

# ONTARIO MEDIA DEVELOPMENT CORPORATION

## 2016-2017 Business Plan



Submitted January 15, 2016



**Ontario**

Ontario Media Development  
Corporation

Société de développement  
de l'industrie des médias  
de l'Ontario

We've got it going



## CONTENTS

2016-17 Business Plan Addendum .....	i.
I. Executive Summary .....	1
II. Mandate .....	11
III. Environmental Scan .....	14
IV. Strategic Directions .....	25
V. Overview of Agency's Current and Future Programs and Activities .....	29
VI. Resources Needed to Meet Goals and Objectives .....	52
VII. Financial Budget.....	54
VIII. Performance Measures .....	54
IX. Risk Identification, Assessment and Mitigation Strategies .....	59
X. Initiatives Involving Third Parties .....	62
XI. Information Technology / Electronic Service Delivery Plan .....	64
XII. Implementation Plan .....	66
XIII. Communications Plan .....	68
XIV. Human Resources and Staffing .....	71
Organizational Chart.....	72
Appendix A: 2016-17 Performance Measures.....	73
Appendix B: OMDC Mandate / Corporate Objects Map .....	74

## 2016-17 BUSINESS PLAN ADDENDUM

*Please note that this Addendum was prepared in April 2016 following the announcement of budget reductions to OMDC in 2016-17. It articulates the corresponding changes to the Agency's Business Plan which follows, which was submitted in January 2016 prior to the budget adjustment.*

### **Introduction**

The 2016 Provincial Budget, announced February 25, 2016, included a \$7.5 million budget reduction to the Ontario Media Development Corporation (OMDC) as part of the Ministry of Tourism, Culture and Sport's (MTCS) strategy to achieve its budget target. The reduction to OMDC's budget is in two parts: a one-time \$4 million reduction to the Agency's cash reserves and a \$3.5 million reduction to the Agency's annual base allocation.

The OMDC's 2016-17 Business Plan was finalized in January, prior to the budget announcement. As such, the programs and strategic initiatives described in the Plan are based on the assumption of an annual budget that is higher than what is now available to the Agency. This addendum to the 2016-17 Business Plan updates only that which has changed from the original Plan. It also describes the reductions and prioritization approach taken to offset the \$7.5M in one-time and base funding cuts that have occurred.

The primary goal of the Agency's budget reduction strategy, presented here, was to minimize the direct industry impact of cuts, while ensuring the long term financial and strategic sustainability of the Agency's Plan. This plan leaves the Ontario Music Fund (OMF) and the Interactive Digital Media Fund (IDMF) intact, at \$15 million and \$10 million respectively and, to the extent possible, mitigates the impact of cuts to other programs and activities. An updated version of the financial forecast reflects OMDC's revised budget (see Appendix A).

### **Cost Savings and Additional Revenues**

#### ***Administrative and Operational Savings***

To offset a portion of the budget reduction, OMDC was able to decrease some administrative and operational costs in order to minimize the cuts on direct industry programs and services. Rather than budgeting for a "worst case" scenario, the revised plan estimates administrative and operational costs at a lower level in 2016-17 based on actual experience in recent years, while still preserving a responsible, risk-managed budget. In addition, the Agency also made cuts in areas such as communications, travel, training, translation, local and board expenses and deferred other activities like lease-hold improvements to future years. These changes are not expected to have a direct industry impact; however, this strategy will reduce OMDC's overall ability to be flexible and responsive to emerging opportunities in-year.

#### ***Tax Credit Administration Fee Increases***

As noted in the 2015-16 and 2016-17 Business Plans, and as recommended by the Internal Auditor, OMDC will move toward a cost recovery model for Tax Credit Administration fees. OMDC will fast-track the development of this cost-recovery model and will implement increases to administration fees in the Third and Fourth Quarters of 2016-17. The Agency is currently exploring fee models and will develop a communications plan for the industry once the program design has been determined. Increases to administration fees were last implemented in 2006 (earlier, for some credits). The revenue generated through Tax Credit Administration Fees is intended only to recover the direct costs of delivering the program and will not be designed as a profit centre for the Agency.

## *Core Programming and Activities*

Reductions to OMDC's core programs and activities were made as a last resort, and only after identifying all other cost savings measures and additional sources of revenue. By realigning resources, the original 2016-17 Plan had included slight budget increases for several programs. These increases have been effectively reversed, and where necessary, additional funds were cut. Every effort was made to minimize these program cuts and to distribute them across a range of program areas including research, investment grants, and special events. This represents a lost opportunity for Ontario's creative media firms to advance and for the Province to benefit from the additional job creation and economic benefits that enhanced support would have delivered. The Agency also identified some lower priority activities and determined that they could be cancelled or postponed to future years.

Changes to core programs and initiatives, from those set out in the Business Plan, include the following:

- **Book Fund:** Deferred increases to funding caps, and reduced capacity to increase the number of publishers supported (funding numbers expected to be on par with 2015-16);
- **Magazine Fund:** Deferred increases to funding caps, and reduced capacity to increase the number of firms supported (funding numbers expected to be on par with 2015-16);
- **Film Fund:** Small reduction that will result in fewer films funded for development and/or reduced funding per film (as compared to 2015-16 funding levels);
- **Research and Strategic Planning:** Cancellation of the Research Showcase; reduced Digital Dialogue conference budget, and reduced Research Grant Program budget;
- **International Business Development:** Reduced support to international activities including a smaller envelope for Export Fund grants and fewer international markets supported (as compared to 2015-16 funding levels). In addition, no formal trade missions will take place in the 2016-17 fiscal year; and
- **Industry Development Program:** Reduced support for industry development and sector marketing activities resulting in fewer projects and organizations funded and many at smaller amounts.

## *Strategic Initiatives*

OMDC's 2016-17 Business Plan presented a budget that balanced the Agency's core programs, activities and operations and activated a suite of one-time strategic initiatives that were intended to explore new development strategies and enhance industry growth.

Staff and the OMDC's Board of Directors have reviewed and reduced these strategic initiatives in order to balance the creation of new, innovative strategies with the need to provide stable support to core programs. In a few cases, some of the strategic initiatives were able to proceed ahead of schedule and were initiated in the 2015-16 fiscal year and in other cases, it was determined that some strategic initiatives were important enough to continue (either in whole, or at a decreased level) in 2016-17. The remaining initiatives were cancelled for 2016-17 and will be reconsidered if resources permit in future years. The following changes were made to the initiatives outlined in the Business Plan:

### *Discoverability*

The \$600,000 budget earmarked for discoverability initiatives was reduced to \$390,000. Ontario Author Touring Support (OATS) will still be offered in 2016-17; however, less funding will be available, resulting in support for fewer authors and markets. OMDC will also support a domestic feature film distribution and marketing initiative, but at a lower level than initially planned, reducing the number of projects funded or the amount of funding to each project by approximately 40 per cent.

### *Business Development*



The total budget for business development initiatives was reduced from \$600,000 to \$50,000. Both the book publishing international development initiative in London and the collaboration with Artscape on the Launchpad initiative proceeded ahead of schedule and were initiated in 2015-16. The magazine industry international business development initiative has been maintained while the initiative to allocate dedicated funding to feature film co-productions has been cancelled for 2016-17. Co-productions will continue to be funded through the Film Fund and the initiative will be considered again in 2017-18.

### ***Celebrating Canadian Excellence***

The budget for this set of initiatives was reduced from an original estimate of \$200,000 to \$25,000. Plans for the Trillium Award 30<sup>th</sup> anniversary celebration were scaled back. OMDC will only offer half of the Trillium programming as originally planned, limiting the number of events and readings that take place across the province. The revised budget eliminates both the Canada's 150<sup>th</sup> Anniversary initiative and the Recognizing Excellence initiative.

### ***Business Process Improvements***

Several one-time business and information technology (IT) improvements have been maintained at \$110,000 including the implementation of an Electronic Payment system, SharePoint and Cloud-based storage in order to achieve further service improvements and internal system efficiencies.

### ***Other Changes – Tax Credit Transitional Grant***

The \$6 million that OMDC was scheduled to receive from MTCS in 2016-17 to administer a transitional grant related to tax credits, has been reduced to \$3 million. The transitional grant is intended to provide some relief for Ontario Production Services Tax Credit (OPSTC) and Ontario Computer Animation and Special Effects Tax Credit (OCASE) productions that were impacted by the reduction of tax credit rates in the 2015 Budget and that don't meet the criteria for grandfathering. Applications were due at the end of 2015 and it is anticipated that grant money will begin flowing in 2016-17. The application period has now closed and the reduced total value of the grant is based on the estimated value of the applications received. This change is unrelated to the OMDC's overall budget reduction.

### ***Conclusion***

The revised 2016-17 budget mitigates and minimizes the direct industry impact of the budget reduction through a variety of strategies which include timing adjustments, cost containment, program modifications, revenue increases, and ultimately program reductions. It retains the logic embedded in the Business Plan where the core budget is balanced and the cash reserve is utilized only to support time-limited initiatives which will not create long-term stakeholder expectations. OMDC's primary goal was to minimize direct impact on our core programming and industry initiatives. While these changes to the Business Plan and budget have been made with a view to minimizing industry impact, a cut of this magnitude cannot be accomplished without any impact. The revised budget will result in lost opportunities, reduced return on investment, and decreased flexibility and capacity for OMDC to respond to unexpected change and emerging opportunities.

## APPENDIX A: FINANCIAL FORECAST SUMMARY

AGENCY: ONTARIO MEDIA DEVELOPMENT CORPORATION (\$ Thousands)	FINANCIAL FORECAST SUMMARY			
	2016-17 BUDGET	2016-17 BUDGET (Revised)	2017-18 FORECAST	2018-19
<b>REVENUE</b>				
MTCS Funding	48,330.0	40,464.3	44,475.4	44,446.7
OPSTC/OCASE Transitional Grant	6,000.0	3,000.0	-	-
Self-generated (Note 1)	2,031.0	2,498.5	2,998.5	2,998.5
<b>TOTAL REVENUE</b>	<b>56,361.0</b>	<b>45,962.8</b>	<b>47,473.9</b>	<b>47,445.2</b>
<b>EXPENDITURES</b>				
Salaries & Benefits	7,256.0	7,006.2	7,103.1	7,201.4
Operations (Note 2)	2,539.0	2,106.1	2,130.2	2,154.7
Grants	38,351.7	36,118.5	36,118.5	36,078.5
OPSTC/OCASE Transitional Grant	6,000.0	3,000.0	-	-
Time-limited Strategic Initiatives	1,500.0	575.0	575.0	575.0
Program Delivery	2,163.8	1,730.3	1,730.3	1,730.3
<b>TOTAL EXPENDITURES</b>	<b>57,810.6</b>	<b>50,536.2</b>	<b>47,657.1</b>	<b>47,739.8</b>
<b>Net Surplus/(Deficit)</b>	<b>-1,449.6</b>	<b>-4,573.3</b>	<b>-183.1</b>	<b>-294.6</b>

### Notes:

- (1) Includes tax credit administration fees, interest, and other income  
(2) Includes occupancy, administration, marketing and communications costs

## I. EXECUTIVE SUMMARY

Ontario Media Development Corporation (OMDC) is the central catalyst for Ontario's cultural media cluster. It promotes, enhances and leverages investment, jobs and original content creation. Ontario's Entertainment and Creative Cluster (ECC) is a key driver of direct economic value, employing over 200,000 workers and generating over \$12.4 billion in direct industry Gross Domestic Product (GDP).<sup>1</sup>

A flourishing creative cluster brings with it significant economic, cultural, and social benefits that spill over into other sectors across the Province. The ECC, including the creative media industries, are direct creators of knowledge-based jobs in Ontario. They contribute to the Province's economic growth through their GDP impact, strong export focus, and through the expansion of other sectors such as tourism. They also make Ontario an excellent place to live and in doing so, they attract and retain a highly skilled and diverse workforce that benefits employers in all sectors and that increases revenue, and incents investment and innovation across many different industries in Ontario. From an international perspective, Ontario ranks third behind California and New York as North America's top entertainment and media economy and is a world leader in revenue generation and job creation within the creative clusters.<sup>2</sup> In a challenging economic environment, the creative media industries represent an excellent investment in the future growth of Ontario's knowledge economy.

The Agency is committed to delivering high impact support to drive growth and productivity and to build the capacity and competitiveness of Ontario's creative media industries. Through a specialized toolkit of tax credits, programs and services for the film and television, book and magazine publishing, music, and interactive digital media industries, OMDC advances the Government'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. Delivering a strong menu of predictable, reliable and flexible programs, the agency remains central to the implementation of a creative and economic development strategy for the Province of Ontario.

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 \$1.29 billion to the provincial economy** in 2014 – the fourth year in a row over the one-billion-dollar mark. Film and television production activity accounted for more than 28,000 full-time direct and spin-off jobs in Ontario.<sup>3</sup>

---

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

<sup>3</sup> OMDC, 2015 Production Statistics.

- Certified **2,923** Ontario book, film, television, and interactive digital media products with production budgets totalling \$6.1 billion. The estimated Ontario **tax credit** investment of \$578 million leveraged an additional \$9.63 for every dollar invested for the creation of cultural media content.<sup>4</sup>
- **Export Fund** support generated **\$341 million in sales** for Ontario companies; a return of \$190 for every dollar invested by OMDC.<sup>5</sup>
- Initiated **40,000 new business leads** for Ontario companies through **Industry Development** events supported by OMDC to facilitate partnerships and collaboration.<sup>6</sup>
- Created **64 full-time, direct jobs** in Ontario's knowledge economy for every \$1,000,000 of OMDC support.<sup>7</sup>
- Generated **\$3.27 in GDP** for every dollar invested through **OMDC funds** and **tax credits**.<sup>8</sup>

OMDC will continue to build on these successes through its programs and activities.

### *Environmental Scan*

OMDC maintains regular environmental scanning and monitoring of issues important to the creative media industries; including publishing comprehensive Industry Profiles of the six sectors supported by OMDC.

OMDC programs and activities are also informed and enriched by regular stakeholder engagement that enhances the agency's ability to fulfill its mandate successfully. Formal stakeholder engagement takes place through OMDC's five Industry Advisory Committees that meet throughout the year.

Key trends and challenges facing Ontario's creative media industries and OMDC include some of the following:

#### ***External Cluster Developments and Trends***

- Economic indicators predict moderate growth for Ontario.
- Ontario's export growth nearly doubled in 2014 and is expected to continue to grow.
- A competitive Canadian dollar is helping to boost exports and has attracted strong levels of foreign service production to Ontario.
- Canada's entertainment and media related spending is expected to grow to \$58 billion by 2019.

---

<sup>4</sup> OMDC Annual Results, 2014-15.

<sup>5</sup> OMDC, Annual Results, 2013-14.

<sup>6</sup> OMDC Annual Results, 2014-15.

<sup>7</sup> PricewaterhouseCoopers, "OMDC Performance Measures: Final Report", March 30, 2015.

Note: These figures are derived from 2013-14 data.

<sup>8</sup> OMDC Annual Results, 2014-15.



- Canadians continue to consume content across a growing number of digital and traditional platforms.
- Ontario's creative industries are national leaders.
- A newly elected Federal Liberal government has promised increases to funding to the CBC, Telefilm, and Canada Council among other investments in culture and the cultural industries.

***Challenges for Ontario's Creative Media Industries*** (identified in OMDC's Strategic Plan)

- Limited access to financing
- Continued instability of business models
- Limited access to, and revenues from, global markets
- Timeliness of support
- Gaps in access to talent

***Internal Developments and Trends***

- Demand for OMDC programs and services continue to grow and exceed available resources.
- OMDC's mandate is under review; recommendations are expected to be delivered to Treasury Board in early 2016.
- The Province is creating its first culture strategy and arts policy framework.
- The Ontario Music Fund (OMF) has been made permanent at \$15 million per year.
- An enhanced Interactive Digital Media IDM Fund (IDM Fund) has been made permanent with an increased budget of \$10 million per year, beginning in 2016-17.
- Significant changes to several tax credits, announced in the 2015 Budget will have operational implications for the Agency over the next few years.

***Strategic Directions***

OMDC's goals for 2016-17 continue to be informed by the Agency's Strategic Plan and mandate and are in alignment with the Government of Ontario's stated priorities to build a strong, innovative, creative economy through investment in the creative media industries.

The following goals have been identified for 2016-17:

- Drive growth, productivity and employment in Ontario's creative media industries;
- Enable business innovation and collaboration;
- Expand access to global markets and support content development;
- Provide strong leadership to advance Ontario's creative media industries.

OMDC's current strategic plan will conclude in 2016-17. Once the review of OMDC's mandate is complete, the Agency will review and update the Strategic Plan towards the creation of a new plan that will begin in 2017-18.

