on page 62.

### **Tax Credits and Financing Programs Group**

- OMDC co-administers the following six refundable tax credits with the Canada Revenue Agency (CRA) on the basis of eligible expenditures for the film, television, interactive digital media, book publishing and music industries:
  - **Ontario Film and Television Tax Credit (OFTTC):** a refundable tax credit to eligible Ontario-based Canadian corporations of 35% of qualified Ontario labour expenditures for eligible film and television productions.
  - **Ontario Production Services Tax Credit (OPSTC):** a refundable tax credit to eligible Ontario-based Canadian and foreign-controlled corporations of 25% of qualified Ontario expenditures for eligible film and television productions.
  - **Ontario Computer Animation and Special Effects (OCASE) Tax Credit:** a refundable tax credit to Ontario-based Canadian and foreign-controlled corporations of 20% of qualifying Ontario labour expenditures for digital animation and digital visual effects created in Ontario for film and television productions.
  - **Ontario Interactive Digital Media Tax Credit (OIDMTC):** a refundable tax credit to eligible Ontario-based Canadian and foreign-controlled corporations of 40% of eligible Ontario expenditures for interactive digital media products created in Ontario (35% for fee-for-service).
  - **Ontario Sound Recording Tax Credit (OSRTC):** a refundable tax credit to eligible Ontario-based Canadian corporations of 20% of qualifying production and marketing expenditures for eligible sound recordings performed by an emerging Canadian artist or group.
  - **Ontario Book Publishing Tax Credit (OBPTC):** a refundable tax credit to eligible Ontario-based Canadian corporations of 30% of eligible expenditures for eligible literary works created in Ontario.
- In 2013-14, OMDC issued 1,624 eligibility certificates<sup>95</sup> totalling almost \$518 million in tax credits, supporting 2,689 film, television, book, music and interactive digital media projects in the province of Ontario with project budgets totalling over \$4.8 billion.

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<sup>95</sup> This number does not include an additional 184 Letters of Confirmation for productions that had previously received an Ontario Film and Television Tax Credit certificate.

- In 2009-10 OMDC launched the Online Application Portal (OAP) and as of March 31, 2010 all six tax credits were available online for public access. In 2011-12, tax credit filing through the OAP was made mandatory in order to introduce efficiencies in the administrative process.
- The Tax Credits and Financing Programs Group continues to work with MTCS and MOF to maximize the accessibility and effectiveness of the tax credits. In 2011-12 the agency began efforts to implement a risk assessment process in partnership with MOF to improve the effectiveness of OMDC tax credit programs for stakeholders. A significant increase in application volume over several years and a long-standing under-resourcing resulted in a backlog of tax credit files requiring review. The risk assessment model was first completed and implemented for the OFTTC in Q4 of 2012-13. In 2013-14 the model was implemented for the OBPTC (Q1), OPSTC (Q2), OIDMTC (Q3) and OCASE (Q4). The risk assessment model for the final credit, OSRTC, was completed and implemented in Q1 of 2014-15. The risk assessment model has reduced processing times considerably and a comparison of processing times at the mid-year mark of 2014-15 and the mid-year mark of the year prior shows a 17 week improvement for the aggregated average processing times across all six credits.<sup>96</sup> This represents an improvement of approximately 40%.
- Despite the significant improvement in the aggregated processing times, the processing time for the OIDMTC remains disproportionately high. Without legislative changes processing times for OIDMTC will continue to be unacceptably long due to: i) increased volume of products applying that greatly surpasses our processing capacity; ii) the high number of first time applicants applying for the OIDMTC who are unfamiliar with the tax credit and are applying for non-traditional products; and iii) the OIDMTC legislation itself, which requires an extensive and complicated review that also leads to a high rejection rate. Risk assessment alone cannot solve these problems with the OIDMTC processing times. As such, OMDC has been working with MTCS and MoF on multiple recommendations that would ease the difficulty of the application and review process.
- The agency was given permission to extend five additional temporary Business Officers until August, 2015.
- An Internal auditor's report identified that administrative fees required to apply for a tax credit have not been raised in several years. Given the significant reduction in the processing times for tax credits, OMDC believes that it is timely to explore moving towards cost recovery through administrative fee increases. The timing and size for any increases is still to be determined and will be reviewed in consultation with MTCS and MOF. It would be appropriate to coordinate administrative fee increases with the announcement of any changes to the tax credits. Should OMDC be successful in securing amendments to the OIDMTC, it may be appropriate to increase the admin fees effective as of the legislative changes.
- In 2015-16 the agency will continue its efforts to reduce the processing time for tax credit applications and to monitor the risk assessment models in order to continue to improve their effectiveness. OMDC will also work with government partners to develop and implement improvements where possible.

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<sup>96</sup> OMDC Internal Results, 2013-14 and 2014-15.

## **Business Affairs and Research Group**

### **Industry Research**

- In 2014-15, OMDC continued to provide Research Grants to eligible not-for-profit corporations to undertake research projects that add to the knowledge base of the creative media industries; to undertake OMDC-commissioned research; and to work with MTCS on a joint performance measures project; to collect Ontario film and television production statistics; to do environmental scanning and monitoring of issues important to the creative media industries; to add documents to our Online Research Library; to provide comprehensive Industry Profiles of the six sectors, and to host an annual Research Showcase event.
- As part of OMDC's commitment to process improvement, our research grant application process has been incorporated into the OMDC Online Application Portal. The Research Grants module is currently optional but will be mandatory for applicants following the November 10, 2014 Research Grants application deadline.
- During the first six months of 2014-15, 14 research grant applications were received and OMDC committed to fund seven projects. There is one remaining application deadline set for November, 2014.
- OMDC partnered with industry on nine studies that were released in 2013-2014. In Q1 and Q2 of 2014-15 the following eleven studies were released and are available to the public through the OMDC website and Online Research Library:
  - Film Ontario – *How the Industry Can Work Together to Increase the Market Share of Ontario Feature Films – Phase One: Lessons from Quebec* on April 3, 2014.
  - Commercial Production Association of Toronto – *Economic Contribution of the Commercial Production Industry in Ontario* on April 10, 2014.
  - Canadian Media Production Association – *Branded Entertainment: The Future of Branded Entertainment* on April 29, 2014.
  - Documentary Organization of Canada – *Growing the Pie: Alternative Financing and Canadian Documentary* on May 2, 2014.
  - Canadian Association for the Advancement of Music and the Arts – *The Music Market in Germany and Opportunities for Canadian Companies* on May 9, 2014.
  - WorkInCulture – *Labour Market Insights in Ontario's Cultural Media Industries* on June 4, 2014.
  - Independent Web Series Creators of Canada – *Industry Profile of the Independent Web Series Creators of Ontario* on June 23, 2014.
  - eBOUND Canada – *Book Publishing: Current & Emerging Best Practices in Promoting and Marketing Digital Content* on August 18, 2014.
  - Hot Docs – *Learning from Documentary Audiences: A Market Study* on September 10, 2014.
  - Interactive Ontario – *International Digital Media Co-Production: A Guide for Canadian Companies* on September 23, 2014.
  - Screen Composers Guild of Canada – *Baseline Study on the Membership and Industry of the Screen Composers Guild of Canada* on September 26, 2014.



- OMDC also partnered with Interactive Ontario on the creation of a web tool called *MODE (Mapping Ontario's Digital Economy)* that maps Ontario's IDM Firms. The website, which has just under 1,000 company entries, was made available to IDM firms on September 3, 2014. With this public launch, IDM stakeholders are being encouraged to log in and 'claim' their entry, making sure the information is accurate and providing additional enhanced information where possible. Only the basic data (company name, location, website, social networks, lines of business) will be available to view on the public portal; the enhanced information will include platforms, target customers/clients, distribution channels, ownership of content vs. service work, annual revenues etc. and will be viewable by Interactive Ontario and OMDC. Development of this mapping tool and the collection of data were funded in part through an OMDC Research Grant.
- OMDC continues to work on a joint research project with MTCS to review OMDC's performance measures. OMDC has also begun work on Phase 1 of a two-phase inventory and assessment of existing OMDC data sets and will undertake a research project to examine alternative / new distribution models across the creative media industries.
- Ontario film and television production statistics for calendar year 2014 will be compiled in Q4 of 2014-15.
- OMDC's 2014 Research Showcase took place on May 12th in the Bram and Bluma Appel salon of the Toronto Reference Library. Seventy-five attendees, including research grant recipients, guests from Ontario's cultural media industries and government partners heard brief presentations on cultural media industries research and participated in cross-sector networking.
- In 2009 OMDC launched its searchable Online Research Library (ORL) with information about, and of interest to, the creative media industries. The ORL is available at no cost to researchers 24 hours a day, seven days a week. As of October 8, 2013, the Online Research Library contained a total of 312 domestic and international research studies; 245 unique visitors performed 898 searches during the first half of 2014-15.
- In 2014-15, OMDC continues to revise and post comprehensive industry profiles for each of the creative media industries on the OMDC website. A new HTML publishing process has recently been initiated to allow for more efficient and flexible updating of profiles. The profiles are updated regularly and provide information to industry and government on the size and impact of the industries, as well as summarizing key trends and issues.
- Also in 2014-15, OMDC continued to be involved as a member of the Cultural Statistics Working Group led by the Department of Canadian Heritage.
- OMDC's 2015-16 Research Plan is to:
  - Continue to be a funding partner in industry research through our Research Grants program;
  - Host a 2015 OMDC Research Showcase (Q1 of 2015-16);
  - Undertake environmental scanning and monitoring of issues important to the creative media industries;
  - Regularly update our Industry Profiles;
  - Continue to add to our Online Research Library;
  - Participate in the Department of Canadian Heritage's Cultural Statistics Working Group;
  - Compile annual Ontario film and television statistics;

- Work with MTCS to complete the joint Performance Measures Project;
- Continue work on the OMDC data analysis project and OMDC-commissioned research on alternative models of distribution across the cultural media industries; and
- Undertake an OMDC-commissioned gap analysis and scoping exercise to provide information for OMDC program update and redesign.