## *Programs and Activities*

OMDC will continue to review, evaluate and adapt its programs and services to ensure that they are relevant, leading edge, and high impact as the market realities and business environment for the culture industries continues to change. OMDC will continue to develop innovative initiatives such as the Collaboration and Innovation Fund pilot in order facilitate new opportunities for Ontario's creative media companies and to better target government priorities. In addition, OMDC will work closely with the Ministry of Tourism, Culture and Sport (MTCS) and the Ministry of Finance (MoF) in order to modernize and improve the effectiveness of tax credits for Ontario companies.

OMDC will continue to offer the following programs and services to Ontario's creative media industries:

- **Content Creation**  
Film Fund, IDM Fund, Tax Credits, Ontario Music Fund
- **Marketing and Business Innovation**  
Book Fund, Magazine Fund, Tax Credits, Ontario Music Fund
- **International Market Development:**  
Export Funds, Strategic Initiatives, Ontario Music Fund
- **Broad Industry Support**  
Industry Development Program, OMDC-led activities, Sector Marketing, Market Intelligence, and Research
- **Film Commission**  
Marketing Ontario to the film and television production industry; including location scouting and facilitation services.

Significant program changes anticipated for 2016-17 are:

- **Collaboration and Innovation Fund (CIF):** As projects awarded funding in the pilot year (2015-16) will not be complete until the third quarter of 2016-17, OMDC will not offer the program next year to allow sufficient time to evaluate the outcomes and results of the program and to assess the extent to which the enhanced IDM Fund might address similar program objectives. A decision about the future of the CIF will be made for 2017-18.
- **Enhanced Interactive Digital Media Fund:** As announced in the 2015 Budget, permanent funding has been provided for an enhanced version of the IDM Fund and annual funding of \$10 million will begin in 2016-17. In 2015-16, a \$6 million version of the fund was introduced which included a new Concept Definition stream in addition to the existing Production stream. For Year II and beyond, OMDC will maintain the existing Production and Concept Definition streams. Industry consultations were conducted in Fall 2015 to seek feedback and input on potential

program enhancements including market and global development; incubation and start-ups; industry development and strategic initiatives.

- **Transitional Grant:** OMDC will receive \$6 million in 2016-17 to administer a transitional grant that will provide partial relief for Ontario Production Services Tax Credit (OPSTC) and Ontario Computer Animation and Special Effects Tax Credit (OCASE) productions that were impacted by the reduction of tax credit rates in the 2015 Budget and that don't meet the criteria for grandfathering. Applications were due November 30, 2015 with grant money flowing beginning in 2016-17 and continuing until the funding is allocated.
- **Time-Limited Strategic Initiatives:** In an effort to extend the reach of Ontario-created content to broader audiences around the world; to develop new international business opportunities and enhance business skills, acumen, and competencies among creative entrepreneurs; contribute to the celebration of Canadian excellence; and achieve business process efficiencies through technological solutions, OMDC will draw on reserve funds to implement a number of targeted initiatives in 2016-17 in addition to delivering the core programs described above.

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

- The current annual allocation, including program-specific funding for the IDM Fund and OMF will provide OMDC with sufficient financial resources to operate at status quo levels.
- The Agency also has sufficient full time equivalent (FTE) positions to operate at status quo; however, human resources are strained making it difficult to service new growth, respond to emerging and unplanned opportunities, and for OMDC to execute new and innovative ideas.
- In order to ensure that OMDC is successful in meeting its goals, the Agency will rely on continued collaboration and partnership with government partners including MTCS and the MoF.

### *Budget and Staffing*

This Business Plan represents a status quo budget with no requested increases for additional financial or human resources beyond what has already been announced by the Government. Specifically:

- OMDC's 2016-17 expenditures are anticipated to be \$57.8 million for accounting purposes, before adjusting for amortization and capital acquisitions. These expenditures include \$1.5 million in time-limited initiatives, which will be funded from cash reserves and a one-time \$6.0 million Tax Credit Transitional Grant program.
- OMDC's annual allocation from the Government of Ontario for 2016-17 is expected to be \$47.95 including program-specific allocations of \$10 million for an expanded IDM Fund and \$15 million for the OMF.

- OMDC's revenues in 2016-17 will also include an additional \$6 million for a transitional grant for qualifying OPSTC and OCASE productions.
- The Agency will also receive \$40,000 of federal funding for a Francophone Book Publishing Initiative that will match funding from the Book Fund. This funding will conclude in 2017-18.
- Uncommitted cash reserves at the end of 2015-16 are projected to be \$9.4 million. OMDC's fiduciary practice is to ensure that the reserve fund is sufficient to cover lease, legislated and severance obligations before considering allocations for programs and services. In addition, OMDC will utilize reserve funds in 2016-17 to implement a number of time-limited strategic initiatives to enhance outcomes related to business development, discoverability, celebrating excellence, and business process improvements.
- No changes are anticipated to the Agency's staff complement of 71 FTEs.

## *Performance Measures*

Performance measures for the Agency have been developed to provide regular feedback on whether the funds, programs, and other activities are meeting their objectives. OMDC expects to meet or exceed 2015-16 performance targets by year-end, with the following exceptions:

- The aggregate turnaround time for tax credit certification has increased. The unplanned implementation of several complex changes to the Tax Credits, announced in the 2015 Budget, has required the redirection of resources from processing applications to analysis and implementation planning with MTCS and MoF as well as requiring the department to respond to a significantly increased volume of applicant inquiries. Turnaround times will begin to return to 2014-15 levels once implementation is complete and impacted tax credit applications have been processed.
- OMDC also expects that the value of tax credit certificates will exceed estimates due to an unanticipated spike in OPSTC applications caused by the 2015-16 application deadline for grandfathering productions that were impacted by the 2015 Budget tax credit rate changes. A second spike in OPSTC applications may be seen later in the year due to the application deadline for the transitional grant. This is likely a timing impact only and will self-correct in 2016-17.
- It is anticipated that the value of film and television production in Ontario will exceed expectations for 2015-16. The competitive Canadian dollar has predictably attracted an increase in foreign service production. Domestic feature film production has also been strong this year, which reflects positively on OMDC's work to stimulate industry growth and stability.

Beginning in 2016-17, OMDC will report performance measures using a new framework developed in partnership with the MTCS. The framework was created to allow the Agency to better attribute the economic impact of its programs and services in the cultural industries on an annual basis. A full list of the new performance measures is included in Appendix A.

## *Risk Identification, Assessment and Mitigation Strategies*

OMDC regularly updates and submits detailed quarterly risk assessment reports to the Ministry, with respect to risk factors, impact and associated mitigation strategies.

High impact risks facing the Agency and the creative industries over the next three years include the following:

- OMDC will continue to review and implement or recommend (as appropriate) programs and service updates to ensure that they remain relevant, flexible and high impact in the face of a rapidly evolving environment. Outdated programs and services that don't respond effectively to the current environment risk reducing company productivity and lessen the impact of government investment in the creative media industries.



- Longer processing times for tax credits will delay payment to applicants thereby jeopardizing company stability and productivity. To the extent possible, OMDC will allocate its resources to move applications through the queue and endeavour to manage applicant expectations to allow appropriate financial planning.
- Changes to the Ontario Interactive Digital Media Tax Credit (OIDMTC) will affect applications that were already in the queue at the time a new labour test was introduced and may jeopardize some companies that will no longer qualify for the tax credit. This will further slow processing which in turn may negatively affect the reputation of the Agency and the Government. In order to mitigate these risks, OMDC will work with stakeholders to communicate the changes clearly. OMDC will continue to work with MoF on the final regulations to ensure they are not unintentionally restrictive. Draft regulatory amendments were posted for public comment in November. The proposed amendments contain some measures for relief for Applicants that had applied to OMDC but were not certified by April 23, 2015.
- OMDC's programs are oversubscribed and the inability to fund quality projects represents a lost opportunity for the Province. Although none is anticipated, a reduction in the Agency's budget would mean that some OMDC programs may have to be discontinued or funding provided to fewer applicants at lower amounts. It may also result in reductions to operational resources for the Agency. OMDC will continue efforts to demonstrate the value for money of Ontario's investment to both government and the public through new performance measures and through the Agency's communications strategy. The Agency will also continue to evolve and improve programs to ensure their effectiveness and to better target strategic priorities. In addition, OMDC will continue to implement recommendations from a third-party business process review in order to find efficiencies within the Agency's current resources.

### *Initiatives Involving Third Parties*

OMDC works with third party public and private partners to deliver specific services and activities that support the creative media industries. These include:

- City of Toronto to operate the Toronto/Ontario Film Office in L.A.
- Toronto International Film Festival Group
- European Film Promotion and the Toronto International Film Festival to deliver Producers Lab Toronto.
- Federal and provincial and industry partners to promote Ontario's creative media industries at key international markets and events (e.g. Telefilm).

### *Information Technology*

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.

Key activities in the Agency's 2016-17 Information Technology Plan include the following:

- Additional enhancements to information technology infrastructure, including further virtualization of the server environment for all outward facing client databases (Online Application Portal, Digital Location Library, and Online Research Library).
- Implementation of an electronic payment system for both incoming and outgoing payments.
- Introduction of a more robust CRM system for the organization. The new system will allow for better data management and integration with Microsoft Outlook, the OAP and accounting system.

### ***Communications Plan***

The role of the communications group is to support OMDC's programs and activities by creating effective communications vehicles that help convey the Agency's mandate, programs and services, as well as industry successes and challenges to key target audiences. Communicating how OMDC's programs, services and activities tie into the economic health of Ontario's creative industries is the foundation of the 2016-17 communications plan that will employ the following strategies:

- Champion the positive economic impact of the creative industries in Ontario and of OMDC's role in supporting them.
- Increase the association of OMDC with positive outcomes through the development of a mainstream media presence, expanded audience, and compelling messages.
- Continue to strengthen the OMDC brand by engaging audiences with updated content and by optimizing the OMDC 'brand look'.

### ***Conclusion***

This Plan contains a slate of programs and services that represent a total operating budget of \$57.8 million in fiscal 2016-17. This represents a status quo budget with no increase in either financial or human resources other than what has previously been announced by the Government. The Government of Ontario's strong and continued investment in OMDC has enabled the Agency to support the development and distribution of content; to expand export activity; to ensure that Ontario companies and products feature prominently in international markets; and to establish new programs to encourage partnerships, collaboration, and innovation across sectors and across borders. Supporting both emerging and established companies as they develop new business models, has in turn allowed companies to mitigate risks, increase capacity and achieve success that would not have been possible without OMDC's support.

These investments by the Government will ensure that the Province 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

The Ontario Media Development Corporation 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.) It should be noted that a review of OMDC's mandate by the Government of Ontario is currently in progress and recommendations are expected to be delivered to Treasury Board at the beginning of 2016. Any changes to the mandate as a result of the review are not yet known.

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's vision to create a strong and stable culture sector and prosperous creative economy by helping Ontario's content producers to develop globally competitive media content that creates knowledge-based jobs and prosperity today and in the future. As the key delivery mechanism for providing programs and activities to the province's creative media industries, OMDC supports the Ministry's goal of encouraging expansion of the Entertainment and Creative Cluster (ECC) and stimulating job creation, economic growth, and innovation. For a detailed description of how the OMDC's mandate aligns with government priorities and the Agency's programs and activities, see Appendix B. OMDC is accountable to MTCS for the fulfillment of its mandate.

OMDC also maintains working relationships with the Ministry of Finance (MoF) and the Ministry of Economic Development, Employment and Infrastructure (MEDEI) 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, typically six times a year. In August 2015, Kevin Shea's nine-year term as Chair of the Board of Directors concluded. The Agency is awaiting the appointment of a new Chair. OMDC currently has 15 Board members:

Nyla Ahmad	Patrick Bourbonnais
Alexandra Brown (Vice-Chair)	Paul Bronfman
Adam Caplan	Susan de Cartier
Nathon Gunn	Sharifa Khan
Leesa Levinson	Sarah MacLachlan
Ildiko Marshall	Anita McOuat
Marguerite Pigott	Mark Sakamoto
Blake Tohana	

### ***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, 2006. The current full-time staff complement is 71.

### ***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.

### ***Accessibility***

OMDC actively supports all Ontario Accessibility legislation and directives including the Accessibility for Ontarians with Disabilities Act (AODA). The Agency is committed to the Government of Ontario's strategic goal of integrating diversity into all programs, policies, and services. The Agency is committed to continuing to extend its services and programs to ethno-cultural and other special interest/needs groups. Proactive outreach to ensure that OMDC's services are communicated and accessible to individuals and companies across Ontario will continue. OMDC's policies and multi-year accessibility plan are posted on the corporate website.

### ***Accountability***

OMDC's relationship and obligations to the Ministry are laid out in a Memorandum of Understanding (MOU). The MOU is an internal document that is reviewed every five years and when there is a change of Minister or Agency Chair. The MOU, as well as the Agency's business plans and annual reports are posted on OMDC's website as part of the Province's Open Government initiative. In addition to these documents, OMDC also posts the travel, meal and hospitality expenses of its Board of Directors (appointees) and President and CEO (staff at the Senior Management Group level 3 and above). Expenses are posted on the corporate website on a quarterly basis following appropriate approvals and reimbursement.

### III. ENVIRONMENTAL SCAN

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

Ontario's Entertainment and Creative Cluster (ECC) is a key driver of direct economic value, employing over 200,000 workers and generating over \$12.4 B in direct industry Gross Domestic Product (GDP).<sup>9</sup> Between 2005 and 2011 growth in Ontario's ECC outpaced overall provincial growth.<sup>10</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>11</sup> Moreover, Cluster employees tend to be highly skilled, educated and creative, feeding into Ontario's wider knowledge economy that 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>12</sup>

#### **Economy**

Economic uncertainty continues to be a significant factor affecting all parts of the federal and provincial economy, including the creative industries. Indicators continue to predict moderate growth for Ontario with real GDP forecast to increase by 2.7 per cent in 2015.<sup>13</sup> In contrast, provincial GDP fell 0.1 per cent over the first quarter in 2015.<sup>14</sup> A competitive Canadian dollar is helping to boost exports and is contributing to strong foreign service production levels in Ontario.

PricewaterhouseCoopers (PwC) reports that North American entertainment and media related spending rose by 5.2 per cent in 2014, nearly a full per cent over the previous year's growth.<sup>15</sup> Worldwide entertainment revenues are forecast to rise at a compound annual growth rate (CAGR) of 5.1 per cent over the next five years, from US\$1.74 trillion to US\$2.23 trillion in 2019.<sup>16</sup> Projections for growth in Canada remain steady, at 5.2 per cent CAGR, very slightly outpacing global revenue growth rates, growing to approximately \$58 billion in 2019.<sup>17</sup>

---

<sup>9</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>10</sup> MoF, Entertainment and Creative Cluster Statistics, 2013.

<sup>11</sup> Ibid.

<sup>12</sup> Ontario Ministry of Tourism and Culture, *Ontario's Entertainment and Creative Cluster: A Framework for Growth*, June 2010, p. 5.

<sup>13</sup> Ontario Ministry of Finance (MoF), *2015 Ontario Budget*, p. 233.

<sup>14</sup> Ontario Ministry of Finance, *Ontario Economic Accounts: First Quarter 2015*, July 2015, p.1.

<sup>15</sup> PricewaterhouseCoopers (PwC), *Global entertainment and media outlook: 2015-2019*, Entertainment and Media Market by North American Segment, August 17, 2015.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

### **Consumer Trends**

Ontarians are increasingly connected. Seventy nine per cent of Canadian households subscribe to a high-speed Internet service and over 19 million Canadians have mobile broadband subscriptions.<sup>18</sup> In 2014, 66 per cent of Canadians 18 years or older used smartphones, and 49 per cent used tablets to communicate and to consume content.<sup>19</sup> Seemingly in contrast, vinyl LP sales are up 40 per cent over last year and print sales for books and magazines still remain a significant segment of publisher's revenues.<sup>20</sup> It is evident that consumers see no substantial divide between digital and traditional media. Consumers are demanding flexibility, freedom and convenience in when and how they consume content. The development of seamless user experiences across distribution channels will be important for success in a content-centric, platform-agnostic environment.

### **Going Global**

Growth in international markets will continue to be a priority for all of Ontario's creative media sectors to offset the limited size of the domestic marketplace for cultural products. 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.

### **Evolving Business Models**

Digital transformation has meant that production and distribution models for creative content are constantly changing. There is an opportunity for Ontario to support evolving business models in order to build competitive companies and a prosperous creative economy. OMDC will continue to address this need by providing essential funding for business development activities including the creation and implementation of new strategic business and marketing initiatives. Supporting trade organizations for events, markets, activities, and research will also be an essential tool that will help grow the industry.

### **Collaboration and Innovation**

As the creative industries evolve from distinct silos to more convergent companies that create content across multiple platforms, OMDC has an opportunity to facilitate partnerships and support innovation to enable business growth and create jobs across the ECC. The Agency works with industry stakeholders to deliver cross-sector collaborative activities and delivers programming that provides opportunities for Ontario companies to work within and across sectors to transform innovative and entrepreneurial ideas into goods and services that will drive growth and productivity. These activities will be the key to encouraging partnerships and building relationships across the creative media industries that will in turn lead to innovation, productivity, and growth in the sectors.

---

<sup>18</sup> CRTC, *CRTC Communications Monitoring Report*, October 2015, p. 2.

<sup>19</sup> Ibid.

<sup>20</sup> Nielsen, *2015 Mid-Year Music Canada Report*, July 2015.

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 media, and book publishing sectors:<sup>21</sup>

### **Book Publishing**

The book publishing industry in Ontario is a \$1.23 billion industry, generating two-thirds of national revenues and paying out \$256 million in wages, salaries and benefits.<sup>22</sup> In 2010, Ontario book publishing contributed a GDP of \$499 million and 5,435 jobs.<sup>23</sup> A January 2015 survey of Canadian publishers found that 93 per cent are producing ebooks in addition to print.<sup>24</sup>

The Ontario publishing ecosystem includes large, foreign-owned publishing firms as well as smaller, Canadian-owned publishers. The Canadian-owned sector in Ontario comprises mainly long-established private corporations. Nearly three-quarters of Ontario respondents to a recent survey have been in operation for more than 20 years, and half of responding companies could be considered small, reporting revenue for 2011 under \$1 million;<sup>25</sup> the largest book publishers operating in Canada are foreign-owned. Most of Ontario's book publishers are English-language and based in Toronto. Ontario's six French-language publishers are located in Ottawa, Sudbury, and Toronto.<sup>26</sup>

With the passing of Bill C-11 in 2012, Canada's Copyright Act was revised with new provisions around fair dealing, which provide users of copyrighted works the ability to bypass paying licence fees for certain works and uses. Fair dealing is being interpreted as having been extended to educational uses of material, which has significant effects on the book publishing industry and is resulting in declining revenues for the educational publishing sector.<sup>27</sup> In November 2014, HarperCollins Canada announced it would outsource its Canadian distribution to the U.S. by summer 2015, a move that affected several independent, Ontario-based publishers who had been distributing their books from HarperCollins' Scarborough warehouse.<sup>28</sup> In the U.S., there are some reports midway through 2015 that ebook sales (of traditional publishers' works) are slowing, as some ebook consumers return to print or read both formats.<sup>29</sup> In Canada, this trend has not been documented and most publishers report that their digital sales revenue increased between 2013 and 2014; however, digital sales still account for less than 15 per cent of company revenues for most publishers.<sup>30</sup> Publishers sell digital books via a variety of sales

---

<sup>21</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>22</sup> StatsCan, "Book Publishers 2012," Catalogue no. 87F0004X, Table 1, March 2014.

<sup>23</sup> StatsCan, "Provincial Territorial Culture Satellite Account, 2010," Table 7: GDP of culture and sport industries at basic prices, by domain and sub-domain, Ontario, 2010; Table 7: Jobs of culture and sport industries, by domain and subdomain, Ontario, 2010 (industry perspective).

<sup>24</sup> BookNet Canada, *The State of Digital Publishing in Canada 2014*, June 2015.

<sup>25</sup> Ontario Media Development Corporation (OMDC), *An Economic Impact Study of the Ontario Book Publishing Industry*, July 2013, p. 8.

<sup>26</sup> Lucie Hotte et al., *La Chaîne du livre en Ontario français: un état des lieux*, June 2010, *Chaire de recherche sur les cultures et les littératures francophones du Canada*, p. 83.

<sup>27</sup> Access Copyright bulletin, "Impacts of the education sector's interpretation of 'fair dealing,'" [Accesscopyright.ca](#).

<sup>28</sup> Baldassi, Julie, "HarperCollins Canada moves distribution to U.S., lays off president and CEO David Kent," November 4, 2014.

<sup>29</sup> Alter, Alexandra, "The Plot Twist: E-Book Sales Slip, and Print Is Far From Dead," *The New York Times*, September 22, 2015.

<sup>30</sup> BookNet Canada, *The State of Digital Publishing in Canada 2014*, June 2015.

channels including ebook specific retailers, direct sales, wholesale, subscription services, and other channels.<sup>31</sup> Print continues to dominate the landscape overall with more than two-thirds of the consumer book market in Canada.<sup>32</sup>

Discoverability is a major challenge, particularly in light of the decline of shelf space for physical books at the major retailers as retail offerings expand beyond books, 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 from reaching consumers on e-book platforms.<sup>33</sup> Connecting consumers directly to authors via author tours and public readings is now an important and growing way for publishers to reach audiences.

### ***Film & Television***

In 2014, Ontario's film and television industry contributed \$1.29 billion to provincial GDP, the fourth year in a row over the \$1 billion mark, with domestic production accounting for 61 per cent of the total. The film and television industry in the province sustained nearly 28,000 full-time direct and spin-off jobs, an increase of 2,600 over 2013 figures.<sup>34</sup> Ontario supports approximately 35 per cent of all film and television production jobs nationally.<sup>35</sup> The majority of Canada's film and TV distribution revenue is generated in Ontario. In 2011, Ontario-based distributors earned \$1.6 billion, or 86 per cent of all distribution revenue in Canada.<sup>36</sup>

The film and TV production sector in Ontario is mainly made up of small- to medium-sized companies producing a combination of their own proprietary productions and service productions with international partners. A large concentration of Canada's film and TV production companies and labour force is located in Ontario (specifically in the Greater Toronto Area).<sup>37</sup> The province is also home to world-class animation and visual effects studios. Ontario productions continue to perform well and garner attention at home and abroad for their excellence.

Recent policy changes at both the federal and provincial levels have implications for players in Ontario's film and television industry. In early 2015, the Canadian Radio-television and Telecommunications Commission (CRTC) delivered decisions from its Let's Talk TV review of Canada's television system. Key changes include the reduction of quotas for the amount of Canadian programming that must appear on local and specialty channels, elimination of genre protection rules for specialty channels, increased flexibility on the part of broadcasters in terms of promoting Canadian content, and changes to the definition of a Canadian production. The new rules allow broadcasters to apply to remove requirements to

---

<sup>31</sup> BookNet Canada, *The State of Digital Publishing in Canada 2014*, June 2015.

<sup>32</sup> PwC, *Global Entertainment and Media Outlook 2015-2019*, "Canada: Book publishing," June 2015.

<sup>33</sup> BookNet Canada, *The State of Digital Publishing in Canada 2013*, March 2014.

<sup>34</sup> OMDC Production Statistics, 2015.

<sup>35</sup> Canadian Media Production Association (CMPA), *Profile 2014*.

<sup>36</sup> Motion Picture Association – Canada and CMPA, *The Economic Contribution of the Film and Television Sector in Canada*, July 2013, p. 67.

<sup>37</sup> Women in Film and Television - Toronto (WIFT-T), *Frame Work II: Canada's Screen-based Workforce*, January 2012, p. 43.



adhere to previously negotiated Terms of Trade agreements with independent producers.<sup>38</sup> The changes have also incented increased competition in the digital streaming market with the launch of the Canadian over-the-top services like Shomi and CraveTV. This trend is even more prevalent in the United States with standalone cable channels like HBO now offering individual over-the-top services directly to customers, allowing HBO consumers to bypass over-the-air cable distributors entirely.<sup>39</sup> The federal government's direction to unbundle cable services has yet to be fully implemented; however it is anticipated that not all television services will survive in this environment. The 2015 Ontario Budget also introduced reductions to tax credit rates for the Ontario Production Services Tax Credit (OPSTC) and the Ontario Computer Animation & Special Effects Tax Credit (OCASE), which affects both foreign and domestic producers. The low Canadian dollar is expected to mitigate some of the impacts of the rate reduction for foreign companies.<sup>40</sup>

Some key trends in the film and television landscape include the rise in accessing alternative financing options, such as partnering with brands and mounting crowdfunding campaigns to fill funding gaps. In the documentary sector, there is interest in exploring how to better leverage support from the philanthropic community.<sup>41</sup> As distribution expands to digital platforms, discoverability is an increasing issue for producers; the CRTC is hosting a Discoverability Summit in 2016 to generate ideas on possible solutions. A related trend is the diversification of viable release options for product; distribution strategies are typically crafted in a unique fashion dependent on the project, as opposed to following sequential release windows as was frequently the norm in the past.<sup>42</sup>

Traditional television viewing continues to drop across all age demographics; however, the rate is significantly greater for young Canadians between 18 – 34 years of age who are migrating to Internet TV viewing. With digital video consumption growing among all age demographics<sup>43</sup>, user-generated content (UGC) on platforms such as YouTube is a significant feature of the media landscape. Google reports that Canadians are the third most prolific uploaders to YouTube in the world, and according to comScore, Canadians watch more than 2 billion videos on YouTube each month, including music-related, sports, comedy, and television content.<sup>44</sup> This audience is highly valuable to advertisers.<sup>45</sup> A study by Variety found that among U.S. teens, eight of the top 10 influencers are YouTube creators rather than traditional

---

<sup>38</sup> Policy documents and consultation summaries are available on the CRTC website at: <http://www.crtc.gc.ca/eng/talktv-parlonstele.htm>

<sup>39</sup> Mudhar, R. (2015, March 18). While Canada watches, cable unbundling already underway in U.S. *Toronto Star*. Retrieved October 15, 2015, from <http://www.thestar.com/business/2015/03/18/while-canada-watches-cable-unbundling-already-underway-in-us.html>

<sup>40</sup> Ontario Ministry of Finance (MoF), *2015 Ontario Budget*, pp. 329-330.

<sup>41</sup> For further reading, see recent OMDC-funded studies including: Canadian Media Production Association, *Branded Entertainment: A New Production Financing Paradigm* (Whitepaper #1), November 2013; Documentary Organization of Canada (DOC), *Growing the Pie: Alternative Financing and Canadian Documentary*, May 2014; DOC, *Philanthropic Funding for Documentaries in Canada: Towards an Industry-wide Strategy*, September 2015.

<sup>42</sup> See for example trade publication *Playback's* "Coming Soon" series of profiles of individual productions' distribution strategies.

<sup>43</sup> Krashinsky, Susan, "Advertisers channel the power of YouTube's growing audience," *The Globe and Mail*, March 29, 2013; Farrell, David, "YouTube's Journey to Reinvent Television on Mobile," *MediaPost*, July 23, 2015; Ault, Susan, "Digital star popularity grows versus mainstream celebrities," *Variety*, July 23, 2015.

<sup>44</sup> "YouTube FanFest set for Toronto," [cbc.ca](http://cbc.ca), March 31, 2015.

<sup>45</sup> Krashinsky, Susan, "YouTube set to launch Canadian ad blitz," *The Globe and Mail*, April 6, 2015.

film, TV, and music celebrities. Of these, YouTube stars focused on videogame content are some of the most highly rated.<sup>46</sup>

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

Ontario's IDM sector is Canada's largest in terms of employment and revenues. In 2008, the industry employed 16,000 people, generating revenues of almost \$1.5 billion,<sup>47</sup> and in 2010 generated GDP of \$917 million.<sup>48</sup> Ontario's videogame segment employs over 1,800 people at 96 firms.<sup>49</sup> In 2013, Ontario-based independent web series creators collectively generated \$3.14 million in revenue and had production volumes totalling \$7.45 million.<sup>50</sup>

The term interactive digital media (IDM) accounts for a range of digital content and experiences available through a variety of digital platforms such as mobile devices, tablets, game consoles and Web applications. IDM in Canada is a growth industry that is quickly changing, driven by shifts in consumer behaviour and technology. The broader IDM sector includes companies that produce interactive content as well as firms that provide various types of products or services to enable the production of interactive content. These are sometimes called "core" and "peripheral" IDM.<sup>51</sup> Core IDM content includes but is not limited to video games (including PC, console, mobile, and social games), cross-platform entertainment, web series, e-learning and training products.

In its Spring 2015 Budget, following a broad review of tax credit commitments announced in the preceding Fall Economic Statement, the provincial government introduced measures to focus the Ontario Interactive Digital Media Tax Credit (OIDMTC) to entertainment products for users and educational products aimed at children under 12. The Budget introduced a new quantitative rule based on the labour costs of developing a product that replaces the 90 per cent development rule for all specified and non-specified products. There is likely to be an adjustment period as producers clarify the parameters of eligible products going forward. Also in the Spring Budget, the government announced expanded funding for the Interactive Digital Media Fund, which will allow more interactive projects to receive grant-based support.

In this sector some key issues include challenges collaborating with partners in international jurisdictions, due to the lack of a treaty framework for co-production in this space as well as the potential of forfeiting access to provincial tax credits depending on the structure of the collaboration deal.<sup>52</sup> Virtual reality (VR) is an emerging area for interactive content experimentation, with some critical successes already receiving recognition. By one prediction, VR could grow to a \$6 billion industry by 2025.<sup>53</sup> Online platforms such as Twitch and YouTube Gaming offer users the opportunity to broadcast their gameplay to

---

<sup>46</sup> Ault, Susan, "Digital star popularity grows versus mainstream celebrities," *Variety*, July 23, 2015.

<sup>47</sup> Canadian Interactive Alliance (CIAIC), *Canadian Interactive Industry Profile*, February 2009.

<sup>48</sup> Statistics Canada, "Provincial Territorial Culture Satellite Account, 2010," Table 7: GDP of culture and sport industries at basic prices, by domain and sub-domain, Ontario, 2010.

<sup>49</sup> Entertainment Software Industry of Canada (ESAC), *Essential Facts about the Videogame Industry 2014*, p.13.

<sup>50</sup> Independent Web Series Creators of Canada, *Industry Profile of the Independent Web Series Creators of Ontario*, June 23, 2014.

<sup>51</sup> Canadian Interactive Alliance (CIAIC), *2012 Canadian Interactive Industry Profile*, October 2013, p. 10.

<sup>52</sup> Interactive Ontario, *International Digital Media Co-Production: A Guide for Canadian Companies*, September 2014.

<sup>53</sup> Bailey, Katie, "Why Secret Location is on the 'Frontline' of VR," *Stream Daily*, September 25, 2015; Rody-Mantha, Bree, "Get real: A deeper look at the VR industry," *Stream Daily*, June 12, 2015.

audiences—a pastime that is growing in popularity.<sup>54</sup> Cineplex has picked up on the competitive gaming trend in Canada, with its recent purchase of online eSports gaming platform WorldGaming (WG). The company intends to host game-themed screenings and local multi-player video game tournaments, in an effort to attract the 15-30-year old demographic (skewing male).<sup>55</sup> Also in the game space, while in recent years mobile apps have been a focus, there is reportedly renewed interest in the console and PC markets of late as the business models are more predictable whereas in the mobile app space, discoverability and monetization challenges persist.<sup>56</sup>

### **Magazine Media**

Ontario's magazine media generate \$1.13 billion in operating revenues, more than half the national figure, and pay over \$370 million per year in wages, salaries and benefits.<sup>57</sup> Over half of Canada's magazines are produced in Ontario, and half of those titles ship to readers outside the province.<sup>58</sup> In 2010, the magazine industry in Ontario generated GDP of \$739 million and sustained 8,516 jobs.<sup>59</sup>

The magazine sector is made up of consumer and business-to-business (B2B) publications, with content distributed both in print and increasingly, digitally, via a variety of web and mobile channels. Canadian magazine media companies are highly diverse in their scale and output; they range from the largest companies that release more than 20 titles in a variety of categories, to producers of only one or two niche brands.<sup>60</sup>

The Ontario government announced the expansion of the Ontario Interactive Digital Media Fund in its 2015 Budget, and named the magazine industry as one that will be able to access this funding source. In the same Budget, the Ontario Interactive Digital Media Tax Credit (OIDMTC) was narrowed and may now exclude some magazine activities that could previously have been eligible. The magazine media industry in Canada saw consolidation in both the consumer and business-to-business (B2B) subsectors in late 2014 and early 2015. In one case, several eastern Canada brands were sold to a Quebec-based company, while in another a partnership of two Ontario companies acquired brands that had been owned by a British Columbia-based firm.<sup>61</sup> In the digital space, many magazines are moving toward development of mobile-friendly responsive websites (i.e. websites optimized for any browser or operating system) and

---

<sup>54</sup> Keng, Cameron, "Online streaming and professional gaming is a \$300,000 career choice," *Forbes*, April 21, 2014.

<sup>55</sup> Friend, David, "Cineplex looks to draw crowds from burgeoning gamer community by hosting competitions," *The National Post*, May 14, 2015; "Cineplex's eSports Play," *Playback*, September 18, 2015.

<sup>56</sup> Comments during Interactive Ontario GameON Ventures Conference panel, "Game of Thrones: Leading Industry CEOs debate the Future, Financing and Funding Models," September 30, 2015.