### Industry Engagement Activities

OMDC programs and activities are informed and enriched by regular stakeholder engagement that enhances the agency's ability to successfully fulfill its mandate. Formal stakeholder engagement takes place through OMDC's five Industry Advisory Committees: Book, IDM, Magazine, Music, and Screen-based. The Advisory Committees are made up of stakeholders nominated by the various industry trade organizations for a term of up to three years. An Industry Co-Chair is nominated by each Committee and the OMDC CEO serves as the agency's Co-Chair. The Co-Chairs alternate the responsibility for chairing the meetings, which will occur three times in 2015-16. The role of the Advisory Committees is threefold:

1. To provide high-level stakeholder input into OMDC planning and program development and design.
2. To support two-way communication between the agency and its stakeholders, including the opportunity to make presentations to the OMDC Board of Directors where appropriate. Committee members are expected to represent the views of their sectors and to consult with their sector colleagues in advance of meetings.
3. To inform OMDC of emerging stakeholder issues and priorities.

On occasion, subcommittees of the larger Advisory Committees are struck to provide input on specific OMDC programs or documents.

Staffs from all departments are active participants in OMDC's Industry Advisory Committees and staff conduct ongoing consultation with industry and stakeholders on issues, services and program offerings. Staff also engage in outreach activities to improve understanding of the requirements and application processes for all OMDC programs and tax credits. These include information sessions and participation in industry panels.

### Act as a Champion for the Cultural Media Industries

OMDC continues to work with industry stakeholders to identify relevant issues and assist them in communicating those issues to the appropriate levels of government. In 2013-14 OMDC submitted comments on the Department of Canadian Heritage's lead performer policy; a letter of support to the Ontario Securities Commission's review of exempt markets; a letter to support the CMPA's inquiry into the interpretation of the Super Licence Fee clause in the Terms of Trade Agreement; and, comments on the CanadaMedia Fund's consultation regarding new program guidelines. In 2014-15, OMDC provided comments on the Ministry's submission to the CRTC's Let's Talk TV hearing.

### Board of Directors Performance Evaluation

In an effort to inspire collective growth and develop Board excellence, in June 2014, the OMDC Governance Committee undertook a Board self-evaluation survey to assess how well the Board functions and to identify areas of achievement as well as areas where improvement is needed. No

comprehensive Board evaluation had ever been completed before. A third party expert was engaged in order to ensure industry standards, non-attribution, and objectivity in the process of assessing overall Board performance on a number of levels including leadership, strategic, operational, and member contribution. The Board agreed that the results would be treated as confidential for its own planning purposes and that the need for an action plan and the frequency of follow-up reviews would be determined based on the survey results.

## **Overview of Future Programs and Activities**

### **Collaboration and Innovation Fund**

As indicated in the agency's 2014-15 Business Plan, OMDC will pilot a new Collaboration and Innovation Fund (CIF). This new fund will provide a parallel stream to existing OMDC programs and promote innovation, collaboration and risk-taking within the Entertainment and Creative Cluster. Phase one will invite select companies, based on the submission of an expression of interest, to participate in OMDC-facilitated networking sessions and external consulting to workshop and refine project ideas with participants and experts. In phase two, some of these companies will be selected for project funding via an application process. The early expectation is that this fund will be open to the publishing and screen-based sectors and that the CIF would support activities which cannot currently be accommodated under OMDC's existing siloed funds. The new program, together with the existing program streams, will allow companies to determine the best fit for their business model and specific project/objective. Music companies are currently able to apply for these types of activities under the Ontario Music Fund and as such, have been excluded from the pilot project. The CIF will launch at the end of 2014-15 with delivery of the first funding cycle planned for 2015-16. Grants awarded to successful applicants will be reallocated from within existing resources. Planning for the CIF is underway now and OMDC will brief MTCS on the details of the program as they are developed.

## **VI. Resources Needed to Meet Goals and Objectives**

The financial statements and program and service descriptions included in this Business Plan are based on a status quo budget for 2015-16 with no renewed funding for the IDM Fund. While the increase to OMDC's base funding awarded in the 2010 Provincial Budget provided much-needed stability to the agency's budget and an ability to engage in long-term planning for support to the creative media industries, current resources do not give OMDC enough means to maintain its current slate of programs and activities. OMDC will therefore use its available reserve funds in order to avoid reducing support to the agency's programs and services in 2015-16.

Demand for OMDC programs continues to increase. In 2013-14, the most recent results available, the agency was only able to support 65 per cent of the applications to OMDC Funds (436 out of 671) and provide only 33 per cent of the funding requested (\$14.9 out of \$44.9 million).<sup>97</sup> This meant that many quality projects went unfunded and in many cases either were not implemented at all or were moved to another jurisdiction at an opportunity loss to the Ontario economy. Similarly, the number of tax credit applications increased by approximately 9% in the same single year period.<sup>98</sup>

While this is a sign of tremendous success for OMDC and an indicator that the creative media industries are flourishing, the increased volume is reducing OMDC's ability to adequately service new growth and is leading to a decline in customer service levels. These pressures need to be addressed in order for OMDC to continue to meet government objectives of building capacity in Ontario's creative media industries.

The absence of Government funding for the Interactive Digital Media (IDM) Fund continues to be a key issue for OMDC. The IDM Fund was established in 2004-05 and has proven itself to be a high-impact fund in an important and growing sector of Ontario's economy. Since 2005, the IDM Fund has awarded nearly \$16 million to support 144 projects, which have created over 28,000 weeks of work and stimulated more than \$55 million in production spending, resulting in significant revenues reported on completed projects.<sup>99</sup> OMDC will continue the IDM Fund at \$3 million in 2015-16. The agency will support the fund by drawing \$2 million from OMDC's uncommitted cash reserves and by reallocating \$1 million from the OMDC Music Fund and Export Fund-Music which will not be offered next year. This will provide the necessary funds for 2015-16; however, supporting the IDM Fund using the agency's uncommitted cash reserves is not a long term solution and without an additional government investment, it will be necessary to make significant program reductions, and/or identify other offsetting revenues for 2016-17 and beyond.

The business and funding environments for the cultural media industries are evolving rapidly. While OMDC programs are somewhat flexible and updated regularly, OMDC's existing programs and tax credits are not keeping pace with this tremendous change and risk becoming less relevant in maintaining Ontario's position as a leading creative jurisdiction. OMDC's current base allocation does not equip the agency with the resources required for a significant transformation of the support, and its delivery, that the agency offers to the creative industries. This Business Plan describes the resources required to maintain OMDC's status quo programs and services. OMDC will be submitting a Business Case that will contain additional recommendations for a significant, staged, transformation of OMDC's programs and tax credits to create modern, innovative and responsive support tools that reflect the current and future business environments for the creation and distribution of content in Ontario and that target the investments carefully to ensure optimal use of government resources and the delivery of real economic impact results. This key

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<sup>97</sup> NOTE: These figures include the following OMDC Funds: Book Fund, Export, Film Fund, Industry Development Program, Interactive Digital Media Fund, Magazine Fund and Music Fund. These figures do not include data from the Ontario Music Fund.

<sup>98</sup> OMDC, Program Statistics, August 2014.

<sup>99</sup> Ontario Media Development Corporation (OMDC), Program Statistics, August 2014.

strategy recognizes that OMDC must find flexible, adaptable and simple mechanisms that will allow Ontario firms to take advantage of new business models and create innovative new products that will deliver excellent results for the Province. A Collaboration and Innovation Fund (CIF) will be an important part of this transformation.

As indicated in the agency's 2014-15 Business Plan, OMDC will pilot a new Collaboration and Innovation Fund (CIF). This new fund will provide a parallel stream to existing OMDC programs and promote innovation, collaboration and risk-taking within the Entertainment and Creative Cluster. Phase one will invite select companies, based on the submission of an expression of interest, to participate in OMDC-facilitated networking sessions and external consulting to workshop and refine project ideas with participants and experts. In phase two, some of these companies will be selected for project funding via an application process. The early expectation is that this fund will be open to the publishing and screen-based sectors and that the CIF would support activities which cannot currently be accommodated under OMDC's existing siloed funds. The new program, together with the existing program streams, will allow companies to determine the best fit for their business model and specific project/objective. Music companies are currently able to apply for these types of activities under the Ontario Music Fund and as such, have been excluded from the pilot project. The CIF will launch at the end of 2014-15 with delivery of the first funding cycle planned for 2015-16. Grants awarded to successful applicants will be reallocated from within existing resources. Planning for the CIF is underway now and OMDC will brief MTCS on the details of the program as they are developed.

Overall OMDC has continued to take on a significant increase in the number, value and complexity of the programs and services offered over the past several years. The agency's role has expanded in terms of stakeholder relations, contribution to policy development, industry research and analysis, marketing and promotion, and awareness-raising on behalf of the creative media sectors with other orders of government. Funds and tax credits have been enhanced, and application volumes and activity levels have increased significantly. In addition, since many of our programs involve multi-year commitments, each year we carry the responsibility to manage the files from prior years in addition to the new ones, so the administrative burden grows exponentially.

An Internal auditor's report identified that administrative fees required to apply for a tax credit have not been raised in several years. Given the significant reduction in the processing times for tax credits, OMDC believes that it is timely to explore moving towards cost recovery through administrative fee increases. The timing and size for any increases is still to be determined and will be reviewed in consultation with MTCS and MOF. It would be appropriate to coordinate administrative fee increases with the announcement of any changes to the tax credits. Should OMDC be successful in securing amendments to the OI DMTC, it may be appropriate to increase the admin fees effective as of the legislative changes.

Staff at the agency are highly skilled and competent in their respective service areas and have the highest levels of commitment both to public service and to the stakeholders they serve. OMDC is also well aware of the standards we must meet in terms of controls and accountabilities as a public service agency and administrators of public funds. We place a great deal of emphasis on ensuring that our obligations under both the Transfer Payment Accountability Directive and our operating MOUs with the Ministry of Tourism, Culture and Sport and the Ministry of Finance are met and exceeded and the agency has received clean audit opinions each year. However, the substantial increase in the volumes and complexity of incoming applications without a corresponding increase to the resources that manage those files puts our ability to maintain those standards and respond to increasing accountability obligations at risk.

The agency gratefully acknowledges the extension of five temporary FTEs to hire Business Officers in Tax Credits and Financing Programs department. Although these additional FTEs will continue to provide much needed assistance, OMDC is still under-resourced in other program areas and, to the extent possible, we will continue to explore ways to make our business processes more efficient and reallocate resources to areas of need as other projects wind down. OMDC will continue to work with MTCS to improve performance and increase resources to maintain Ontario's position as a leading jurisdiction for content creation.

## VII. Financial Forecast Summary

AGENCY: ONTARIO MEDIA DEVELOPMENT CORPORATION	2013-14	2014-15	2014-15	2015-16	2016-17	2017-18
	ACTUAL	BUDGET	PROJECTED	ACTUAL	BUDGET	FORECAST
<b>PROVINCE OF ONTARIO</b>						
MTCS Operating (including maintenance)	22,950,300	22,950,300	22,950,300	22,950,300	22,950,300	22,950,300
MTCS (IDM Fund)	1,000,000	-	-	-	-	-
MTCS (Ontario Music Fund)	14,462,461	15,000,000	15,000,000	15,000,000	-	-
MTCS (Book Fund Incentive for Franco-Ontarian Publishers)	45,000	40,000	40,000	40,000	40,000	40,000
MTCS - Deferred Revenue - (Ontario Music Fund)	-	-	162,824	324,644	-	-
MTCS - Deferred Revenue - (Cdn Screen Awards)	75,000	75,000	75,000	-	-	-
1> TOTAL PROVINCIAL FUNDING	38,532,761	38,065,300	38,228,124	38,314,944	22,990,300	22,990,300
<b>OTHER GOVERNMENT</b>						
(specify program name, government & funding period)						
2> TOTAL OTHER GOV'T FUNDING	-	-	-	-	-	-
<b>SELF GENERATED REVENUES</b>						
Membership Fees						
Individual Donations & Gifts (with book value)						
Corporate Sponsorships						
Admissions						
Special Events						
Facilities Rental						
Education/Program fees						
Sales of Programs/Products/Expertise						
Restaurant/Food Service						
Gift Shop/Retail						
Parking						
Investment Income	324,967	350,000	485,000	485,000	404,984	324,967
Non-Government Grants						
Other (specify source e.g. fund transfers, reserve/restricted funds):						
- Tax Credit Administration Fees	1,361,282	1,210,000	1,321,000	1,295,000	1,295,000	1,295,000
- Return of Investment Under Assistance Programs	96,278	101,000	85,000	85,000	85,000	85,000
- Other shared cost recoveries	268,590	221,500	139,750	244,050	244,050	244,050
3> TOTAL SELF GENERATED	2,051,117	1,882,500	2,030,750	2,109,050	2,029,034	1,949,017
4> TOTAL REVENUE: 1+2+3	40,583,878	39,947,800	40,258,874	40,423,994	25,019,334	24,939,317
<b>EXPENDITURES</b>						
Salaries & Benefits	6,600,073	7,076,635	6,916,500	6,797,462	6,140,655	6,202,062
Grants	29,828,999	30,800,000	29,964,093	30,211,500	15,911,500	15,911,500
Program Delivery	1,997,162	2,046,000	2,119,170	2,701,814	2,094,775	2,094,775
Administration	935,762	1,199,941	1,054,095	1,219,501	1,243,891	1,268,769
Restaurant/Food Service						
Gift Shop/Retail						
Occupancy/Lease	652,198	735,861	659,731	739,803	747,201	754,673
Maintenance/Utilities						
Fleet & Security						
Fundraising & membership development						
Marketing & Communications	609,000	745,000	735,000	700,000	700,000	700,000
Other (specify):						
5> TOTAL EXPENDITURES	40,623,194	42,603,437	41,448,589	42,370,080	26,838,022	26,931,779
Net Income Surplus/(Deficit): 4-5	(39,316)	(2,655,637)	(1,189,715)	(1,946,086)	(1,818,689)	(1,992,462)
Capitalized Expenditures in '5> Total Expenditures'	225,526	160,000	300,000	300,000	300,000	300,000
Amortization of capital assets	(271,567)	(160,000)	(300,000)	(300,000)	(300,000)	(300,000)
Net Income Surplus/(Deficit) After Amortization	(85,356)	(2,655,637)	(1,189,715)	(1,946,086)	(1,818,689)	(1,992,462)
Net assets (deficit), beginning of year	8,539,598	7,603,634	8,454,242	7,264,527	5,318,441	3,499,752
Net assets (deficit), end of year	8,454,242	4,947,997	7,264,527	5,318,441	3,499,752	1,507,291
Less: Net capital assets component of Net assets, end of year	483,097	529,137	483,097	483,097	483,097	483,097
Unrestricted net assets (aka Uncommitted cash)	7,971,145	4,418,860	6,781,430	4,835,344	3,016,655	1,024,194

### Notes:

- (1) OMF deferred revenue brought into income in 2014-15 is that portion of the unused administration costs allocation from year one of the program (\$213k out of \$537k available). The 2015-16 amount of \$324k is the remainder that would bring the deferred revenue account to zero.
- (2) The 2014-15 Projected Actual represents reforecasted results for the fiscal year as at September 30, 2014 (Q2).
- (3) FY16-FY18 Administration includes 2% increase for inflation over 2013-14.
- (4) FY16-FY18 Salaries and benefits includes 1% increase for movement along existing pay grades for bargaining unit staff.

AGENCY: ONTARIO MEDIA DEVELOPMENT CORPORATION	ATTENDANCE							
	2011-12	2012-13	2013-14	2014-15	2014-15	2015-16	2016-17	2017-18
	ACTUAL	ACTUAL	ACTUAL	FORECAST	REFORECAST	FORECAST		
ATTENDANCE								
Paid								
Member								
Group tours								
Free								
Other: (Specify e.g. paid programs, camps, overnights, etc.)								
Total	0	0	0	0	0	0	0	0

AGENCY: ONTARIO MEDIA DEVELOPMENT CORPORATION	ATTENDANCE							
	2011-12	2012-13	2013-14	2014-15	2014-15	2015-16	2016-17	2017-18
	ACTUAL	ACTUAL	ACTUAL	FORECAST	REFORECAST	FORECAST		
FTEs								
Total FTEs								



### Achieving a Balanced Budget – Use of Uncommitted Cash Reserves

When OMDC received stable funding in 2010-11, the agency advised the Ministry that, while appreciated, the amount was insufficient to maintain programs at the status quo level and that, to the extent possible, uncommitted cash reserves would be used to make up the difference. Since that time, uncommitted cash reserves have primarily been used to continue the IDM Fund as well as to pay for additional, temporary FTEs in the Tax Credits department. As a result of prudent fiscal management on behalf of the agency and its Board of Directors, OMDC has managed to control and constrain costs in spite of significantly increased application volumes and expanding activity levels. In order to maintain current program and service levels, OMDC is projecting a shortfall of revenues against expenditures in the next three fiscal years. In 2015-16, the shortfall (forecast at \$1.6 million) is attributable directly to the cost of maintaining the IDM fund in the absence of renewed government funding. Although a Business Case has been prepared to support increased funding for the agency, this Business Plan presumes a worst case scenario where no new funding is forthcoming.

The agency is projecting that uncommitted cash reserves at the end of the 2015-16 fiscal year will be \$4.8 million. Given the sufficient capacity of that uncommitted cash, using it to fund the budget shortfall continues to provide both a fiscally and politically responsible solution as it prevents the agency from having to make severe program cuts that will yield considerably lower economic results for the Province and that will cause a strong negative response from stakeholders. In so doing, OMDC is making use of available resources to maintain program and service standards at a time when provincial fiscal constraints make it difficult for additional resources to be provided. OMDC proposes to maintain program levels only while the cost can be offset by uncommitted cash reserves. Without an additional government investment, it will be necessary to make significant program reductions, and/or identify other offsetting revenues, as part of the 2017-18 plan. In the event that an alternative funding source for the IDM Fund is identified, the size of the annual shortfall will be dramatically reduced, thus extending the life of the uncommitted cash considerably.