<sup>57</sup> Statistics Canada. *Table 361-0032 - Periodical publishers, summary statistics, every 2 years*, CANSIM (database). Statistics Canada includes activity from advertising periodicals, newsletter publishing and other types of periodicals.

<sup>58</sup> Alliance for Audited Media data for 2014, courtesy Magazines Canada.

<sup>59</sup> StatsCan, "Provincial Territorial Culture Satellite Account, 2010," Table 7: GDP of culture and sport industries at basic prices, by domain and sub-domain, Ontario, 2010; Table 7: Jobs of culture and sport industries, by domain and subdomain, Ontario, 2010 (industry perspective).

<sup>60</sup> TCI Management Consultants, *A Strategic Study of the Magazine Industry in Ontario*, September 2008, p. 3.

<sup>61</sup> Canadian Magazines, "Annex Media buys print and digital B2B properties from Glacier Media for 19.7 million," January 26, 2015; Canadian Magazines, "Transcontinental sells all its eastern Canadian consumer magazines to TVA," November 17, 2014.

away from dedicated tablet apps.<sup>62</sup> Magazine media companies continue to take their brands into a variety of platforms from events and conferences, to television and print books.<sup>63</sup> Print Measurement Bureau (PMB) Spring 2015 data released in April showed that digital magazine readership has nearly tripled in two years.<sup>64</sup> Despite digital growth, Canadians are also still choosing print formats; averaging over one million readers per PMB measured title.<sup>65</sup>

## **Music**

Ontario's sound recording and music publishing industry is Canada's largest. In 2010, Ontario's sound recording and music publishing industry generated GDP of \$275 million and 5,296 jobs.<sup>66</sup> In 2013, Ontario record producers and distributors generated \$373 million in operating revenues, or 78 per cent of national revenues.<sup>67</sup> PricewaterhouseCoopers (PwC) estimates that Canada's live music segment was worth US \$784 million in 2014, representing 64 per cent of the country's total consumer and ad music market.<sup>68</sup>

The Canadian music industry includes a wide range of artists and entrepreneurs who create, write, produce, publish, and distribute original music. The industry includes musicians, songwriters, record labels, managers, agents, concert promoters, and music publishers. The market in Ontario is dominated by the large foreign-owned record and publishing companies but also has a strong independent sector comprising mainly small- to medium-sized companies whose lines of business range from artist development to publishing, managing and touring. The vast majority of Canadian content is commercially released by Canadian-owned and -controlled independent music companies.

Key policy changes affecting the music sector in the last two years include the federal government's extension of the term of copyright for sound recordings from 50 to 70 years, announced in the April 2015 Budget.<sup>69</sup> The Copyright Board of Canada also delivered a decision in May 2014 on royalty rates for non-interactive and semi-interactive streaming services, which was received with some disappointment on the part of the music industry, primarily for not recognizing rates previously negotiated between the industry and digital music providers and, at 10.2 cents per 1,000 plays, for falling short of equivalent rates in the U.S. and other countries.<sup>70</sup> In its 2015 Budget, the Ontario government committed to the continuation of

---

<sup>62</sup> Magazines Canada, *The Opportunity for an Electronic Market Connecting Magazine Publishers to Video and Application Vendors*, 2014; Ratliff, Evan & Jefferson Rabb, "Goodbye, native mobile apps: Why Atavist is betting on the web," *The Atavist*, September 23, 2015

<sup>63</sup> Some Ontario examples include Cottage Life Magazine and WalrusTV's partnerships with Blue Ant Media and Coach House Press.

<sup>64</sup> "NADbank and PMB release spring 2015 readership studies," *Newspapers Canada*, April 22, 2015.

<sup>65</sup> Print Measurement Bureau, Fall 2014.

<sup>66</sup> Statistics Canada, "Provincial Territorial Culture Satellite Account, 2010," Table 7: GDP of culture and sport industries at basic prices, by domain and sub-domain, Ontario, 2010; Table 7: Jobs of culture and sport industries, by domain and subdomain, Ontario, 2010 (industry perspective).

<sup>67</sup> Statistics Canada. *Table 361-0034 - Sound recording and music publishing, summary statistics, every 2 years*, CANSIM (database). Provincial figures for the Music Publishing segment are not available for 2013; Canadian music publisher operating revenues reached \$192.2 million that year.

<sup>68</sup> PricewaterhouseCoopers (PwC), *Global Entertainment and Media Outlook 2015-2019*, Music segment data, June 2015.

<sup>69</sup> Bliss, Karen, "Canada officially extends copyright term to 70 years," *Billboard*, June 25, 2015.

<sup>70</sup> Re:Sound, "Re:Sound applies for Judicial review of Copyright Board decision in Re:Sound Tariff 8 – Non-Interactive & Semi-Interactive Webcasts (2009-2012)," Press release, June 16, 2014.

the Ontario Music Fund, at \$15 million per year, while eliminating the Ontario Sound Recording Tax Credit (OSRTC).

Analysts expect the tipping point at which recorded music revenue from digital sources will exceed revenue from sales of physical media will be reached in Canada in 2016. Currently the mix of digital revenue consists primarily of permanent downloads and this should continue through the next five years, however streaming is forecast to grow as a share of the digital market to approximately 30 per cent by 2019.<sup>71</sup> In 2015, Apple Music and TIDAL joined existing players operating in the Canadian market, expanding the number of music streaming options available to Canadian consumers. For streamed music formats, the establishment of fair compensation for music rights holders and record companies continues to be an issue.<sup>72</sup>

### **OMDC's Current Situation**

With stable base funding of \$47.95 including program-specific allocations of \$10 million for an expanded IDM Fund and \$15 million for the Ontario Music Fund, OMDC will be able to offer important funding to Ontario's creative media industries through the Agency's core programs. With this support OMDC will help build a prosperous creative economy by funding the development and distribution of digital content; providing export support to ensure that Ontario companies and products feature prominently in international markets; and facilitating partnerships, collaboration, and innovation across sectors and across borders.

#### **Program Changes**

OMDC will continue to evolve and refine the Agency's programs and services to ensure that they remain responsive to the changing business and consumer environment for creative media content and distribution. OMDC will also continue to work with MTCS and MoF towards adapting tax credits to better reflect the modern, digital marketplace for content. Consistent and reliable access to financing for content creation, business development, and innovation through OMDC's programs and tax credits remains essential to sustaining a strong creative economy in Ontario.

In response to the current environment faced by content creators, in 2015-16, OMDC piloted a new Collaboration and Innovation Fund. The intent of the pilot program was to promote next generation business evolution in Ontario's entertainment and creative cluster and to assist Ontario's cultural industry companies to meet the challenges and opportunities of the digital economy by supporting them as they explored new value propositions alongside current-state business models. It is anticipated that the projects awarded funding in 2015-16 will not be complete until the third quarter of 2016-17. As such, OMDC will not offer the program next year in order to allow sufficient time to evaluate the outcomes and results of the program in order to make recommendations about the future of the CIF for 2017-18.

---

<sup>71</sup> PricewaterhouseCoopers (PwC), *Global Entertainment and Media Outlook 2015-2019*, Music segment data, June 2015.

<sup>72</sup> McLeod, P. (2014, July 22). Making cents makes no sense: Canadian musicians to fight streaming music royalties. *The Chronicle Herald*. Retrieved October 15, 2015, from <http://thechronicleherald.ca/novascotia/1224673-making-cents-makes-no-sense-canadian-musicians-to-fight-streaming-music-royalties>.



As announced in the 2015 Budget, permanent funding has been provided for an enhanced version of the IDM Fund; annual funding of \$10 million will begin in 2016-17. In 2015-16, a \$6 million version of the fund was introduced which included a new Concept Definition stream in addition to the existing Production stream. For Year II and beyond, OMDC will maintain the existing Production and Concept Definition streams. Industry consultations were conducted in Fall 2015 to seek feedback and input on potential program enhancements including market and global development; incubation and start-ups; industry development and strategic initiatives.

### ***Tax Credits***

The 2015 Budget had a significant impact on Ontario's media tax credits. These changes included rate reductions for the OPSTC and OCASE tax credits and the elimination of the Ontario Sound Recording Tax Credit (OSRTC). A change was also made to the Ontario Film and Television Tax Credit (OFTTC) to prevent government equity from grinding the credit. Several changes were also made to the ODMTC to narrow eligibility and improve processing efficiency. Transitional grants and grandfathering rate changes have also been introduced for some of the tax credits. The implementation of changes to the tax credits that were announced in 2015 Budget are expected to continue to be resource intensive for the department through 2016-17. As a result, the aggregate turnaround times for the tax credits will temporarily increase from the 26.6 week average in 2014-15. It is anticipated that turnaround times will begin to return to 2014-15 levels once implementation is complete and affected tax credit applications have been processed. OMDC continues to review options to increase tax credit administrative fees.

### ***New Performance Measures***

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>73</sup> In a climate of fiscal restraint OMDC must continue to ensure optimization of resources and demonstrate the significant return on investment that the government support directed to Ontario's creative cluster creates. In 2016-17, OMDC will begin using a new performance measures framework. The framework, developed by PricewaterhouseCoopers (PwC) in conjunction with OMDC and MTCS was created to allow the Agency to better attribute the economic impact of its programs and services in the cultural industries on an annual basis. Beginning in 2016-17, OMDC will report using these new performance measures which include Economic ROI, job creation, job quality, program delivery effectiveness, and investment leverage as well as various operational and industry productivity and prosperity metrics. A full list of the new performance measures can be found in Appendix A.

### ***Government Initiatives***

Several ongoing and upcoming provincial and federal government initiatives may impact OMDC over the next few years. These include:

---

<sup>73</sup> MoF, 2015 Ontario Budget, May, 2015, p. 198.

- **Mandate Review:** As first announced in the 2014 Budget, the government will continue to strengthen its oversight of provincial agencies which will include regular reviews of agency mandates. A review of OMDC's mandate by the Government of Ontario is currently in progress. Recommendations from the final report are expected to be reviewed by Treasury Board at the beginning of 2016. As the results of the review are not yet known, changes to the mandate may impact OMDC's strategic priorities and activities in 2016-17.
- **Culture Strategy and Arts Policy Framework:** The Ministry of Tourism, Culture and Sport is currently engaged in a Province-wide public consultation towards Ontario's first culture strategy. OMDC will support the Ministry by promoting the consultation and providing input on the strategy and framework. The new strategy may impact the Agency and its programs and activities.
- **Program Review, Renewal and Transformation (PRRT):** Led by the President of the Treasury Board, and supported by a sub-committee of Treasury Board/Management Board of Cabinet, the PRRT is taking an across-government perspective and multi-year approach to find opportunities to transform programs and achieve savings.
- **Open Data:** The Treasury Board Secretariat is developing an Open Data Directive for Ontario which will apply to all Ontario Ministries and provincial agencies, including OMDC. The directive sets out the requirements for proactive and ongoing public release of government data. The Agency is currently taking steps to identify and prepare data sets for public release.
- **Labour:** Most of the employees at the Agency are members of the AMAPCEO or OPSEU public service unions. AMAPCEO's most recent collective agreement with the OPS was ratified in August 2014 and will expire in March 2018. OPSEU members ratified a collective agreement on October 30, 2015. This agreement will expire in December 2018.
- **Federal Funding:** A newly elected Federal Liberal government has promised increases to funding to CBC, Telefilm, and Canada Council among other investments in culture and the cultural industries.
- **Trans Pacific Partnership:** A new trade agreement by the outgoing federal government will likely have implications for the Canadian copyright regime, the telecommunications sector and potentially the cultural sector. The draft text has recently been released but the implications of the agreement are still largely unknown at this time.

## IV. STRATEGIC DIRECTIONS

For the past five years, OMDC has had a stable level of base funding which has allowed 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. A one-time reduction of \$500,000 to OMDC's allocation in 2015-16 was subsequently funded through the Agency's uncommitted cash reserves with MTCS approval, in order to maintain 2015-16 budgeted expenditures as approved by OMDC's Board of Directors. In 2013-14, OMDC began the administration of the new Ontario Music Fund (OMF), which was made permanent at \$15 million a year in 2015. The Government has also provided new funding for an enhanced Interactive Digital Media Fund (IDM Fund); \$6 million in 2015-16 and \$10 million a year in 2016-17 and beyond bringing the Agency's 2016-17 base funding to \$47.95 million.

OMDC's current strategic plan will conclude in 2016-17. Although it has been nearly five years since the Agency's plan was developed, the core challenges and key strategies it describes are still relevant. Work on a new strategic plan is currently on hold, pending the outcome of the mandate review. Once completed, OMDC will begin work with stakeholders and government partners to review and update OMDC's Strategic Plan towards the creation of a new plan that will begin in 2017-18.

The Agency's current strategic plan was developed in 2012-13. 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 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 research into the creative media industries.

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 continue to address these strategies and as such, much of the agency’s activities will remain the same for the coming year. 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 5.1 per cent annually from 2015 to 2019 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>74</sup> Important strategic opportunities for OMDC will continue to be support for Ontario’s content producers to establish and expand global market reach; support for business development and strategic marketing activities; opportunities for collaboration and innovation; and support for content creation.

---

<sup>74</sup> PricewaterhouseCoopers (PwC), Global entertainment and media outlook: 2015-2019, Entertainment and Media Market by North American Segment, September 17, 2015.

## 2016-17 Goals

Goals for 2016-17 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. 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.

The chart on page 31 illustrates how OMDC's activities map to 2016-17 goals and strategies.

### ***Goal #1: Drive Growth and Productivity and Employment 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. Deliver programs that assist companies in accessing financing from public and private sources.
2. Maximize effectiveness of OMDC programs and services.
3. Contribute to the growth and maintenance of jobs in Ontario's Entertainment and Creative Cluster.

### ***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. Develop opportunities and provide support to activities that stimulate knowledge transfer and business innovation and evolution.
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.

### ***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

The Ontario Media Development Corporation strives to deliver its programs and initiatives effectively and efficiently 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.

OMDC works cooperatively with the Ministries of Finance (MOF); Government Services (MGS); Tourism, Culture and Sport (MTCS); and Economic Development, Employment and Infrastructure (MEDEI) on collaborative initiatives if and when they arise. OMDC will continue these relationships and will 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, the Association of Film Commissioners International, and FACTOR. 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. **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 facilitate 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.
2. **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 on the status of creative media industries and the effectiveness of the tax credits.
3. **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, performance results reporting, and corporate operations. The Group supports the Ministry and industry through the collection and dissemination of industry statistics and raises awareness of industry issues to federal bodies (e.g., Canadian Radio-television and Telecommunications Commission, Canada Media Fund). HR support is provided by the Ministry of Government Services (MGS) through its centralized HR Ontario service.

4. **CEO and Communications:** Encompasses the office of the President and CEO, OMDC Board of Directors, and the Communications staff, who are responsible for supporting the agency in all its Communications activities as outlined in the Communications Plan in Section XIII.

### ***Programs and Activities***

OMDC offers programs and activities in support of the corporate goals outlined in the previous section. The programs and activities that follow are organized by department and by 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 2016-17

ACTIVITY	<b>Goal #1:</b> <b>DRIVE GROWTH AND PRODUCTIVITY AND EMPLOYMENT IN ONTARIO'S CREATIVE MEDIA INDUSTRIES</b>  <b>Strategies:</b> - 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 CREATIVE 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 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. 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. 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.

Many Film Fund-supported projects have gained critical and commercial acclaim both at home and abroad.

- A record nine OMDC Film Fund-supported feature films were screened at the 2015 Toronto International Film Festival. Irish/Canadian co-production, *Room*, directed by Lenny Abrahamson received the People's Choice Award and documentary *HURT*, directed by Alan Zweig won the Platform Prize.
- Film Fund recipient, *Enemy*, directed by Denis Villeneuve, won the Toronto Film Critics Association's 2014 Rogers Best Canadian Film Award.
- Film Fund supported documentaries are winning awards abroad including *How to Change the World*, which received the Environmental Award at the 2015 Sheffield Documentary Festival and *The Messenger* which received the Best Conservation Film at the 2015 Jackson Hole Wildlife Film Festival. Both films have screened at over a dozen international festivals.
- Over 1.7 million Canadians viewed the series premiere of *Book of Negroes* on CBC, making it the number one show in its time slot.<sup>75</sup> The six-part mini-series was produced by Conquering Lion Pictures who were supported through the Development Stream of the Film Fund. The production is an adaptation of the Canadian novel by Lawrence Hill and was optioned at OMDC's From Page to Screen collaboration event.

---

<sup>75</sup> CBC, *Book of Negroes* tops ratings for its time slot, retrieved November 5, 2015, from <http://www.cbc.ca/news/arts/book-of-negroes-tops-ratings-for-its-time-slot-1.2895342>

OMDC will continue to deliver the Film Fund in 2016-17 and will explore extending support to include music and versioning. In order to increase awareness of the films throughout the release cycle and extend audience reach, OMDC will also provide targeted support for innovative distribution and marketing strategies on a time-limited basis. See the Overview of Future Programs and Activities on page 44 for more information on this initiative.