The table on the following page demonstrates the recommended draw on uncommitted cash to balance the budget in this “worst case” scenario.

**ONTARIO MEDIA DEVELOPMENT CORPORATION**  
**2015-16 Business Plan**  
**Use of Uncommitted Cash**

	\$(000's)			
	2014-15	2015-16	2016-17	2017-18
	PROJECTED ACTUAL (Note 1)	BUDGET	FORECAST	FORECAST (Note 2)
<b>Total Revenues</b>	40,258.9	40,424.0	25,019.3	24,939.3
<b>Total Expenditures</b>	41,448.6	42,370.1	26,838.0	26,931.8
<b>Shortfall</b>	(1,189.7)	(1,946.1)	(1,818.7)	(1,992.5)
<b>Uncommitted Cash Drawdown (Note 2)</b>	1,189.7	1,946.1	1,818.7	1,992.5
<b>Effective Deficit</b>	0.0	0.0	0.0	0.0

**Notes:**

1 - Based on 2014-15 OMDC Board-approved budget

2 - "Uncommitted cash" is the unrestricted net assets of the Corporation less net capital assets.

## VIII. Performance Measures and Targets

Performance measures for 2015-16 have been developed to provide regular feedback on whether the funds, programs, and other activities of OMDC are meeting their objectives.

These measures align with the Ministry's strategic objectives of fostering a sustainable and prosperous creative economy, supporting innovation, investment and job creation, helping Ontario's creative companies compete in the domestic and international marketplace, and helping Ontario become a leader in the knowledge-based economy.<sup>100</sup> In 2015-16 OMDC will continue to collaborate with its government partners to strengthen and grow Ontario's entertainment and creative cluster.<sup>101</sup>

OMDC has also developed preliminary targets for these performance measures that reflect the agency's current resources as outlined in Section VI beginning on page 45. OMDC has also attempted to make conservative projections to take into account the economic climate for the coming year.

The 2013 Ontario Budget announced the creation of a \$45 million Ontario Music Fund (OMF) to be delivered over three years (\$15 million annually). The first year of the OMF was launched in the fall of 2013. Preliminary performance measures for the new programs have been developed, however, final reporting for year one of the program has yet to be submitted and evaluated.

Performance measures and targets for the Collaboration and Innovation Fund will be developed once program design has been completed.

OMDC is currently partnering with the Ministry of Tourism, Culture and Sport in a joint research project to evaluate OMDC's performance measures and develop enhancements where appropriate. The report is expected to be completed in 2014-15.

The following table provides interim results as of September 30, 2014 (Q1 and Q2) for selected 2014-15 performance measures. It also shows trend information by outlining comparable final results from 2013-14 and 2012-13, where applicable.

OMDC management also monitors performance measures that address operational efficiency and effectiveness as well as metrics in specific program areas. Monitoring these measures, while not reported in this Plan, contributes to the overall success of OMDC in achieving the agency's corporate goals and ensuring the agency's responsibilities under various accountability directives are met.

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<sup>100</sup> Ontario Ministry of Tourism and Culture, *Results-based Plan Briefing Book 2014-15*, p. 4.

<sup>101</sup> *Ibid*, p. 7.

**Goal #1: Drive Growth and Productivity in Ontario's Creative Media Industries**  
Strengthen the competitive position of Ontario's Entertainment and Creative Cluster by improving access to financing and by making strategic investments to leverage additional private equity and public investment for Ontario's creative media industries.

Performance Measures	2014-15 Interim Results	2013-14 Final Results	2012-13 Final Results
1. Average turnaround time across all six <b>Tax Credits</b>	24.8 weeks <sup>104</sup>	39.1 weeks	39.9 weeks
2. Implement a risk assessment process for all tax credit applications	Complete; implemented for 6/6 Tax Credits	Ongoing; implemented for 4 Tax Credits (5/6 Tax Credits complete)	Ongoing; implemented for 1 Tax Credit (1/6 Tax Credits Complete)
3. Return on investment <sup>102</sup> for the <b>Magazine Fund</b>	Not available until Q4 2015-16	Not available until Q4, 2014-15	\$1.21
4. Leverage value <sup>103</sup> of OMDC investment through the <b>Magazine Fund</b>	Not available until Q3 2014-15	\$1.13	\$1.04
5. Return on Investment for the <b>OMDC Music Fund</b>	Not available until Q4 2015-16	Not available until Q4, 2014-15	\$12.16
6. Leverage value of OMDC investment through the <b>OMDC Music Fund</b>	Not available until Q3 2014-15	\$0.97	\$0.96
7. Estimated value of <b>Tax Credits</b>	\$340,477,260	\$518,378,103	\$427,589,593
8. Leverage value of OMDC investment through all six <b>Tax Credits</b>	\$11.18	\$8.40	\$9.53

**Goal #2: Enable Business Evolution**  
Promote innovation by creating opportunities for Ontario's cultural media companies to become leaders in the rapidly changing business and digital environments.

Performance Measures	2014-15 Interim Results	2013-14 Final Results	2012-13 Final Results
1. Percentage of <b>Research</b> studies funded that support business evolution	80%	33%	New for 2013-14
2. Number of items implemented from the <b>Strategic Plan</b>	1	1	2
3. Number of program evaluation studies and implementation plans completed.	6	1	New for 2013-14.

<sup>102</sup> Return on Investment (ROI) represents the amount generated in sales for every dollar invested by OMDC.

<sup>103</sup> Leverage value indicates the additional amount in financing generated for each dollar invested by OMDC.

<sup>104</sup> 24.8 weeks represents the second quarter result for 2014-15.

<b>Goal #3: Support Content Development and Market Access</b> Support Ontario's cultural media companies in accessing international and domestic markets, developing quality content and promoting Ontario as a world class centre of media production.			
Performance Measures	2014-15 Interim Results	2013-14 Final Results	2012-13 Final Results
1. Leverage value of OMDC investment in <b>Film Fund</b> production projects	Interim results available Q3 2014-15	\$25.29	\$24.50
2. Leverage value of OMDC investment in <b>IDM Fund</b> projects	Not available until Q4 2014-15	\$1.28	\$1.83
3. Jobs created/retained by <b>IDM Fund</b> and <b>Film Fund</b> production projects	Interim results available Q3 2014-15	13,537	15,693
4. Return on investment from <b>Book Fund</b> projects	Not available until Q4 2015-16	Not available until Q4 2014-15	\$3.99
5. Return on investment from <b>Export Fund</b> projects	Not available until Q2 2015-16	Not available until Q2 2014-15	\$221.83
6. Number of foreign markets at which Ontario participants are supported through the <b>Export Fund</b>	78 <sup>105</sup>	316	356
7. Number of markets at which OMDC has organized a strategic presence as part of <b>International Business Development</b> activities	5	21	25

<b>Goal #4: Encourage Collaboration</b> Encourage collaboration within the cultural media industries and across Ontario's Entertainment and Creative Cluster.			
Performance Measures	2014-15 Interim Results	2013-14 Final Results	2012-13 Final Results
1. Number of initiatives supported through Industry Development Program	33	64	62
2. Number of contacts made by participants in Industry Development Program initiatives	7,388	67,062	36,304

<sup>105</sup> Measures 5 and 7 (Goal 3) and 2 (Goal 4) represent markets/events that have taken place in Q1 and Q2 of 2014-15 only, results are not complete as not all projects have been finalized.

<sup>106</sup> Measure 4 (Goal 4) represent events that have taken place in Q1 and Q2 of 2014-15 only, results are not complete as not all projects have been finalized.

<b>Goal #4: Encourage Collaboration</b> Encourage collaboration within the cultural media industries and across Ontario's Entertainment and Creative Cluster.			
Performance Measures	2014-15 Interim Results	2013-14 Final Results	2012-13 Final Results
3. Number of initiatives led by OMDC	10	12	18
4. Number of contacts made by participants in OMDC led initiatives	227 <sup>106</sup>	1,991	1,713
5. Number activities that stimulate knowledge transfer and innovative business opportunities	9	6	New for 2013-14

<b>Goal #5: Provide Strong Leadership in Advancing Ontario's Cultural Media Industries</b> Model strong and innovative leadership through demonstrated organizational effectiveness and operating efficiency, value as an information hub for stakeholders and government, and champion for Ontario's cultural media industries.			
Performance Measures	2014-15 Interim Results	2013-14 Final Results	2012-13 Final Results
1. Number of <b>Communications</b> products	214	363	471
2. Number of complete <b>Industry Research</b> projects and partnerships	12	10	New for 2013-14
3. Updated industry profiles posted on OMDC website	2	3	New for 2013-14
4. Number of outreach activities with other levels of government	1	4	New for 2013-14

## **IX. Risk Identification, Assessment and Mitigation Strategies**

OMDC regularly submits updated Risk Assessment worksheets to the Ministry of Tourism, Culture and Sport within thirty business days following the end of each quarter to address future activities of the agency and related risks factors and mitigation strategies. This section provides a high-level review of OMDC's 2014-15 risk assessment.