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

OMDC's Interactive Digital Media Fund (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 \$250,000 to create a market-ready interactive digital content product. 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. 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.

OMDC's IDM Fund recipients have been recognized for their creativity and innovation in a variety of platforms:

- At the 2015 Canadian Screen Awards, Ontario company iThentic took home the award for Best Web Series for IDM Fund supported *Space Riders: Division Earth*.
- Four IDM Fund projects received awards at the International Academy of Web Television Awards including *Whatever, Linda!* (Best Drama Series and Best Directing); and, *Ruby Skye PI: The Maltese Puppy* (Best Children's Series).
- IDM Fund supported company, Capybara Games was named one of the world's top 10 most innovative companies in gaming by Fast Company Magazine.<sup>76</sup> Several of Capybara's games have received IDM Fund support and the company credits OMDC support with helping to enhance their art and content pipeline and improving their technological capabilities. Their growth, and their experience marketing an IDM Fund supported self-published title, has made publishers confident in their ability to deliver quality original intellectual property (IP) which has resulted in funding and deals for their original IP games.<sup>77</sup>
- OMDC support has been a major driver behind Phantom Compass transitioning from a services to a products company. With IDM Fund support, they were able to minimize the risk in developing their flagship game *Rollers of the Realm* for multiple platforms. OMDC support was also helped

---

<sup>76</sup> Fast Company, The World's Top 10 Most Innovative Companies in Gaming, retrieved November 5, 2015 from <http://www.fastcompany.com/3026366/most-innovative-companies-2014/the-worlds-top-10-most-innovative-companies-in-gaming>.

<sup>77</sup> Abridged from an email from Nathan Vella, President and Co-Founder, Capybara Games.

Phantom Compass reach marketing channels and *Rollers of the Realm* has now become a product line available for download on Steam, iOS, and other major platforms.<sup>78</sup>

The government committed new funding of \$6 million in 2015-16 and \$10 million annually commencing in 2016-17 for a renewed IDM Fund in the April 2015 provincial budget. In 2015-16 the Fund also included a Concept Definition Stream to provide support for early-stage activities that will assist companies in moving towards the production of market-ready content projects. Digital publishers and co-productions were also eligible to apply in 2015-16. Additional enhancements to the IDM Fund will be implemented in 2016-17 to align with the increase in funding and broader scope. See the Overview of Future Programs and Activities on page 44 for a description of these additional program changes.

### **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. 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 2013-14, the most recent year for which results are available, Book Fund recipients reported earning \$4.00 for every dollar invested by OMDC. Books published by Ontario-based, Canadian-owned publishers have received significant critical and commercial acclaim.

- In 2015, the winner of the prestigious Giller Prize was *Fifteen Dogs* by André Alexis, published by Coach House Books. Including the winning novel, three of the five short-listed books were published by Ontario-based, Canadian-owned companies.
- All four of the 2015 Trillium Book Award winners were published by Ontario-based, Canadian-owned publishers: Coach House Books, Éditions L'Interligne and Pedlar Press.
- Robert Rose, one of North America's leading publishers of books on cooking and health, credits Book Fund support for increasing company revenues by assisting the company to expand its website and implement sophisticated analysis tools to better serve customers.<sup>79</sup>
- Brick Books has taken advantage of the OMDC Book Fund almost every year, allowing the press to send authors on extended promotional tours has expanded their reach and market for their publications, an activity that would have been impossible without this support.<sup>80</sup>

---

<sup>78</sup> Abridged from an email from Tony Walsh, Company Director, Phantom Compass.

<sup>79</sup> OMDC Success Story: Robert Rose, retrieved on November 5, 2015, from [http://www.omdc.on.ca/WGIGO/Success\\_Stories/Book\\_Success\\_Stories/OMDC\\_SUCCESS\\_STORY\\_\\_ROBERT\\_ROSE.htm](http://www.omdc.on.ca/WGIGO/Success_Stories/Book_Success_Stories/OMDC_SUCCESS_STORY__ROBERT_ROSE.htm).

OMDC will continue to deliver the Book Fund in 2016-17 and will explore adjusting the funding caps for the program. Additionally, the Book Fund will deliver the fourth year of the Federal/Provincial French language publishing initiative. Building on a successful trial program in 2015-16, OMDC will extend its Author Touring Support initiative on a time-limited basis in 2016-17 in order to gain media and public exposure for Ontario's authors and publishers and to increase sales. See the Overview of Future Programs and Activities on page 44 for more information on this initiative.

### **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. 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 38th annual National Magazine Awards were held in June 2015. Ontario winners include *Hazlitt* for Magazine website of the year, *Cottage Life* for Best Magazine Brand, and *Today's Parent* for Tablet Magazine of the Year.
- Support from the Magazine Fund has allowed Passion Inc. to invest in digital platforms and create an online presence for their print magazine *jobpostings*. This investment has helped the company to become Canada's largest career lifestyle publication, reaching 400,000 Canadians.<sup>81</sup>
- Supporting companies as they develop new business models, has in turn allowed companies to mitigate risks. The Magazine Fund helped creators of *House and House & Home* as they explored new ways monetizing content by moving into television, books and merchandising. The print and digital "bookzine" *Decorating with White* allowed the company to figure out a workable model for their first standalone newsstand publication, a model that they have since repeated on their own.<sup>82</sup>

OMDC will continue to deliver the Magazine Fund in 2016-17 and will explore adjusting the funding caps for the program. In addition, particular attention will be given to ensuring successful access for publishers to the expanded IDM Fund. Following on the success of the FIPP World Congress in Toronto in 2015, OMDC will also activate targeted international growth strategies for the magazine media industry on a

---

<sup>80</sup> OMDC Success Story: Brick Books, retrieved on November 5, 2015, from [http://www.omdc.on.ca/WGIGO/Success\\_Stories/Book\\_Success\\_Stories/OMDC\\_SUCCESS\\_STORY\\_\\_BRICK\\_BOOKS.htm](http://www.omdc.on.ca/WGIGO/Success_Stories/Book_Success_Stories/OMDC_SUCCESS_STORY__BRICK_BOOKS.htm)

<sup>81</sup> OMDC Success Story: Passion Inc., retrieved November 5, 2015, from [http://www.omdc.on.ca/WGIGO/Success\\_Stories/Magazine\\_Success\\_Stories/OMDC\\_SUCCESS\\_STORY\\_\\_JOB\\_POSTING.htm](http://www.omdc.on.ca/WGIGO/Success_Stories/Magazine_Success_Stories/OMDC_SUCCESS_STORY__JOB_POSTING.htm).

<sup>82</sup> OMDC Success Story: House & Home, retrieved November 6, 2015, from [http://www.omdc.on.ca/WGIGO/Success\\_Stories/Magazine\\_Success\\_Stories/OMDC\\_SUCCESS\\_STORY\\_\\_HOUSE\\_\\_HOME.htm](http://www.omdc.on.ca/WGIGO/Success_Stories/Magazine_Success_Stories/OMDC_SUCCESS_STORY__HOUSE__HOME.htm).

time-limited basis, perhaps in partnership with the industry trade organization. See the Overview of Future Programs and Activities on page 44 for more information on this initiative.

### ***Export Fund and International Business Development***

The Export Fund provides up to \$12,000 for Ontario book publishers and screen-based content producers 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 support 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. 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.

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. Results for International Business Development are measured by the number of markets at which OMDC has organized a strategic presence.

- In 2014-15, the Export Fund supported 194 companies to attend 281 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.
- In 2013-14 (the most recent year for which results are available), companies receiving Export Fund support generated \$341 million in sales; a return of \$190 for every dollar invested through OMDC.<sup>83</sup>
- Support from the Export Fund enabled First Love Films to take their web series *Riftworld* to the New York Television Festival, where it won Best Dramedy Pilot, and to the U.K.'s Power to the Pixel where the company made a critical connection with Belgium's Wallimage that paved the way for a \$400,000 contribution for a new digital game based on the web series.
- For Matter of Fact Media, a documentary production company, growth accelerated because of Export Fund support. By providing the company with financing to more frequently attend strategic markets, Executive Producer Vanessa Dylyn gained important knowledge about the international market and forged critical relationships with broadcasters and production companies in Europe and the United States. This work led to development financing for four treaty co-productions with European countries.<sup>84</sup>
- IDM and Export Fund support allowed Get Set Games to create and promote their products at key gaming conferences. Their IDM Fund supported game, *Mega Run*, topped the App Store

---

<sup>83</sup> OMDC, Annual Results, 2014-15.

<sup>84</sup> Abridged from an email from Vanessa Dylyn, Executive Producer, Matter of Fact Media Inc.

rankings that in turn helped forge a partnership deal with Disney/Pixar. Their success has allowed them to create new jobs at their company and to continue to expand their business.

OMDC will continue to deliver the Export Funds and International Business Development program in 2016-17 and will consider adjusting the funding caps to reflect cost increases. Given the unusual close timing of the London and Bologna Book Fairs in April 2016 OMDC will also deliver a one-time business development initiative for Ontario and European publishers to establish new channels for commerce, particularly in the UK. To complement this initiative, OMDC will also explore a “white box” marketing program to place a collection of key Ontario book titles in consular offices where there is an Ontario trade representative. See the Overview of Future Programs and Activities on page 44 for more information on these initiatives.

### ***Industry Development Program***

OMDC provides targeted financial and strategic support to trade and event organizations for activities that provide opportunities for business development for Ontario entrepreneurs in the creative media industries. Results for this program are measured by the number of initiatives supported and by the number of contacts made by participants.

- Business-building initiatives supported by the Industry Development Program in 2014-15 include: the Industry Program and Forum at Hot Docs Canadian International Film Festival; MagNet, Canada’s leading magazine publishing conference; the Television 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.
- In 2014-15, OMDC supported 55 initiatives, creating nearly 40,000 new business leads for creative media industry entrepreneurs.<sup>85</sup>

OMDC will continue to deliver the Industry Development Program in 2016-17 and will explore the possibility of extending applicant eligibility to include company consortia, in addition to individual not-for-profit provincial or federal cultural media industry organizations. In order to address the frequent gap in business skills among entrepreneurs in Ontario’s creative industries, OMDC will explore a time-limited partnership with Artscape Toronto on their new Launchpad initiative to build competencies and drive commercial outcomes for the entertainment cluster. See the Overview of Future Programs and Activities on page 44 for more information on this initiative.

### ***Collaboration and Innovation Fund***

In response to the current environment faced by content creators, in 2015-16, OMDC piloted a new Collaboration and Innovation Fund (CIF). The intent of the pilot program was to promote next generation business evolution in Ontario’s entertainment and creative cluster and to assist Ontario’s cultural industry

---

<sup>85</sup> OMDC, Annual Results, 2014-15.



companies to meet the challenges and opportunities of the digital economy by supporting them as they explored new value propositions alongside current-state business models. The CIF was introduced alongside existing funds that are effective in supporting the industries and achieving the Agency's economic development objectives. The CIF supported projects that fit within OMDC's mandate but that were not able to be supported by the Agency's existing program parameters.

Eighty-two applications were received from across the eligible sectors. Types of projects included transmedia programming, online marketing, webcast/video/OTT/YouTube channel development, mobile apps, social networks, interactive books, data analytics, and podcasting. Twenty-six companies were selected to participate in Phase I representing 10 interactive digital media companies; six magazine publishers; five book publishers; and five film & television companies. As many of the projects awarded funding in 2015-16 represented new business approaches and/or involved new partnerships it is not certain yet how their outcomes and results will align with the type of results that OMDC traditionally tracks. Given that the timeline for project completion will be fall 2016, it is premature to predict fully the results of this pilot fund. As projects awarded funding in 2015-16 will not be complete until the third quarter of 2016-17, OMDC will not offer the program next year to allow sufficient time to evaluate the outcomes and results of the program in order to make recommendations about the future of the CIF for 2017-18. Funds which would otherwise have been allocated for the CIF in 2016-17 have been, in part, distributed back to other grant programs and have been used to offset inflationary cost pressures in order to achieve a balanced budget for OMDC in 2016-17.

In the meantime, the expansion of the IDM Fund is likely to extend eligibility to some companies and projects that might have otherwise considered a CIF application in the future. Additionally, it is possible that some of the film, television and publishing projects may also become eligible for the expanded Interactive Digital Media Fund provided that they have appropriate in-house IDM expertise or an IDM partner. Companies that were successful applicants to the CIF will have benefitted from the training provided by the program and will be well positioned to apply to the IDM Fund with strong and innovative proposals.

## ***Ontario Music Office***

In its 2015 Budget, the Ontario government committed to the continuation of the Ontario Music Fund (OMF), at \$15 million per year. The program is aimed at strengthening Ontario's music companies, stimulating growth, and supporting the Province's music sector. Results measured for the OMF include jobs created/retained; company growth (net revenue/income); private investment and equity secured; and ROI (which represents the amount of sales generated by a project for every dollar invested by OMDC). The fund will continue to be delivered 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.

***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.

***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.

***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 its second year the Ontario Music Fund awarded 136 grants including support for the following initiatives and activities and award-winning content:

- Live music events and conferences such as 2015 JUNO Awards in Hamilton, 2015 Polaris Music Prize and Gala, Canadian Music Week, Beaches Jazz Festival, Small World Music Centre Concert Series, and Festival of Small Halls.
- Polaris Prize winner in 2015, Buffy Sainte-Marie, was supported by the OMF through Linus Entertainment.
- Launch and marketing of new recordings from Ontario-based record labels (e.g., Dine Alone Records, Sonic Unyon, Paper Bag, MDM Recordings).
- A strategic initiative with Harbourfront Centre to deliver a two-day professional development workshop for Aboriginal music presenters.
- Funding to Réseau Ontario for an international delegation of buyers to attend the Contact Ontario Conference to expand export opportunities for Franco-Ontarian music.

OMDC conducted consultations with the music industry in Fall 2015 to explore ways to streamline, modify and optimize the impact of the Ontario Music Fund in 2016-17 and beyond. Meetings for each of the four program streams took place, with discussions framed around increasing the impact of the OMF; program outreach, particularly to Franco-Ontarian and Aboriginal communities; identifying opportunities to support Ontario's musical diversity; and, achieving administrative efficiencies. OMDC is working with MTCS to finalize and implement changes for year four of the Fund using input from the industry consultations.

## 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 three quarters of 2015-16, 128 projects were provided with scouting assistance by the Film Unit.

- OMDC, in partnership with the City of Toronto, 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 2014-15, 23 productions which brought \$460 million in 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.<sup>86</sup>
- The size of the image collection in the award-winning Digital Locations Database continues to increase. As of October 30, 2015, there were nearly 13,000 portfolios in the database, representing over 280,000 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 2014-15, OMDC launched a mobile version of the Digital Location Database that has enabled scouts to use the database while out in the field. The database continues to be improved to better serve the needs of users.

The Film Office will continue to operate in 2016-17 delivering high value service to stakeholders and reinforcing relationships with both new and existing international clients to support the continued growth of domestic production and maximizing inward investment opportunities.

### **Collaboration Initiatives**

OMDC works with industry stakeholders to deliver cross-sector collaborative activities. 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.

Examples of these initiatives include:

- From Page to Screen, an event that brings Ontario book publishers together with film and television producers for a series of one-on-one meetings. During the past seven years, the

---

<sup>86</sup> OMDC, Annual Results, 2014-15.

program has set-up over 2,000 business meetings and brokered nearly 40 book options. In 2014-15, 73 companies participated and took over 400 meetings.<sup>87</sup> One of these options, *The Breadwinner* by Deborah Ellis, published by Groundwood Books, has been optioned by Aircraft Pictures and is being financed via the OMDC Film Fund as a Canada/Ireland co-production with Angelina Jolie on board as Executive Producer.

- To date, over 60 of OMDC's International Financing Forum projects have been financed including: *Book of Negroes*, *Citizen Gangster*, *Midnight's Children*, *The Husband*, *The Whistleblower*, *Coriolanus*, *Animal Kingdom*, *My Foolish Heart*, *The Colony*, *Born to Be Blue*, *Wadjda*, *Hector and the Search for Happiness*, and the Oscar-nominated *Incendies*.<sup>88</sup>
- OMDC's annual conference, Digital Dialogue will be held in the Fourth Quarter of 2015-16. More than 200 stakeholders from Ontario's creative industries attended last year's conference, including financiers, venture capitalists, content creators and technology experts. Topics discussed at the conference included the changing broadcast landscape, leveraging investment, new pathways to monetization, and audience and community building. The successful Digital Dialogue Breakfast series will also be offered again in 2016-17.

OMDC will continue to focus efforts on collaboration initiatives in 2016-17 and will consider enhanced support to the Canadian Screen Awards. In addition to current activities, OMDC will explore establishing a targeted co-production incentive to leverage additional financing, broaden market access potential, and improve the competitive positioning of Ontario/international screen co-productions on a time-limited basis. See the Overview of Future Programs and Activities on page 44 for more information on this initiative.