The first two high-impact risks identified deal with the lack of renewed support for OMDC's Interactive Digital Media (IDM) Fund. The first identifies the risk that lower support for the highly innovative and fast-growing interactive digital media industry in Ontario will lead to less economic output from this sector. The second identifies the risk that reducing support to other sector funds to maintain the IDM Fund could lead to a loss of credibility for the government and diminished economic output from the creative media industries in Ontario. To mitigate these risks, OMDC is submitting a detailed *Business Case* to request increased base funding that would allow us to continue to support this important sector.

A critical risk for the agency and sectors we support is that the business and funding environments for the cultural media industries are evolving rapidly and there is a risk that OMDC programs and tax credits, as well as other provincial support mechanisms, are not keeping pace with this change and could become insufficient to maintain Ontario's position as a leading creative jurisdiction. Programs that are outdated compared to the environment could force stakeholders to consider tailoring their funding applications to government program needs rather than putting forward the funding proposal that is best suited for the development of their businesses. Oversubscription to existing OMDC Funds means that any innovation to the programs the agency provides must come at a cost to the valuable support we are already providing, putting at risk one of OMDC's greatest strengths, our ability to be flexible and responsive to the business needs of Ontario's cultural media industries.

OMDC will continue to evaluate its internal policies and program parameters with an eye to ensuring they are nimble, forward-looking and adaptable to the evolving business environment. This will include continuing to work with funders in other areas of government to be aware of issues and introduce synchronicities where appropriate. OMDC will launch a new Collaboration and Innovation Fund in 2014-15 which will help address some of the challenges of providing support to the creative media industries in the current business environment. While the Collaboration and Innovation Fund is a step towards this, OMDC will be submitting a Business Case that will contain additional recommendations for a significant, staged, transformation of OMDC's programs and tax credits to create modern, innovative and responsive support tools that reflect the current and future business environments for the creation and distribution of content in Ontario and that target the investments carefully to ensure optimal use of government resources and the delivery of real economic impact results. This key strategy recognizes that OMDC must find flexible, adaptable and simple mechanisms that will allow Ontario firms to take advantage of new business models and create innovative new products that will deliver excellent results for the Province.

OMDC has also identified risks related to the fact that the current OMDC administration and legislation of Ontario's Interactive Digital Media Tax Credit (OIDMTC) is not properly aligned to meet the business needs of the IDM sector. To better understand this risk, OMDC conducted a review of the OIDMTC to examine how the credit is being used by the IDM industry and to find opportunities to improve the administration of the credit. The study was completed in January 2013 and recommended proposed changes to the credit that would simplify its administration and improve its impact on applicants. Specifically, the study did note the increased amount of processing time that was required due to some of the more complicated legislative requirements that no longer align with the business needs of the sector but no legislative changes were announced in the 2013 or 2014 Budget. The study recommended making the "90% developed-by" rule more flexible to match industry realities, in particular, allowing for applicants to take advantage of opportunities to develop and produce products with domestic and international partners and still be eligible for

the tax credit.<sup>107</sup> Ontario risks losing its leading edge as the best jurisdiction for the digital media industry by having outdated support tools that are not adequately aligned to meet the business needs of the sector, particularly opportunities to connect with international partners to co-develop successful digital media projects.

Without legislative changes processing times for OIDMTC will continue to be unacceptably long due to: i) increased volume of products applying that greatly surpasses our processing capacity; ii) the high number of first time applicants applying for the OIDMTC who are unfamiliar with the tax credit and are applying for non-traditional products; and iii) the OIDMTC legislation itself, which requires an extensive and complicated review that also leads to a high rejection rate. Risk assessment alone cannot solve these problems with the OIDMTC processing times. In order to mitigate unacceptably long processing times, OMDC has been working with the Ministry of Tourism, Culture and Sport and the Ministry of Finance on multiple recommendations to improve the application and review process.

Other notable risks identified by the agency for 2015-16 include customer service risks due to insufficient human resources, organizational risk for tax credits due to complicated multi-party systems of accountability and administration, employee engagement risks due to burn-out of staff, and labour relations risks due to inconsistent support from centralized payroll services to OMDC management and the agency's necessary reliance on temporary staff. OMDC gratefully acknowledges the additional temporary FTEs in the Tax Credit department. Although these additional FTEs will provide much needed assistance, OMDC is still under-resourced in other areas and, to the extent possible, will reallocate resources to areas of need as other projects wind down.

OMDC has prepared comprehensive mitigation strategies for all the risks it has identified. It also reviews those risks incrementally every quarter, and comprehensively annually. As new risks emerge or change, OMDC will endeavor to inform MTCS, and act judiciously to minimize any negative consequences.

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<sup>107</sup> Nordicity, *An Analysis of the Impact of the Ontario Interactive Digital Media Tax Credit*, a report prepared for Ontario Media Development Corporation, February 2013, p. 9.



## **X. Initiatives Involving Third Parties**

As an agency that administers grants and tax credits on behalf of the Government of Ontario, OMDC complies with all its responsibilities under the Transfer Payment Accountability Directive. The specific processes for each program have been documented and submitted to the Ministry as per our obligations. For each program, OMDC defines expectations, establishes and implements agreements, monitors projects and takes corrective action where necessary, and reports on the results of our funding. Regular risk assessment and mitigation is done on each file by OMDC staff and referred to management when necessary. In order to improve our effectiveness and performance, OMDC works with public and private partners to deliver specific services and activities that support the creative media industries. These include:

### **Toronto Ontario Film Office in L.A.**

- As described earlier, the Toronto/Ontario Film Office in L.A. is a partnership between OMDC and the Toronto Film, Television and New Media Office, and with support from FilmOntario. It maintains a full-time marketing presence in Los Angeles, providing on-the-ground marketing to attract production to Ontario and support to Ontario's screen-based content creators.
- The partnership, established in June 2003, has enabled the partners to pool their resources and provide a much more effective platform from which to promote the many benefits of filming in Toronto and Ontario.
- OMDC is the managing partner of the Office.

### **Toronto International Film Festival Group (TIFFG)**

- OMDC is the mechanism by which the Government flows annual funds (\$815,000 in 2014-15) for the care and maintenance of the Province's film collection at TIFF Cinematheque (formerly Cinematheque Ontario), pursuant to a tri-partite Memorandum of Understanding among the Ministry, the agency and the Toronto International Film Festival Group (TIFFG).
- In 2014-15, OMDC also provided \$300,000 in operating support to the Toronto International Film Festival (TIFF). The agency also provided \$150,000 to the TIFF Sales Office during the Festival and \$30,000 to TIFF's Film Circuit through the Industry Development Program to support and promote the exhibition of Canadian films across Ontario. The Industry Development Program also provides funding to TIFF Kids (\$20,000 in 2014-15).
- TIFFG provides an annual report on its activities to the agency which outlines how the support is used.

### **Producers Lab Toronto**

- OMDC partners with European Film Promotion (EFP) and the Toronto International Film Festival (TIFF) to deliver *Producers Lab Toronto* (PLT). This is a co-production business development initiative in the feature film industry. OMDC participates to create new business development opportunities for Ontario and Canadian producers, to raise their industry profiles, and to raise the international profile of the agency, the industry and the province.
- The fifth annual PLT was delivered in 2014. In 2014 the partnership included ten producers each from Europe and Canada and four participants from Australia and New Zealand.
- The Partnership allows OMDC to tap into a pool of Media Mundus European program funding through EFP and to get direct access to the prestigious group of European funding and marketing organizations that EFP represents.
- OMDC is the Canadian managing partner for this initiative, and maintains accountability through a contract with Europe-based partner EFP that includes delegation of financial responsibilities and requirement for a final cost report.

**International Canada Stands (film, television and music)**

- OMDC partners with Telefilm Canada and other provinces on Canada Stands in key international markets for the film and television sectors providing Ontario producers with access to business support, meeting space, presence on panels and invitations to networking events.
- OMDC is a major contributing partner to the Canadian presence at the following markets: Cannes International Film Festival, MIP-TV, MIPCOM (television), Toronto International Film Festival, and the Berlin Film Festival.
- OMDC also partners with Telefilm and other provinces on international activities that do not involve a stand presence but that provide a coordinated Canadian presence and opportunity for producers to do business. Examples include the American Film Market, the Tokyo Film Festival and Power to the Pixel
- OMDC partners with CIMA (Canadian Independent Music Association) on Canada Stands in key markets for the music industry including MIDEM and SXSW providing Ontario music companies with access to business support, meeting space and access to networking events.

## **XI. Information Technology / Electronic Service Delivery Plan**

OMDC provides and supports its own information technology services, including maintenance of the internal network and servers, e-mail and blackberry service, an internal database for operational purposes and three outward-facing databases that provide access to industry research, filming locations and OMDC's program and Tax Credit applications. The agency is responsible for all procurement and security related to this infrastructure.

There are currently five full-time staff who are responsible for infrastructure maintenance and operations as well as internal and external customer service support. The staff are responsible for system monitoring and enhancements as well as answering all support inquiries from OMDC staff and external users of OMDC's Online Application Portal.

There are two outward facing databases that provide services to OMDC clients: the Online Research Library and the Digital Locations Library. The content of both libraries is kept up to date by staff in the respective departments. There is a maintenance agreement in place for these databases that provides technical support for fixing issues and also provides a guaranteed rate for enhancements to the systems. Enhancement requests are developed by staff from the Research, Library and IT areas, who work with the external vendor to implement them. Enhancements are approved by management according to the business needs of the agency and the funds available.

OMDC provides Electronic Service Delivery (ESD) to clients through the Online Application Portal (OAP). It is mandatory for all applicants to the Industry Initiatives, Ontario Music Fund and Tax Credit programs to submit their applications through the portal. An online application for OMDC's Research Grant program was launched in 2014-15 and mandatory application through the OAP will be required for all Research Grant applications 2015-16. All written communication regarding applications is also done through the OAP. The OAP also tracks and sends reminders regarding milestones and deliverables and allows clients to track the status of their applications. Maintenance and technical support of the system are carried out by IT staff. Enhancements to the OAP are carried out by the same process as described above.

There is also an internal corporate database which allows staff to interact with the OAP for the administration of programs and also to manage the agency's contacts and mailings. As with the other systems, maintenance and technical support of the system are carried out by internal staff and enhancements are implemented through the process described above.

To ensure the ongoing operation of the agency IT infrastructure and the personal and confidential information it contains, OMDC staff do 24-hour system monitoring. This is carried out on a rotational basis by members of the IT team. OMDC also engages in an annual security audit carried out by the Ministry of Government and Consumer Services to ensure that there are no major flaws in the system and that the security of the personal and confidential data within is maintained.

In 2013-14, IT staff completed a server infrastructure upgrade to accommodate the new Ontario Music Fund as well as an upgrade to the Blackberry Enterprise Server. IT staff have also made significant enhancements to the Corporate Database and to the Ontario Application Portal related to the Tax Credits' Risk Assessment Project. In 2014-15, as part of the infrastructure update, the IT department has virtualized seven production servers and upgraded the Microsoft Exchange Server and operating system. The IT department has also completed setup of the new NAS (Network Attached Storage) server and is currently working on migrating the files to the new NAS. Several significant enhancements have also been made to the corporate database and website to facilitate OMDC compliance with Canada's Anti-Spam Legislation (CASL). The OMDC

Research Grant application was added to the OAP in Q1 of 2014-15 and the IT team will continue to make enhancements to the corporate database to improve functionality as needed throughout the rest of the year.

A mobile version of OMDC's award-winning Digital Location Library will also launch in 2014-15. The site is designed to use anywhere, whether users are in the office or out in the field, and will engage users with mobile specific features and an optimal experience. Users will be able to conduct full searches, view location files and photos, view packages, link to Google Street View and Maps, as well as easily click to call/email location contacts. Additionally, they will also be able to access a number of specialized components of the OMDC's database including personal Bankers Boxes, Short Term Location Listings, Research documents and In The Loop newsletters and will provide OMDC clients with a portable, innovative and contemporary scouting tool.

In 2015-16 OMDC plans to continue making upgrades to the server operating system in order to accommodate greater capacity. Ongoing work to enhance the Information Technology infrastructure, including further virtualization of the server environment will also continue in order to improve operational efficiency and keep the infrastructure in peak operating condition. OMDC will also begin exploring the implementation of an online system for payments as well as the possibility of a mobile enhancement to the Online Application Portal.

## **XII. Implementation Plan**

The financial forecast summary and program and service descriptions included in this *Business Plan* are based on a status quo budget for 2015-16, including \$15 million for the Ontario Music Fund. However, OMDC will be submitting a separate Business Case requesting an increase to the agency's base allocation in order to transform and modernize the support, and its delivery, that the agency offers to the creative industries. This key strategy recognizes that OMDC must find flexible, adaptable and simple mechanisms that will allow Ontario firms to take advantage of new business models and create innovative new products that will deliver excellent results for the Province. In the current year, OMDC will continue to address opportunities for growth, increased productivity and innovation in Ontario and abroad through our unique tool-kit of tax credits and programs and services for the creative media industries.

The current level of base funding is not enough to maintain all of our 2013-14 program commitments to stakeholders in the coming year without using some of OMDC's available cash reserves, and/or, by reducing the critical support the agency provides to other sectors and programs. OMDC believes that the investment by the IDM Fund in Ontario's dynamic and growing IDM industry is crucial to ensure future success for the Province's creative economy. Therefore, after careful analysis, OMDC has decided to maintain the IDM Fund at \$3 million for 2015-16 with a drawdown from the agency's cash reserves along with a reallocation of approximately \$1 million from the music fund programs that are currently discontinued due to the Ontario Music Fund. OMDC recognizes that funding the IDM Fund using the agency's uncommitted cash reserves is not a long term solution. The Board monitors cash reserves carefully and makes budget decisions in accordance with its responsibility for prudent fiscal management.

OMDC will continue to be proactive and flexible in anticipating and responding to issues and challenges in the creative media industries. In 2015-16, we will maintain our existing programming and, as indicated in the agency's 2014-15 Business Plan, pilot a new Collaboration and Innovation Fund (CIF). This new, fund will provide a parallel stream to existing OMDC programs and promote innovation, collaboration and risk-taking within the Entertainment and Creative Cluster. Phase one will invite select companies, based on the submission of an expression of interest, to participate in OMDC-facilitated networking sessions and external consulting to workshop and refine project ideas with participants and experts. In phase two, some of these companies will be selected for project funding via an application process. The early expectation is that this fund will be open to the publishing and screen-based sectors and that the CIF would support activities which cannot currently be accommodated under OMDC's existing siloed funds. The new program, together with the existing program streams, will allow companies to determine the best fit for their business model and specific project/objective. Music companies are currently able to apply for these types of activities under the Ontario Music Fund and as such, have been excluded from the pilot project. The CIF will launch at the end of 2014-15 with delivery of the first funding cycle planned for 2015-16. Grants awarded to successful applicants will be reallocated from within existing resources. Planning for the CIF is underway now and OMDC will brief MTCS on the details of the program as they are developed.

As noted earlier, OMDC is continuing to implement its *Strategic Plan*. Initiatives coming out of the implementation process will be focused on making sure OMDC investments are as effective as possible, by being adaptable and flexible enough to support a business environment that is constantly changing and also by getting funds into the hands of stakeholders in a more timely manner. The *Strategic Plan* also puts a strong emphasis on facilitating collaboration among stakeholders and supporting them in making connections to export markets. All of OMDC's programs and activities will embrace these priorities in the year ahead.

### **XIII. Communications Plan**

#### **Background**

Heading into 2015-16, Ontario still faces challenges that could impact the province's creative industries: uncertainty and continued slow growth in the global economy (despite gains in the U.S.) and only modest growth in consumer spending in the entertainment and creative cluster. Additionally, Ontario's creative industries continue to struggle to access adequate financing and the challenges of expanding into global markets. On the bright side, a lower Canadian dollar tends to have a positive impact for the film industry and for exports.

Despite this somewhat uncertain outlook, OMDC will continue to provide much-needed help to ensure that its stakeholders achieve success in their respective businesses. Awareness of OMDC and its programs and services has grown exponentially over the past several years. The number of media impressions has grown from 82 million in fiscal 2012-13 to more than 115 million in 2013-14 – not including social media, which has extended this reach even further. Demand for OMDC's programs and services continues to be high, with initiatives like the Ontario Music Fund dramatically increasing the number of applications OMDC receives. In addition, demand for funding from the burgeoning interactive digital media sector continues to grow.

Communicating OMDC's support for the creative industries and how they tie into the province's economic health will remain the foundation of 2015-16 communications activities.

#### **2015-2016 Communications Objectives**

1. Champion the positive economic impact of the creative industries in Ontario and of OMDC's role in supporting them
2. Increase the association of OMDC with positive outcomes;
3. Continue to strengthen the OMDC brand

#### **Strategies**

1. Champion the positive economic impact of the creative industries in Ontario and of OMDC's role in supporting them
  - Leverage the success of industry stakeholders by promoting their products and services and continuing to incorporate their 'success stories' into the overarching OMDC narrative using up-to-date, real numbers to demonstrate economic ROI
  - Continue to improve and build on social media success to drive awareness of OMDC's programs and services and Ontario's creative industries' success stories
2. Increase the association of OMDC with positive outcomes
  - Develop a mainstream media presence – where possible using events and targets of opportunity as news hooks around which to tell OMDC and stakeholder success stories.
  - Expand audiences by incorporating diversity into all communications tactics, including using multicultural media relations/marketing to broaden reach and relevance as well as identify outreach opportunities to promote OMDC programs and services to multicultural communities and special needs groups

- Develop and deliver consistent and compelling messages for media relations, social media, presentations, speeches, etc.
- Promote all sectors equitably in OMDC communications.

### 3. Strengthen the OMDC brand

- Continue to update content on the OMDC website splash page and “We’ve got it going ON” stakeholder success stories section to keep it fresh and engage audiences.
- Continue to optimize the distinctive OMDC ‘brand look’

### **Key Target Audiences**

OMDC has two distinct and equally important key target audiences: industry stakeholders and the general public (who are also consumers of cultural media products). Both groups require different communications approaches.