### ***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 deadline for submissions for the 29th Annual Trillium Award/Prix Trillium will be in the Fourth Quarter of 2015-16 and the Award winners will be announced in the First Quarter of 2016-17.

- The 28th 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, 2015. The Minister of Tourism, Culture and Sport, Michael Coteau, presented the following awards:
  - Trillium Book Award in English-language: Kate Cayley, *How You Were Born* (Pedlar Press)
  - Trillium Book Award in French-language: Michel Dallaire, *Violoncelle pour lune d'automne* (Les Éditions L'Interligne)

---

<sup>87</sup> Ibid.

<sup>88</sup> OMDC, *OMDC Newsletter*, September 2015.

- English-language winner for the Trillium Book Award for Poetry: Brecken Hancock, *Broom Broom* (Coach House Books)
- Trillium Book Award for Children's Literature in French-language: Micheline Marchand, *Mauvaise mine* (Les Éditions L'Interligne)

OMDC will continue to manage the Trillium Book Award in 2016-17 and as 2017 will be the 30<sup>th</sup> anniversary of the Awards, OMDC plans to undertake an enhanced program of Trillium activities to promote the award and the industry in fall 2016 and winter 2017 leading up to the Trillium Awards week in spring 2017. See the Overview of Future Programs and Activities on page 44 for more information on this initiative.

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

In 2015-16 OMDC provided \$300,000 in Operating Support to the Toronto International Film Festival (TIFF). In addition to these operational funds, OMDC is the mechanism by which the Government flows annual funds (\$815,000 in 2015-16) for the care and maintenance of the Province's film collection at the Film Reference Library.

In 2015-16, the agency also provided \$150,000 to the TIFF Sales Office during the Festival and \$30,000 to TIFF's Film Circuit and \$20,000 to TIFF Kids through the Industry Development Program to support and promote the exhibition of Canadian films across Ontario.

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

Ontario's cultural media tax credits are a major incentive for doing business in Ontario and a powerful asset in the race to maintain leadership in the creative media industries. Tax credits provide Ontario's content creators with predictable and reliable support which helps companies finance innovative new products, explore new business models, develop new revenue streams, and expand sales and distribution in the international marketplace.

OMDC currently co-administers six refundable tax credits with the Canada Revenue Agency (CRA) based on eligible expenditures for the film, television, interactive digital media, book publishing and music industries. In 2015, the government eliminated the Ontario Sound Recording Tax Credit (OSRTC); however, OMDC will continue to administer the credit until all eligible applications are phased out. Results for Tax Credits are measured by the number of products certified, leverage value, and application processing time.

- **Ontario Film and Television Tax Credit (OFTTC):** a refundable tax credit to eligible Ontario-based Canadian corporations of 35 per cent 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 21.5 per cent of qualified Ontario expenditures for eligible film and television productions.
- **Ontario Computer Animation and Special Effects Tax Credit (OCASE):** a refundable tax credit to Ontario-based Canadian and foreign-controlled corporations of 18 per cent 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 per cent of eligible Ontario expenditures for interactive digital media products created in Ontario (35 per cent for fee-for-service).
- **Ontario Book Publishing Tax Credit (OBPTC):** a refundable tax credit to eligible Ontario-based Canadian corporations of 30 per cent of eligible expenditures for eligible literary works created in Ontario.
- **Ontario Sound Recording Tax Credit (OSRTC):** a refundable tax credit to eligible Ontario-based Canadian corporations of 20 per cent of qualifying production and marketing expenditures for eligible sound recordings performed by an emerging Canadian artist or group. The 2015 Ontario Budget announced that the OSRTC will be phased out. A qualifying corporation may claim an OSRTC for eligible sound recordings that commenced before April 23, 2015. However, a tax credit can only be claimed on eligible expenditures incurred before May 1, 2016 and the qualifying corporation cannot receive an amount from the Ontario Music Fund in respect of the expenditures claimed under OSRTC.

The 2015 Ontario Budget introduced changes to reduce the OPSTC and the OCASE rates to 21.5 per cent and 18 per cent, respectively. On May 25th, the Ontario Government proposed measures that would grandfather the tax credit rates of 25 per cent for OPSTC and 20 per cent for OCASE for eligible expenditures incurred after April 23, 2015 and before August 1, 2016. The Budget bill (Bill 91) that captured the OPSTC and OCASE changes (including the grandfathering provisions), and the changes to the OSRTC, passed into law on June 4, 2015. The 2015 Ontario Production Services and Computer Animation and Special Effects Transitional Fund (“transitional grant”) will be offered for productions that commenced principal photography or key animation between August 1, 2015 and November 30, 2015, inclusive.

The 2015 Ontario Budget also introduced changes to the OIDMTC that would narrow the types of eligible products and replace the 90 per cent development requirement with a test based on labour costs. These OIDMTC changes were not included in Bill 91 as they were to be introduced later as regulatory changes. In the interim, the Ministry of Finance released an OIDMTC Bulletin on May 6, 2015 to provide further clarity on the proposed OIDMTC changes. Draft regulatory amendments were posted for public comment on November 2, 2015 along with an updated Bulletin. The window to provide comment on the proposed

regulations closed December 17, 2015. It is anticipated that the regulatory amendments would be finalized by the end of 2015-16.

In addition to the proposed OI DMTC changes, the draft regulations posted on November 2, 2015 included amendments to the definition of assistance so that government equity would not grind the OFTTC (as announced in the 2015 Budget) and to ensure that the transitional grant would not grind the OFTTC or the OPSTC.

The Budget Measures Act, Bill 144 was introduced on November 18, 2015 and included two final tax credit amendments to implement the Budget changes: a legislative amendment to ensure that the transitional grant would not grind OCASE and a legislative amendment to ensure the 90 per cent development requirement would only apply to specified (fee-for-service) products that had been certified or received notice in writing of ineligibility prior to April 24, 2015. (The proposed regulatory amendments would implement the new labour test for products certified/denied after April 23, 2015).

The implementation of changes to the tax credits that were announced in 2015 Budget are expected to continue to be resource intensive for the department through 2016-17. As a result, the aggregate turnaround times for the tax credits will temporarily increase from the 26.6-week average in 2014-15. It is anticipated that turnaround times will begin to return to 2014-15 levels once implementation is complete and affected tax credit applications have been processed.

In 2016-17 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. The Agency continues to review options to increase tax credit administrative fees. OMDC will continue to explore strategies to modernize and streamline the tax credits in order to improve efficiency and outcomes. Although OMDC works closely with industry stakeholders to ensure programs are as responsive and effective as possible, tax credit legislation falls under the responsibility of the Ministry of Finance. OMDC will engage in proactive dialogue with MTCS and MoF about the Province's cultural media tax credits including opportunities for improvement. OMDC will also explore further administrative processing efficiencies to increase productivity such as the capacity for OMDC to utilize MOF's risk-scoring software in-house.

### ***Business Affairs and Research Group***

In 2015-16, OMDC continued to provide research grants to eligible not-for-profit corporations to carry out research projects that add to the knowledge base of the creative media industries; to undertake OMDC-commissioned research; 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; and, to provide comprehensive Industry Profiles of the six sectors.

## 2016-17 Research Plan

1. Continue to be a funding partner in industry research through the **Research Grants** program.

In the first two quarters of 2015-16 the following six studies that received a research grant were released and are available to the public through the OMDC website and Online Research Library:

- The Association of Canadian Publishers – *Public Opinion on the Value of Books in the English Language Book Sector* on April 23, 2015;
  - Interactive Ontario – *International Digital Media Co-Production: A Guide for Canadian Producers (II) – Asia & Latin America* on July 17, 2015;
  - eBOUND Canada – *Ebook Collection Practices: A Report to the Canadian Publishing Community on Trends, and Issues in Canada's Public, University, and College Libraries* on September 1, 2015;
  - Women in Music – *A Profile of Women Working in Ontario's Music Industry* on September 1, 2015;
  - Documentary Organization of Canada – *Philanthropic Funding for Documentaries in Canada: Towards an Industry-wide Strategy* on September 16, 2015;
  - Women in View – *Women in View on Screen: 2015* on October 21, 2015.
2. Continue to add content to the Online Research Library. As of October, 2015 the Online Research Library contained a total of 325 domestic and international research studies specific to the creative media industries.
  3. Continue work on OMDC-commissioned research including:
    - A research study on alternative distribution that will examine existing and emerging alternative distribution models across the creative media industries.
    - An assessment of OMDC-collected data sources, including an analysis of the data.
  4. Complete work on a new Strategic Plan for the Agency. OMDC's current strategic plan will conclude in 2016-17. Although it has been nearly five years since the Agency's plan was developed, the core challenges and key strategies it describes are still relevant. Work on a new strategic plan is currently delayed, pending the outcome of the mandate review. Once completed, OMDC will begin work with stakeholders and government partners to evaluate and update OMDC's Strategic Plan towards the creation of a new plan that will begin in 2017-18.
  5. Undertake environmental scanning and monitoring of issues important to the creative media industries, including regularly updating OMDC's Industry Profiles. The profiles provide information to industry and government on the size and impact of the industries, as well as summarizing key trends and issues. OMDC's profiles were viewed over 6,000 times in the first three quarters of 2015-16.
  6. Participate in the Department of Canadian Heritage's Cultural Statistics Working Group and the Canada Media Fund's Crowdfunding Microsite.



7. Implement and report on new Performance Measures Framework.
8. Contribute to Ontario's Open Data initiative by making OMDC data sets publically available as per Ontario's pending Open Data Directive.
9. Compile annual provincial film and television statistics for calendar year 2015.
10. Host a 2016 OMDC Research Forum.
11. Participate in the Culture Statistic Strategy consortium led by the Department of Canadian Heritage.
12. Review communications strategy for Research activities and products.

### ***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. Each Committee nominates an Industry Co-Chair and the OMDC CEO serves as the Agency's Co-Chair. The Co-Chairs alternate the responsibility for chairing meetings, which will occur three times a year. 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.

Staff members 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 Canada Media Fund's consultation regarding new program guidelines. In 2014-15, OMDC provided comments on the MTCS's submission to the CRTC's Let's Talk TV hearing. OMDC will support and participate in the development of the Province's Culture Strategy and Arts Policy Framework by providing input to the Ministry and by promoting the consultation with stakeholders.

## ***Communications***

The role of the communications group is to support the Agency's programs and activities by creating effective communications vehicles that help convey the agency's mandate, goals and objectives, as well as industry successes and challenges to key target audiences. Communicating how OMDC's programs, services and activities tie into the economic health of Ontario's creative industries is the foundation of the 2016-17 communications plan which will employ the following strategies:

- Champion the positive economic impact of the creative industries in Ontario and of OMDC's role in supporting them.
- Increase the association of OMDC with positive outcomes through the development of a mainstream media presence, expanded audience, and compelling messages.
- Continue to strengthen the OMDC brand by engaging audiences with updated content and by optimizing the OMDC 'brand look'.

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

### ***Interactive Digital Media Fund Expansion***

As announced in the 2015 Budget, permanent funding has been provided for an enhanced version of the IDM Fund; \$6 million in the first year and \$10 million beginning in 2016-17. Industry consultations in the fall of 2015 provided feedback on the first year of the expanded IDM Fund which included a new Concept Definition stream. For Year II and beyond, OMDC will maintain the existing Production and Concept Definition streams, and using feedback and input from the industry consultations, will consider other potential program enhancements including market and global development, incubation and start-ups, industry development, and strategic initiatives.

### ***Strategic Initiatives***

As indicated elsewhere in this Business Plan, OMDC's programs are oversubscribed and stretched to maximum capacity, yet there are many opportunities to further enhance the impact of programs, to develop skills and partnerships, and to advance the government's priorities of export, innovation, collaboration, skills development and competitive strength. In 2016-17, OMDC will utilize \$1.5 million in reserve funds to activate a series of time-limited initiatives that will leverage and extend existing programs without creating unsustainable stakeholder expectations and with minimal strain on human resources. These initiatives fall into four broad categories: Discoverability, Business Development, Celebrating Excellence, and Business Process Improvements.

**Discoverability (\$600,000):** While OMDC's programs and services are highly effective at supporting the creation of innovative, quality content in the ever-expanding and noisy digital marketplace; it can be difficult to ensure that this content is discovered by audiences in Canada and around the world. The challenge of securing actual and virtual 'shelf space' can be a daunting one for content creators and failing to do so limits both the distribution and monetization of OMDC's investments. In 2016-17, OMDC will extend the successful (2015-16) trial of touring support for Ontario authors by providing funding to support Ontario-published author appearances at key domestic and international literary festivals and events to garner media exposure and increase book sales. In addition, OMDC will provide funding to support innovative marketing and distribution strategies for Ontario films as a natural extension to the production financing provided through the Film Fund. This initiative will further leverage the distributor's marketing investment, will increase audience awareness and box office sales, and will empower producers to be more active agents in the distribution of their films.

**Business Development (\$600,000):** OMDC's International and Industry Development activities are effective vehicles for leveraging scarce resources to support the exploration of new partnerships and new markets but they have limited capacity to support international business activities in publishing and business skill development for small to medium-sized creative entrepreneurs. Moreover, while OMDC's international programs for film have been very effective in building new partnerships and initiating co-production negotiations, it can be difficult for certain kinds of co-production projects to compete successfully for funding in the Film Fund which is evaluated largely on economic/industrial criteria. In 2016-17, OMDC will activate an international growth strategy for magazines to build on the momentum of the highly successful FIPP World Congress in Toronto in 2015; will deliver a business-to-business program for Ontario and European publishers between the London and Bologna book fairs (which occur just days apart in 2016); and will allocate dedicated funding to kick-start international co-productions for feature films. In addition, OMDC will partner with Artscape on their new Launchpad initiative to design and deliver business skills/competency programming to improve the commercial outcomes of creative entrepreneurs.

**Celebrating Excellence (\$200,000):** While OMDC's core programs support the creation of critically acclaimed content they do not extend to leveraging unique and high-potential promotion opportunities such as milestone celebrations and awards to build audience and awareness during periods of heightened media interest. In 2016-17, OMDC will undertake an enhanced public program across Ontario to promote Ontario literature leading into the 30<sup>th</sup> anniversary of the Trillium Book Awards in the spring of 2017; will support the creation and promotion of Ontario creative content and activities related to

Canada's 150<sup>th</sup> sesquicentennial celebrations in 2017; and will provide marketing support for Ontario companies/content that win significant critical awards to enable businesses to take advantage of the media exposure to increase sales.

**Business Process Review (\$100,000):** While OMDC's customer services have been consistently rated as outstanding by stakeholders, the agency recognizes that technological advancements can be utilized to achieve further service improvements and internal system efficiencies to optimize the use of valuable human resources. In 2016-17, OMDC will implement an electronic payment system for both incoming and outgoing payments; purchase and integrate SharePoint across the agency to streamline project management and document sharing/editing; implement an enhanced Customer Relationship Management (CRM) system to improve data management and integration; will explore the capacity for OMDC to utilize the Ministry of Finance's risk-scoring software in-house to increase administrative efficiency and processing productivity; and will explore the implementation of a cloud-based file back-up and recovery system to modernize the storage systems currently in place and to ensure state-of-the-art security.

These initiatives will be further developed leading into the 2016-17 fiscal year and OMDC will also remain open to seizing other emerging opportunities to advance priority objectives as they arise. As each of these initiatives are time-limited in nature, the use of accumulated uncommitted cash reserves to fund the activities will allow OMDC to deliver the benefit of these targeted strategies to stakeholders without compromising the value and impact of core programs.

## VI. RESOURCES NEEDED TO MEET GOALS AND OBJECTIVES

The financial forecast and program and service descriptions included in this Business Plan are based on status quo resources provided that the Agency's funding allocation returns to 2014-15 levels. The Agency is grateful to have received permanent funding for the Ontario Music Fund and an expanded Interactive Digital Media Fund. With this new investment, there is now sufficient funding for these core programs.

OMDC has adjusted expenditures in order to cover increased staffing costs in the Tax Credits Department and for the enhanced IDM Fund without any additional funding. Staff resources remain stretched as 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. The agency continues to explore ways to make our business processes more efficient in order to mitigate this issue. An independent review of the Agency's business processes concluded in 2015-16. Several recommendations for improved workflow, resource management, and collaboration are being considered for implementation in 2016-17.

Consumer and market realities for the creation, distribution, and consumption of content are changing rapidly. To the extent possible, OMDC regularly reviews and updates programs and activities to reflect the current business environment for the content creation. OMDC has begun preliminary meetings with MTCS to discuss modernizing the three film and television tax credits. It will be important for the Agency to continue to collaborate with MTCS and MoF in order to ensure success.