The two groups can be broken out as follows:

<i>Industry Stakeholders</i>	<i>General Public</i>
<ul style="list-style-type: none"> <li>• Six creative industry sectors: book and magazine publishing, film and television, interactive digital media and music (including new music stakeholders for the Ontario Music Fund who could not previously access OMDC support)</li> </ul>	<ul style="list-style-type: none"> <li>• Artists less familiar with the “business” of the industries</li> </ul>
<ul style="list-style-type: none"> <li>• Aligned industries, e.g., animation and VFX, post-production, equipment suppliers, distribution and technology industries</li> </ul>	<ul style="list-style-type: none"> <li>• General media, reporters, bloggers, social media engagers</li> </ul>
<ul style="list-style-type: none"> <li>• Trade media (Playback, Hollywood Reporter, Quill &amp; Quire, blogs)</li> </ul>	<ul style="list-style-type: none"> <li>• Consumers/general public</li> </ul>
<ul style="list-style-type: none"> <li>• Current and future OMDC program applicants</li> </ul>	
<ul style="list-style-type: none"> <li>• Other partners in the creative industries (festivals, trade organizations, etc)</li> </ul>	
<ul style="list-style-type: none"> <li>• Governments/political staff</li> </ul>	

## **Key Considerations**

- Government cutbacks and the pressures they exert on businesses are likely to be felt for the next few years. OMDC will need to continue to clearly communicate to government that its programs and services create a significant ROI
- While service levels have improved markedly in Tax Credits (where the risk assessment model has streamlined the application process), programs like the Ontario Music Fund, will continue to create increased demand on OMDC resources. Additionally, there will be a need to help promote OMF success stories in a timely fashion to demonstrate ROI. Media cutbacks and decreasing revenues are impacting the resources available to mainstream media on an almost daily basis, with fewer reporters staffing newsrooms and the onus on media to cover more stories in increased beats. As a result it becomes more important to provide media with fully packaged story opportunities, complete with updated statistics, interview opportunities and case studies.

## **Program Elements and Implementation**

### **a) Support to Business –**

The landscape for Ontario content producers continues to evolve as consumers access content through a variety of platforms and regulators struggle to adapt. In this dynamic and changing environment, OMDC will provide support to businesses through a variety of traditional and innovative methods outlined below, including: media relations, social media, advertising, events, multicultural outreach, speaking platforms, collateral materials and targets of opportunity (e.g., Pan ParaPan Am Games).

### **b) Media Relations –**

Media relations continues to be a cornerstone of OMDC's communications strategy and has grown exponentially for the past few years. In 2013-14, OMDC coverage surpassed 115 million media impressions (v. 82 million for the entire previous fiscal). While numbers are impressive, Communications will continue to ensure that the quality of the coverage remains high (interviews/content from OMDC as opposed to one-line mentions) and is more tightly focused on industry and business audiences.

OMDC will continue to leverage high-profile news stories to showcase the agency as a leader in facilitating/supporting Ontario's creative industries. In addition, OMDC will continue to integrate social media and 'blogger relations' into its media relations strategy.

Media pitches will be anchored on the following themes:

- Granular success stories showcasing the ROI of OMDC support – putting a face to the numbers by highlighting the people and the businesses that depend on OMDC programs
- Trends – positioning OMDC as an industry leader by pointing to trends and speaking to how they impact the sectors
- Events – major events that impact the various industries, in which media will have a direct interest



Key media relations tactics will continue to include:

- Development and delivery of consistent key messages for media relations
- Linking compelling stories about Ontario's cultural media cluster/content to economic value messages – demonstrating the role and results of OMDC support
- Focusing on mainstream media to reach the broadest possible audience
- Looking for targets of opportunity in, key industry trades (e.g., The Hollywood Reporter)
- Development of matte newspaper articles to reach a broader audience around the province
- Conducting proactive pitches to journalists offering spokespersons and case studies/success stories to maintain a continuing news narrative.
- Supporting major events (e.g., Trillium Book Awards) with a publicity team.
- Ensuring that OMDC is linked to key journalists via social media (Facebook, Twitter, YouTube)

**Rollout:**

- Implement media relations program – Q1 and ongoing
- Review media relations strategy and measurement – ongoing and for quarterly results roll-up

**c) Social Media –**

OMDC is active on three social media sites: Facebook, Twitter and YouTube and also maintains a presence on Linked In. OMDC's social media strategy is aimed at disseminating agency and stakeholder news to the broadest possible audience and creating conversations/feedback with stakeholders. Activity continues to increase: OMDC's Twitter site has over 4,700 followers, averaging an increase of 73 new followers per month over the summer of 2014. OMDC's tweets promote its programs, services, deadlines, stakeholder news, support for companies in the six sectors, news releases, links to media coverage, highlights from events, etc. An analysis of OMDC's Twitter followers indicates that we are reaching appropriate audiences with our messages: 81% are located in Canada, gender is skewed just slightly male at 55%, to 45% female, our followers' bios largely indicate individuals working in film, music and digital as producers or writers, and the ideal time to tweet to achieve the most response is Friday afternoons. OMDC's Klout Score (a measure of the agency's online influence) has increased from 56 to 62 in the past year.

OMDC's YouTube channel continues to grow and postings have included: the Digital Dialogue Conference and Breakfast Series; the Trillium Book Awards; TIFF celebrity interviews and OMDC's own 60-second spot, among others. The ongoing strategy is not only to provide a record of OMDC events, but also to keep audiences engaged and informed. OMDC provides video coverage for all its events, posts videos shortly afterwards and cross-promotes them through its Twitter and Facebook sites. Currently OMDC has achieved more than 37,000 total video views.

OMDC's Facebook page has attracted over 1,900 'likes' and continues to grow. Posts have included program information, links to OMDC and stakeholder media coverage and announcements, etc. The strategy will be to ensure that posts are made with sufficient frequency to maintain interest and grow engagement (OMDC's potential audience via Facebook is over 500,000 people). Monthly reports are created for all social media sites to assist in tracking successes.

OMDC continues to work with a social media consultant to help identify opportunities, to develop strategies and to ensure that news is disseminated in a timely fashion. In addition, OMDC participates actively in the Inter-Ministry Forum on Social Media, which meets regularly to discuss issues and best practices pertaining to government social media channels. OMDC will also continue to work closely with PR consultants to develop the most effective social media strategy.

The goal is to use social media to strengthen the identity of the OMDC brand and to support our stakeholders.

**Rollout:**

- Work to expand/broaden outreach with a 2015-16 focus on increasing engagement – Q1 and ongoing
- Video OMDC events, upload to YouTube and cross-promote on Twitter and Facebook – Q1 and ongoing

**d) Public Relations –**

OMDC will continue to deliver communications tactics and services to support and enhance the agency's programs and services and to help promote stakeholders' products.

Following are the PR objectives:

1. Profile OMDC's critical role in supporting Ontario's creative economy
2. Reach new audiences with a focus on prominent multicultural communities and non-traditional media
3. Contribute to OMDC's social media strategy

The strategy will be to demonstrate OMDC's cultural and economic ROI in the six creative industry sectors it serves.

It will achieve its goals through a variety of tactics including:

- Themed pitching tied to OMDC stakeholder success stories, industry trends and events
- Reaching new audiences – e.g., multicultural and bloggers
- Matte newspaper stories and audio news releases
- Guiding social media strategy and execution

## **Strengthening the OMDC Brand**

### **e) Advertising –**

OMDC has continued to seek ways to extend the reach of its advertising campaign by creating innovative partnerships with key media, including The Walrus, The Hollywood Reporter (Berlin, Cannes, TIFF and MIPCOM) and Persian Tribune. Paid advertising in these media also provided the opportunity to participate in prominent editorial coverage for the Trillium Book Awards and for OMDC-sponsored or supported programs like IFF (International Financing Forum at TIFF) Producers Lab Toronto (PLT) and NextGen which help heighten awareness for Ontario-published books, create financing/co-production opportunities for Ontario filmmakers and showcase rising young Ontario filmmakers. OMDC will continue to seek opportunities to push our messages out through paid, earned and social media, both as part of OMDC events and as standalone communications activities.

OMDC's 60-second TV spot is displayed on our website and linked to social media sites. It still delivers a powerful message and OMDC will continue to use it as an event 'ice breaker' to get audience attention before remarks and for sponsorship packages that require online materials.

In 2015-16, OMDC will continue to look for opportunities to disseminate its messages and leverage its brand to a broader audience through investigating placements in, and partnerships with key media.

Building on current communications successes and strengthening OMDC's brand identity will continue to be a cornerstone of the 2015-16 Communications Plan.

#### **Rollout:**

- Work with OMDC departments and targeted media to place ads, as required – Q1 and ongoing
- Look for targets of opportunity (key trades and consumer publications, etc.) Q1 and ongoing

### **f) Corporate Identity and Graphics Standards –**

OMDC's awareness campaign helped to establish a 'brand look' for OMDC. This 'brand identity' will continue to be used for all print and online materials, and has been supported by the development of a style guide and templates to ensure that ads, bulletins, email signatures, newsletter, brochures, etc. conform to the OMDC style requirements. As new products are developed (e.g., the refreshed website) Communications will continue to act as the internal 'brand watchdog' to ensure that they conform to the OMDC style guide.

#### **Rollout:**

- Maintain integrity of OMDC brand look in all materials – Q1 and ongoing

#### **g) Keeping the Website Updated –**

The OMDC website is an essential information resource and point of connection for both industry stakeholders and the general public. In order to maintain its effectiveness as a communications tool, its content needs to be updated on a regular basis. Communications has developed a regular schedule for updating content on the website splash page and “We’ve got it going ON” stakeholder success stories section to keep it fresh and engaging for its audiences.

As OMDC continues to track results, Communications will work to ensure that the website achieves its objectives of keeping stakeholders both informed and engaged – and that this is reflected in the number of page views and other appropriate measurements.

#### **Rollout:**

- Update web content - Q1 and ongoing
- Track website ‘hits’ – Q1 and ongoing

#### **Special Initiatives and Events –**

#### **h) Pan /ParaPan American Games –**

Ontario will host the Pan/ParaPan American Games in Toronto and vicinity in 2015. OMDC has already provided the Ministry with a list of recommendations on how Ontario’s creative industries’ products can be integrated into/showcased at the Games. Communications will work with other OMDC departments and the Ministry during the lead-up to the Games to ensure that Ontario’s cultural media products have a high profile with international audiences.

In addition OMDC will seek to incorporate sports angles into its communications and to look for logical connections where sports can be promoted including ads, social media, website, etc.

#### **Rollout:**

- Work with Industry Initiatives and Ministry to ensure Ontario cultural media products have high visibility in the lead-up to, and during, the Games – Q1 and ongoing

### **i) Multicultural/Special Needs Outreach –**

Wherever possible, OMDC will continue to incorporate diversity into all communications tactics, including using multicultural media relations/marketing to broaden reach and relevance as well as identify outreach opportunities to promote OMDC programs and services to multicultural communities and special needs groups.

OMDC is committed to continuing to extend its services and programs to ethno-cultural and other special interest/needs groups. OMDC will continue to enlist the support of Canada's ethnic media community to help communicate OMDC's programs and services to third language groups by:

- Identifying stories relevant to multicultural media and promoting broader cultural stories relevant to all audiences.
- Distributing OpEds, matte articles, photos and other existing content to multicultural outlets.
- Reviewing our advertising strategy – exploring existing and new multicultural events, sponsorships.

Following are communications recommendations for multicultural communications:

#### Objectives

1. Heighten awareness about Ontario's creative industries, initially among the Chinese and South Asian communities;
2. Inform the Chinese and South Asian communities that their companies and products may be eligible for OMDC programs and support

#### Strategies

- Utilize ethnic media to help tell the OMDC 'story' in their respective communities
- Highlight examples of successes among ethnic companies

#### Key Target Audiences

- Initially targeting the larger Asian and South Asian communities, specifically: Cantonese, Mandarin, Hindi and Punjabi

Activities will include:

1. Matte Articles for Ethnic Media – Translate and place existing articles on OMDC (from Persian Tribune, Public Sector Digest and TIFF matte articles) into Cantonese, Hindi, Punjabi, etc.

2. Create Microsite Web Splash Pages – in a number of different languages; initially Mandarin, Cantonese, Hindi and Punjabi. Purpose is to initiate contact with audiences in their own language; covering only basics about OMDC and then redirecting to main website. Will eventually add: Spanish, Farsi and Portuguese.

3. OMNI Interview with OMDC CEO – set up an interview for OMDC's CEO with OMNI TV to talk about OMDC and how it supports Ontario's creative economy.

4. Lunch and Learn with Ethnic Media - It was recommended that a "lunch and learn" be set up with reps from various ethnic media to hear what they would find useful.

OMDC will also work with PR Consultants to 're-purpose' media pitches for key ethnic language media, as appropriate, and to explore other targets of opportunity; to monitor and review OMDC's communications products for Francophone communities to ensure that they are informed of agency programs and services; and to support special needs communities (e.g., Abilities Arts Festival, ACTRA's diversity website, etc.).

**Rollout:**

- Place matte articles – Q1 and ongoing
- Continue to roll out web microsites in new languages (begun in 2014-15) Q1 and ongoing
- Continue to look for OMDC spokespersons interview opportunities – Q1 and ongoing
- Continue to set up ethnic media 'lunch and learns' – Q1 and ongoing

**j) Industry Events –**

OMDC sponsors or hosts a number of industry events and strategic initiatives: *Celebrate Ontario*, *IFF (International Financing Forum)* at TIFF, *Producers Lab Toronto*, *Digital Dialogue Conference and Breakfast Series*, *IDM Showcase*, *From Page To Screen*, *The Research Showcase*, *The Trillium Book Award*, *Music Makes It!*, etc. Some of these initiatives occur annually and others are targets of opportunity (e.g., special screenings). All of these activities are aimed at: underscoring OMDC's industry leadership and support; promoting OMDC's programs, funds and services; highlighting success stories or creating forums where industry stakeholders can network and develop business opportunities across the same or different sectors.

The communications objectives for events are:

- To focus on improving communications around existing events (including non-traditional outreach);
- To use the lead-up periods to events (e.g., two to three weeks or more in advance) to generate media interest in OMDC stories
- To explore new communications activities (e.g., social media) for existing or events with a focus on cross-sector collaboration.

Communications will budget for one film screening this fiscal and two other outreach 'targets of opportunity'.

OMDC will also look into developing a more aggressive and proactive event planning process that focuses not only on OMDC led events, but industry events of which OMDC is a part – in effect to also use non-OMDC events to promote OMDC’s programs and services to broader audiences .

**Rollout:**

- Focus on enhancing existing events – Q1 and ongoing
- Utilize lead-up periods to events to pitch media - ongoing
- Explore new opportunities – ongoing

**k) Trillium Book Award –**

The Trillium Book Award continues to be one of the most high-profile events in OMDC’s calendar and helps to promote Ontario books and authors. It generated a record 67 million media impressions in 2013 thanks to the presence of superstar winner Alice Munro and the subsequent announcement of her retirement, which garnered an additional wave of coverage. In 2014, the number of stories increased by 58% over the previous year, and the total number of impressions surpassed 48 million, which is significant in a year that saw no real “star” nominees who would guarantee media coverage. Communications will continue to work closely with Industry Initiatives and PR consultants to determine appropriate promotional and media relations activities for 2015-16.

**Rollout:**

- Work with Industry Development to develop and implement 2015 Trillium Book Award publicity recommendations – Q1

**Thought Leadership & Speaking Opportunities -**

OMDC’s Board members and senior management consistently work to communicate the agency’s aims and objectives outlined in its *Strategic Plan* to key targets with a view to ‘influencing the influencers’ – identifying individuals and groups that can help tell the OMDC story to key decision makers. Some of the proposed communications activities for profiling OMDC’s thought leadership could include:

**l) Speeches/Presentations –**

OMDC spokespersons are often called upon to make remarks at industry and stakeholder events. These can range from brief opening remarks at events (e.g., introductions of keynote speakers) to more detailed presentations on the agency’s mandate, programs, funds and services to various sectors. In each case, OMDC assesses individual opportunities to ensure that relevant key messages are delivered.

Speeches are often newsworthy and their key points can also be turned into news releases or articles. Remarks also invariably provide an opportunity for OMDC spokespersons to showcase the agency's success stories. Communications will work with senior management to identify potential speech platforms and to develop some standard presentations that can be updated, adapted or customized for different occasions. Speech platforms generally have a long lead time, so it is envisaged that this activity may not begin until the end of Q2.

**Rollout:**

- Work with SMT to identify industry and other appropriate speech platforms – Q1 and ongoing
- Review existing speeches/presentations for possible updating and conversion to bylined articles – Q1 and ongoing

**Publications and Communications Materials –**

Existing communications products are available to convey news about OMDC's programs, services and success stories, as well as key messages from the *Strategic Plan* and *2015-16 Business Plan* to stakeholders. They include:

**m) Newsletter –**

The objective of the newsletter is to continue to keep stakeholders regularly informed of OMDC programs and services; to celebrate program and stakeholder success stories; to highlight the six cultural media sectors equally; to feature important industry research and to provide a calendar of industry-specific events.

**Rollout:**

- Distributed monthly

**n) Annual Report/Year In Review –**

For the past six years OMDC has produced a Year In Review document to highlight the agency's activities and successes. With the addition of several sections required by statute (letter of transmittal, program commitments, financial statements, etc.) and a new cover design, most of the contents of the Year In Review formed the basis for OMDC's 2013-14 Annual Report -- and we would envisage this being the case again this year

The Year In Review document will be produced first in English and French for print and pdf versions will be posted on the OMDC website. The Year In Review is used as a marketing/informational piece and can be employed as soon as it is ready. Communications will again have the document produced by the end of Q1.



The Annual Report will continue to be produced as a bilingual flip-flop document that will be printed and that can be posted separately in English and French on OMDC's website after it is tabled in the Provincial Legislature.

**Rollout:**

- Year In Review written and produced by end of Q1 to key targets in electronic and hard copy format and posted on the website
- Annual Report materials (letters, auditor's report, financial statements, program results and commitments, etc.) added in Q3 re-designed, printed and submitted to the Ministry in early Q3 – must be received 60 days after the Board receives the approved audited financial statements from the Office of the Auditor General.

**o) OMDC Marketing Materials –**

OMDC's various departments – Industry Development/Industry Initiatives, Tax Credits, Business Affairs & Research – all have publication requirements ranging from Tax Credit information 'one-sheets' to booklets for Cannes, TIFF, location events in L.A. and numerous other OMDC and OMDC-supported events. Communications will continue to work with these departments to identify their needs and respond with editorial and design services.

**Rollout:**

- Provide editorial and design services to various OMDC departments– Q1 and ongoing

**p) OMDC Corporate Videography for OMDC Events**

OMDC will continue to hire videographers to videotape its own events for inclusion on its YouTube channel. These videos provide an important record of events for those who are unable to attend (e.g., Digital Dialogue Conference) and in 2015-16, OMDC will explore further uses for these segments.

**Rollout:**

- Videography for OMDC events – Q1 and ongoing

**Appendix I. Organizational Chart**  
(as of October 31, 2014)

Ministry of Tourism, Culture and Sport  
**Ontario Media Development Corporation**