Demand for OMDC programs continues to outpace resources. This is a sign of tremendous success for OMDC and an indicator that the creative media industries are prospering. As the size of Ontario's creative economy continues to grow, OMDC has experienced a significant increase in the volume of applications for support, which strains both human and financial resources. In 2014-15, OMDC was able to support only 65 per cent of the applications to OMDC Funds (538 out of 777) and provide only 41 per cent of the funding requested (\$29 out of \$71 million).<sup>89</sup> This means that many quality projects are not funded and in many cases were either not implemented at all, or moved to another jurisdiction at a loss to Ontario's economy.

For every dollar invested through OMDC funds and tax credits there is a return of \$3.27 in GDP while every million dollars of OMDC support creates the equivalent of 64 full-time jobs in Ontario.<sup>90</sup> For example, OMDC was only able to fund 28 per cent of production applications to the Film Fund in 2014-

---

<sup>89</sup>NOTE: These figures include the following OMDC Funds: Book, Film, IDM, Magazine Funds, Export Fund, Industry Development Program, Research Grants and Ontario Music Fund. These figures do not include data from the Collaboration and Innovation Fund.

<sup>90</sup> PricewaterhouseCoopers, "OMDC Performance Measures: Final Report", March 30, 2015.

NOTE: These figures are derived from 2013-14 data.

15.<sup>91</sup> This represents a potential loss of hundreds of high quality, knowledge-based jobs and millions of production dollars to Ontario. While this Business Plan is based on status quo resources, there continue to be opportunities for additional support that will ensure a robust future for Ontario's creative industries. This Business Plan reflects a balanced budget for 2016-17 and will allow OMDC to effectively deliver core programs and services while continuing to work with MTCS on longer-term strategies to ensure modern, nimble and responsive tools into the future. The plan also makes effective use of uncommitted cash reserves to implement high-impact, time-limited initiatives that will further extend the results of core programs.

---

<sup>91</sup> OMDC, Program Statistics, 2012 – 2015.

## VII. FINANCIAL BUDGET

AGENCY: ONTARIO MEDIA DEVELOPMENT CORPORATION (\$ Thousands)	FINANCIAL FORECAST SUMMARY		
	2016-17 <i>BUDGET</i>	2017-18 <i>FORECAST</i>	2018-19
<b>REVENUE</b>			
MTCS Funding	48,330.0	48,181.9	48,141.9
OPSTC/OCASE Transitional Grant	6,000.0	-	-
Self-generated (Note 1)	2,031.0	2,031.0	2,031.0
<b>TOTAL REVENUE</b>	<b>56,361.0</b>	<b>50,212.9</b>	<b>50,172.9</b>
<b>EXPENDITURES</b>			
Salaries & Benefits	7,256.0	7,208.4	7,280.5
Operations (Note 2)	2,539.0	2,567.1	2,588.4
Grants	38,351.7	38,079.8	38,039.8
OPSTC/OCASE Transitional Grant	6,000.0	-	-
Time-limited Strategic Initiatives	1,500.0	-	-
Program Delivery	2,163.8	2,355.4	2,355.4
<b>TOTAL EXPENDITURES</b>	<b>57,810.6</b>	<b>50,210.7</b>	<b>50,264.2</b>
<b>Net Surplus/(Deficit)</b>	<b>-1,449.6</b>	<b>2.2</b>	<b>-91.3</b>

**Notes:**

- (1) Includes tax credit administration fees, interest, and other income  
 (2) Includes occupancy, administration, marketing and communications costs

## VIII. PERFORMANCE MEASURES

Performance measures for the Agency have been developed to provide regular feedback on whether the funds, programs, and other activities 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>92</sup> In 2015-16 OMDC will continue to collaborate with its government partners to strengthen and grow Ontario's entertainment and creative cluster.<sup>93</sup>

OMDC and MTCS recently concluded a joint project to develop new performance metrics in order to allow the Agency to more precisely attribute the economic impact of its programs and services in the cultural industries on a year-to-year basis. In 2015-16 OMDC is implementing necessary changes to application forms and IT infrastructure in order to collect the required data. Beginning in 2016-17, the Agency will report using these new performance measures which include Economic ROI, job creation, job quality, program delivery effectiveness, and investment leverage as well as various operational and industry productivity and prosperity metrics. See Appendix A for a full list of 2016-17 performance measures.

The following table provides interim results as of September 30, 2015 (Q1 and Q2) for key 2015-16 performance measures. It also shows trend information by outlining comparable final results from 2014-15 and 2013-14, 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 commitment to continuous improvement as well as ensuring the agency's responsibilities under various accountability directives are met.

---

<sup>92</sup> Ontario Ministry of Tourism and Culture, *Results-based Plan Briefing Book 2014-15*, p. 4.

<sup>93</sup> Ibid, p. 7.



## OMDC 2015-16 Performance Measures Report (as of September 30, 2015)

Key Performance Indicator	Quarterly Results 2015-16		Annual Results				Notes
	Q1	Q2	2015-16 Actual	2015-16 Target	2014-15 Actual	2013-14 Actual	
Goal #1: Drive Growth and Productivity in Ontario's creative media industries							
1. Average turnaround time across all six <b>Tax Credits</b> (weeks)	31.7	34.5		26.6	26.6	39.1	Note 1
2. Return on investment for the <b>Magazine Fund</b>	-	-	Note 2	\$1.27	Note 3	\$1.27	
3. Leverage value of OMDC investment through the <b>Magazine Fund</b>	-	-	Note 3	\$0.83	\$0.83	\$1.13	
4. Leverage value of OMDC investment through the <b>Ontario Music Fund (OMF)</b>	-	\$5.33	Note 4	TBD	Note 5	\$5.86	
5. Increased company gross revenue as a results of the <b>OMF</b> (millions)	-	-	Note 4	TBD	Note 5	\$19.7	
6. Increased company gross revenue as a results of the <b>OMF</b> (%)	-	-	Note 4	TBD	Note 5	41%	
7. Private sector investment and equity secured as a result of the <b>OMF</b> support (millions)	-	-	Note 4	TBD	Note 5	\$6.9	
8. Estimated value of <b>Tax Credits</b> (millions)	\$79	\$80		\$578	\$578	\$518	Note 1
9. Leverage value of OMDC investment through all six <b>Tax Credits</b>	\$7.08	\$8.02		\$9.60	\$9.63	\$8.40	

Key Performance Indicator	Quarterly Results 2015-16		Annual Results				Notes
	Q1	Q2	2015-16 Actual	2015-16 Target	2014-15 Actual	2013-14 Actual	
Goal #2: Enable Business Innovation and Collaboration							
1. Percentage of funded research studies that support business evolution	50%	50%		20%	69%	46%	
2. Number of items implemented from the <b>Strategic Plan</b>	1	0		2	3	1	
3. Number of program evaluation studies and implementation plans completed	2	2		2	7	1	
4. Number of collaboration initiatives led by OMDC	5	6		13	13	12	

5. Contacts made by participants in OMDC-led initiatives	672	11		2,000	2,150	1,199	Note 6
6. Number of initiatives supported through the <b>Industry Development Program</b>	19	12		85	89	64	
7. Contacts made by participants in <b>Industry Development Program</b> initiatives	2,121	0		38,000	38,310	67,062	Note 6

Key Performance Indicator	Quarterly Results 2015-16		Annual Results				Notes
	Q1	Q2	2015-16 Actual	2015-16 Target	2014-15 Actual	2013-14 Actual	
Goal #3: Expand Access to Global Markets and Support Content Development							
1. Leverage value of OMDC investment in <b>Film Fund</b> production projects	-	\$31.79	Note 3	\$29.00	\$29.18	\$25.29	Note 7
2. Leverage value of OMDC investment in <b>IDM Fund</b> projects	-	-	Note 3	\$1.50	\$1.57	\$1.28	
3. Jobs created and/or retained through <b>IDM Fund</b> and <b>Film Fund</b> projects	-	8,593	Note 3	16,000	16,329	13,537	Note 7
4. Jobs created and/or retained through <b>Ontario Music Fund</b> projects (FTEs)	-	-	Note 4	TBD	Note 5	621	
5. Return on Investment from the <b>OMDC Book Fund</b>	-	-	Note 2	\$3.80	Note 3	\$3.80	
6. Return on Investment from the <b>OMDC Export Fund</b>	-	-	Note 2	\$188.00	Note 3	\$188.85	
7. Number of foreign markets at which Ontario participants are supported through the <b>Export Fund</b>	72	48		280	281	316	
8. Number of markets at which OMDC has organized a strategic presence as part of <b>International Business Development</b> activities	3	4		13	13	21	
9. Return on Investment from the <b>Ontario Music Fund</b>	-	-	Note 4	TBD	Note 5	Not yet avail.	
10. Number of business connections and/or leads made as a result of <b>Ontario Music Fund - Music Industry Development Support</b>	-	-	Note 4	TBD	Note 5	7,126	
11. Number of <b>film and television productions</b> that shoot in Ontario	36	33		130	132	207	
Domestic	22	24		-	98	168	
Service	14	9		-	34	39	
12. Value of <b>film and television productions</b> that shoot in Ontario (millions)	\$478	\$280		\$1,000	\$1,055	\$1,077	
Domestic	\$196	\$160		-	\$605	\$721	

Service	\$282	\$120		-	\$450	\$356	
13. Proportion of <b>L.A. Office-assisted projects</b> that shoot in Ontario.	11%	21%		17%	17%	20%	
14. Value of <b>L.A. Office-assisted projects</b> that shoot in Ontario (millions)	\$138	\$103		\$460	\$460	\$289	Note 8
15. Social media influence (Klout score)	60.4	58.6		60.0	60.1	58.2	
16. Number of media impressions (millions)	1.2	1.4		9.8	9.8	47.8	
17. Number of <b>Trillium Book Award</b> media impressions (millions)	99.5	0.0		43.8	43.8	67.3	

Key Performance Indicator	Quarterly Results 2015-16		Annual Results				Notes
	Q1	Q2	2015-16 Actual	2015-16 Target	2014-15 Actual	2013-14 Actual	
Goal #4: Provide Strong Leadership to Advance Ontario's Creative Media Industries							
1. Number of <b>communications</b> products	160	55		280	284	363	
2. Number of complete <b>industry research</b> projects and partnerships	4	4		9	18	10	
3. Updated <b>industry profiles</b> posted on OMDC website.	0	1		5	4	3	
4. Number of outreach activities with other levels of government	2	4		5	1	4	

**NOTES:**

**Return on Investment (ROI)** represents the amount generated in sales for every dollar invested by OMDC.

**Leverage value** indicates the additional amount in financing generated for each dollar invested by OMDC.

(1) Target is relative to the number of Tax Credit applications certified.

(2) Results not available until Q4 2016-17.

(3) Results not available until Q4 2015-16.

(4) Results not available until Q3 2018-19.

(5) Results not available until Q3 2017-18.

(6) Preliminary Results, final results available Q1 2016-17.

(7) Q2 results represent only one of two Film Fund applications deadlines.

## IX. RISK IDENTIFICATION, ASSESSMENT AND MITIGATION STRATEGIES

OMDC regularly updates and submits quarterly risk assessment reports to the Ministry of Tourism, Culture and Sport. These assessments address current and future activities of the Agency with respect to related risks factors and their impact. OMDC has prepared comprehensive mitigation strategies for all the risks it has identified. As new risks emerge or change, OMDC will endeavor to inform MTCS and act judiciously to minimize any negative consequences.

Noteworthy risks facing the Agency and the creative industries over the next three years include the following:

***Outdated programs and services reduce company productivity and lessen the impact of government investment in the creative industries.***

- **Description:** The landscape for Ontario's publishing, music, and screen-based industries has evolved rapidly and if OMDC programs and tax credits fail to keep pace it will jeopardize Ontario's position as a leading creative jurisdiction. Moreover, it risks reducing the impact of the Province's investment towards building a prosperous creative economy by making Ontario uncompetitive with other jurisdictions. In addition, programs that are outdated compared to the environment could force stakeholders to consider tailoring their applications to government program needs rather than putting forward the funding proposal that is best suited for the development of their businesses and this will further risk their ability to create innovative content that resonates with consumers and that can compete in the global marketplace. Failure to keep programs current also reduces the clarity and certainty of program parameters for both staff and applicants. Applying outdated language to current business conditions and content creates uncertainty and slows application processing.
- **Mitigation:** OMDC will continue to review, evaluate and adapt its programs and services to ensure that they continue to be relevant, leading-edge, and high impact as the market realities and business environment for these sectors continue to change. OMDC will continue to launch innovative initiatives such as the Ontario Authors Tour Support program and the pilot Collaboration and Innovation Fund in order open up new opportunities for Ontario's creative media companies and better target government priorities. As tax credit legislation is part of the Ministry of Finance, OMDC does not have the same abilities to modernize and target tax credits. It will be crucial for OMDC to work closely with the Ministry of Tourism, Culture and Sport and the Ministry of Finance in order to make these kinds of updates to Tax Credit legislation.

### ***Increasing tax credit certification turnaround times***

- **Description:** Longer processing time for Tax Credit applications may cause a corresponding delay in an applicant's ability to receive payment on federal Tax Credits as the corporate tax system is now harmonized with the CRA. This also creates a financial risk to clients by putting a strain on their cash flow and forcing them to turn to other sources of funding to manage that cash flow. Under this scenario, companies will have fewer funds to invest in projects and/or strategies for corporate growth, meaning that projects will be delayed or companies will need to borrow (and therefore incur higher borrowing costs) to complete projects and/or grow their companies. As well, companies will be further stretched due to cash flow pressures caused by funding gaps and increased borrowing costs and will be less able to re-invest and grow their companies.
- The implementation of changes to the tax credits that were announced in the 2015 Budget are expected to continue to be resource intensive for the department through 2016-17. As a result, the aggregate turnaround times for the tax credits will temporarily increase from the 26.6-week average in 2014-15. It is anticipated that turnaround times will begin to return to 2014-15 levels once implementation is complete and affected tax credit applications have been processed.
- **Mitigation:** To the extent possible, the Tax Credits and Financing Programs Department will prioritize processing tax credit applications. We expect turnaround times will begin to return to 2014-15 levels once implementation of the changes is complete and impacted tax credit applications have been processed.

### ***Company sustainability endangered and government reputation damaged by ODMTC rule changes***

- **Description:** The 2015 Budget announced a new labour test for Ontario Interactive Digital Media Tax Credit eligibility that replaced the "90 per cent developed by" rule. The new "80/25" rule was made effective immediately which meant that some products that had previously applied to OMDC and were waiting to be processed were no longer eligible. The immediate implementation strategy for ODMTC applications may jeopardize some companies that will no longer qualify for the tax credit. This has also resulted in a significant increase to the volume of applicant inquiries which has further slowed processing for all tax credit applications. For some companies, delayed tax credit payments will negatively affect company productivity as they will not have access to financial resources to invest in new projects. ODMTC applicants who are no longer eligible under the new rule will be significantly impacted by the loss of the credit.
- **Mitigation:** Draft regulatory amendments contain some measures for relief. Applicants that had applied to OMDC but not yet been certified by April 23, 2015 will only have to demonstrate that 80% of the total development labour to create the product is attributable to eligible wages and eligible remuneration paid to individuals or corporations that carry on a personal services business, or sole proprietorships that do not have employees. It is anticipated that approximately half of the applications that wouldn't have been able to demonstrate the 80/25 test will be able to

meet the 80 per cent criteria. OMDC will work with stakeholders to clearly communicate the new changes and how they will impact individual stakeholder applications. The new funding and redesign of the IDM Fund may also help to mitigate this risk as some types of products that are ineligible for the tax credit may be eligible for program funding.

***Reduction of provincial government allocation in context of increased demand.***

- **Description:** Demand for OMDC programs continues to exceed the available resources which means that many quality projects remain unfunded. In many cases these projects are not implemented at all or are moved to other jurisdictions at a loss to Ontario's economy. For example, OMDC was only able to fund 28 per cent of production applications to the Film Fund in 2014-15. This represents a potential loss of hundreds of jobs and millions of production dollars that are not spent in Ontario. Without adequate funding, some OMDC programs may have to be discontinued or fund fewer applicants at lower amounts. It may also result in reductions to administrative resources or staff cuts for the Agency.
- **Mitigation:** OMDC will continue efforts to demonstrate the value for money of Ontario's investment to both government and the public through new performance measures and our communications strategy. The Agency will also continue to evolve and improve programs to ensure their effectiveness and to better target strategic priorities. In addition, OMDC will continue to implement recommendations from a third-party business process review in order to find efficiencies within the Agency's current resources.

## 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. 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.***

- The Toronto/Ontario Film Office in L.A. is a partnership between OMDC and the Toronto Film, Television and Digital Media Office. 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 provides annual funds (\$815,000 in 2015-16) for the care and maintenance of the Province's film collection at the Film Reference Library (formerly Cinematheque Ontario) and TIFF Cinematheque's screening programs.
- In 2015-16, 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 2015-16).

### ***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. This program will conclude in 2016-17.

- The sixth annual PLT was delivered in 2015. In 2015, twenty-four producers from Europe, Canada, Australia, and New Zealand were chosen to exchange project ideas, funding information, and co-production deals on both sides of the Atlantic and Down Under. This successful networking platform has facilitated the development of several trans-Atlantic co-productions, with 17 former participants now working on 17 projects at various stages of production.
- The Partnership allows OMDC to tap into a pool of Creative Europe – MEDIA 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***

- 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, 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 India Mission, the Tokyo Film Festival, Power to the Pixel in the U.K., and the San Sebastian Film Festival in Spain.



## **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 members that are responsible for infrastructure maintenance and operations as well as internal and external customer service support. They are also 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.

### ***Client Services***

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. 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.

A mobile version of OMDC's award-winning Digital Location Database was launched in 2014-15. The site is designed to be used anywhere, whether users are in the office or out in the field. Users are 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. They are also able to access a number of specialized components of OMDC's database including personal Bankers Boxes, Short Term Location Listings, Research documents, and *In The Loop* newsletters. This provides OMDC clients with a portable, innovative, and contemporary scouting tool.

### ***Electronic Service Delivery***

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, Research Grants, and Tax Credit programs to submit their applications through the portal. All written communication regarding applications is done through the OAP. The OAP 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.

OMDC's internal corporate database 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 implemented through the process described above.

### ***Security and System Monitoring***

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 engages in an annual security audit carried out by the Ministry of Government Services to ensure that there are no major flaws in the system and that the personal and confidential information is secure.

### ***2015-16 Information Technology Project Update***

- In 2015-16, IT staff completed a server infrastructure upgrade on all internal-facing servers, including the corporate website. As part of this infrastructure update, the IT department has virtualized several production servers and upgraded the Microsoft Exchange Server and operating system.
- IT staff made enhancements to the corporate database to request and track consent for client communications in order to comply with Canada's Anti-Spam Legislation (CASL).
- Significant enhancements were made to the Online Application Portal to capture changes to programs and tax credits that were impacted by the 2015 Budget.
- OMDC's annual security audit was conducted at the beginning of 2015-16 and all identified security vulnerabilities have been resolved.
- OMDC issued an RFB in November 2015 for a new telephone system with implementation in 2016.
- OMDC will pilot SharePoint across a test group of staff.

### ***2016-17 Information Technology Plan***

- OMDC will continue to work to enhance the information technology infrastructure, including further virtualization of the server environment in order to improve operational efficiency and keep the infrastructure in peak operating condition. For 2016-17, this will include all outward facing client databases (OAP, Digital Location Library and ORL).
- The Agency is working towards implementing an electronic payment system for both incoming and outgoing payments.
- If the 2015-16 SharePoint deployment pilot program is successful, the IT team will fully integrate SharePoint across the Agency in 2016-17.

- The IT team will implement improvements to the Agency's CRM system to allow for better data management and integration with Microsoft Outlook, the OAP, and accounting system. A review of contacts management practices and procedures will also be included.
- OMDC will investigate the cost and benefits of a cloud-based file backup, recovery and disaster recovery system to modernize the storage and recovery systems currently in place. If the analysis supports the adoption of a cloud-based system for OMDC, implementation will begin in 2016-17.
- In addition, OMDC will continue to make enhancements, as needed, to the corporate database to improve efficiency and effectiveness.

## **XII. IMPLEMENTATION PLAN**

The financial forecast summary and program and service descriptions included in this Business Plan are based on a status quo financial and human resources. Over the next three years, OMDC will conclude its implementation of the current strategic plan and begin the creation and launch of a new plan for the Agency.

In the current year, OMDC will continue to address opportunities for growth, increased productivity and innovation in Ontario and abroad through our specialized tool-kit of tax credits and programs and services for the creative media industries. The programs and activities described in the Plan will roll out throughout the year. Final decisions on the design of the enhanced IDM Fund, and the future of the Collaboration and Innovation Fund will be made and implemented in the next year.

## XIII. COMMUNICATIONS PLAN

### **Overview**

The role of the communications group is to support the Agency's programs and activities by creating effective communications vehicles that help convey the OMDC's mandate, goals and objectives, as well as industry successes and challenges to key target audiences. Communicating how OMDC's programs, services, and activities tie into the economic health of Ontario's creative industries is the foundation of the 2016-17 communications activities.

### **Communications Objectives and 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 by continuing to incorporate their 'success stories' into the overarching OMDC narrative using up-to-date, real numbers to demonstrate economic ROI.
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 and 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. Continue to strengthen the OMDC brand.
  - Update content on the OMDC website to keep it fresh and engage audiences.
  - Optimize the distinctive OMDC 'brand look'.

### **Communications Rollout and Products**

- **Key Messages** – Develop key messages throughout the year that are focused and supported by relevant facts and success stories to provide the basis for all communications products.
- **Media Relations** – Leverage high-profile news stories to demonstrate how the Agency facilitates/supports Ontario's creative industries. Communications will seek to link compelling stories about Ontario's cultural media cluster/content to economic value messages – demonstrating the role and results of OMDC support. Media relations will also be used to support major events and

announcements, e.g., Canadian Videogame Awards; Ontario Music Showcase; film and TV production statistics; Trillium Book Award, etc.

- **Social Media** – Use Twitter and Facebook to disseminate agency, stakeholder, and government news to the broadest possible audience, while creating conversations/feedback with stakeholders. Employ OMDC's new hashtags #ONcreates and #ONcrée to increase involvement and to track results. Communications will post events on OMDC's YouTube channel both to provide a record and to keep audiences engaged and informed.
- **Advertising** – OMDC will continue to seek ways to extend the reach of its advertising by creating innovative partnerships with key media that include editorial coverage for programs, services, and events (e.g., TIFF, Trillium Book Award, etc.).
- **60-second video** – OMDC's 60-second spot will be refreshed this year with new images and a new soundtrack. It is displayed on our website and used as an opener at events.
- **OMDC Website** - Communications has developed a regular schedule for updating content on the website splash page to keep it fresh and engaging for its audiences, including industry news and success stories.
- **Diversity Outreach** – OMDC will incorporate diversity into its communications tactics, including using multicultural media relations and marketing to broaden reach and relevance as well as identify outreach opportunities to promote OMDC programs and services to multicultural audiences. Communications has also dubbed the OMDC 60-second spot into seven languages and will launch web pages in the respective languages outlining basic information on OMDC programs and services; links will take readers to more detailed information in English.
- **Industry Events** - OMDC sponsors or hosts a number of industry events and strategic initiatives throughout the year (film screenings, Music showcase; Trillium Book Award; International Financing Forum at TIFF; Music Makes IT; Celebrate Ontario; trade missions, etc.). Communications will use the lead-up periods to events to generate media interest in OMDC/stakeholder stories.
- **Speaking Opportunities** - Communications will work with OMDC spokespersons to provide 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.
- **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 creative media sectors equally; to feature important industry research and to provide a calendar of

industry-specific events. The newsletter is published bi-monthly in an HTML format and circulated to a broad industry target list.

- **Annual Report/Year in Review** – The Annual Report will continue to be produced as a bilingual flip-flop document that is printed and posted in English and French on OMDC's website after it is tabled in the Provincial Legislature. OMDC also produces a Year in Review document that is used as a marketing/informational piece to highlight the agency's activities and successes. The Year In Review includes many highlights featured in the Annual Report, but without financials and program commitments, so it can be employed as soon as it is produced.
- **OMDC Marketing Materials** - OMDC's various departments – Industry Development/Industry Initiatives, Tax Credits, Business Affairs & Research – all have publication requirements ranging from tax credit informational '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.
- **French language services** – OMDC is committed to providing services to the public in French in accordance with the requirements of the *French Language Services Act*. The Act guarantees members of the public the right to communicate with and receive available services in French from all Ontario government ministries and agencies.

## XIV. HUMAN RESOURCES AND STAFFING

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 also meets or exceeds all required 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 are met.

All OMDC staff are members of the Ontario Public Service. Staff members who are represented by a union are compensated under the terms of their collective agreements.

Below is a list of the staff complement broken down by bargaining unit classification:

### ***Staff Strength***

(as of October 30, 2015)

### **FTE Forecast**

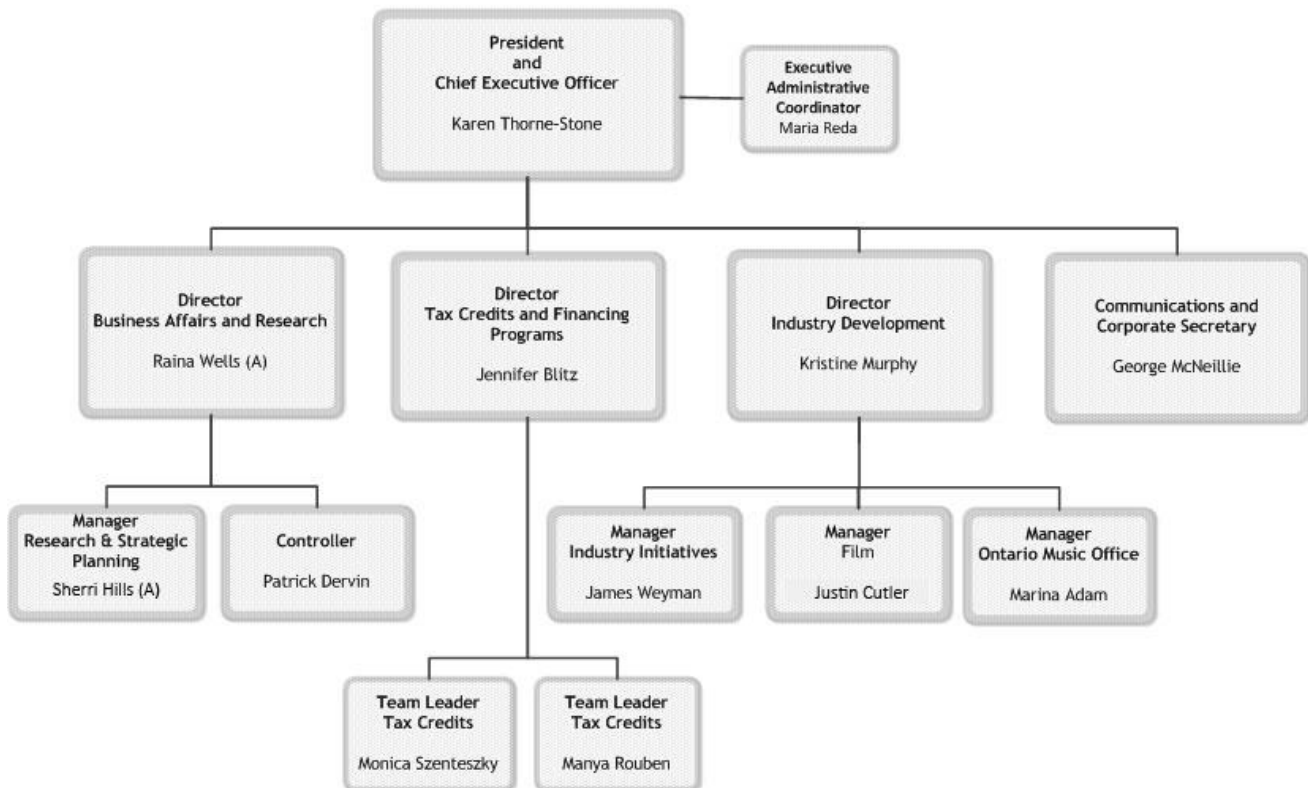
SMG/ITX	MCP	Excluded	OPSEU	AMAPCEO	TOTAL
3	6	0	55	7	71



## ORGANIZATIONAL CHART

As of November 18, 2015

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



## APPENDIX A: 2016-17 PERFORMANCE MEASURES

Value for Money Index <i>An equal-weighted average of:</i>	
METRIC	DEFINITION
<b>Economic ROI Index</b>	Economic ROI (attributable GDP impact from OMDC-funded projects per dollar of OMDC funding and tax credits) divided by target Economic ROI
<b>Job Creation Effectiveness Index</b>	Job Creation Effectiveness (attributable jobs impact from OMDC-funded projects per dollar of OMDC funding and tax credits) divided by target job creation
<b>Job Quality Index</b>	Average salary of full-time equivalent employees on OMDC-funded projects divided by target average salary for project receiving OMDC financing (this includes program funding and tax credits)
<b>Program Delivery Effectiveness Index</b>	Average of: <ul style="list-style-type: none"> <li>• Efficiency of Program Delivery (target application processing time divided by average application processing time); and</li> <li>• Program Cost Effectiveness (program cost effectiveness target divided by actual program cost effectiveness, where cost effectiveness is defined as administrative cost per application)</li> </ul>
<b>Investment Leverage Index</b>	Investment Leverage (unregulated private sector project funding obtained by OMDC-funded projects per dollar of OMDC funding and tax credits) divided by target Investment Leverage

Operational Metrics <i>Consisting of the following individually-reported metrics:</i>	
METRIC	DEFINITION
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• Number of initiatives supported through the Industry Development Program</li> <li>• Number of contacts made by participants in Industry Development Program initiatives</li> <li>• Number of initiatives led by OMDC</li> <li>• Number of contacts made by participants at OMDC led initiatives</li> <li>• Number of options at From Page to Screen events</li> </ul>
<b>Marketing and Communications</b>	<ul style="list-style-type: none"> <li>• Number of unique OMDC website visits during the year</li> <li>• Number of social media responses during the year</li> <li>• Number of unique visits to OMDC's online research library during the year</li> </ul>
<b>Continuous Improvement</b>	<ul style="list-style-type: none"> <li>• OMDC Administrative cost per application</li> <li>• Average application processing time</li> </ul>

<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Proportion of OMDC supported projects resulting in new products</li> <li>• Proportion of OMDC supported projects resulting in new types of products</li> <li>• Proportion of OMDC supported projects resulting in new types of activities</li> <li>• Proportion of OMDC supported projects resulting in new business models</li> </ul>
<b>Other Metrics</b>	<ul style="list-style-type: none"> <li>• Number of projects supported by the L.A. office during the year</li> <li>• Value of projects supported by the L.A. office during the year</li> <li>• Critical success of OMDC-supported projects (qualitative description)</li> </ul>

<b>Industry Productivity and Prosperity Metrics</b> <i>Consisting of the following individually-reported metrics:</i>	
<b>METRIC</b>	<b>DEFINITION</b>
<b>Productivity Growth</b>	Percentage increase in Ontario GDP per worker in the Cultural Media Industries from the prior year
<b>Employment Growth</b>	Percentage increase in Ontario employment in the Cultural Media Industries from the prior year
<b>Job Quality Improvement</b>	Percentage increase in Ontario average wage per worker in the Cultural Media Industries from the prior year
<b>Competitiveness</b>	Growth in Ontario's market share of the North American Cultural Media Industries' operating spending from the prior year
<b>Commercial Success</b>	Percentage increase in Ontario Cultural Media Industries' operating profit
<b>Financial Strength</b>	Change in the OMDC funding leverage ratio (Ontario Cultural Media Industries' operating expenses per dollar of OMDC financing (this includes program funding and tax credits) from the prior year

APPENDIX B: OMDC MANDATE / CORPORATE OBJECTS MAP

2016-17 Activities	OMDC Mandate / Corporate objects							Government Priorities
	To stimulate employment & 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;	f) by acting as a catalyst for information, research and technological development in the cultural media industry provincially, nationally and internationally.	OMDC activity alignment to recently articulated government priorities.
Content and Marketing Funds (includes review of funds)	✓	✓	✓	✓	✓			<ul style="list-style-type: none"><li>- Economic Growth/Productivity</li><li>- Job creation</li><li>- Access to capital for entrepreneurs</li><li>- Strengthening Ontario's competitive position</li><li>- Fostering innovation and entrepreneurship</li><li>- Promotion of strong and stable cultural sector</li><li>- Modernizing support to cultural industries</li><li>- Encourage industry collaboration</li></ul>
Export Fund	✓	✓			✓			<ul style="list-style-type: none"><li>- Economic Growth/Productivity</li><li>- Job creation</li><li>- Access to capital for entrepreneurs</li><li>- Strengthening Ontario's competitive position</li><li>- Going Global / Export</li><li>- Attracting foreign direct investment</li><li>- Promotion of strong and stable cultural sector</li></ul>
Collaboration and Innovation Fund	✓	✓	✓	✓			✓	<ul style="list-style-type: none"><li>- Access to capital for entrepreneurs</li><li>- Fostering innovation and entrepreneurship</li><li>- Promotion of strong and stable cultural sector</li><li>- Modernizing support to cultural industries</li><li>- Encourage industry collaboration</li></ul>
Ontario Music Fund	✓	✓	✓	✓	✓		✓	<ul style="list-style-type: none"><li>- Economic Growth/Productivity</li><li>- Job creation</li><li>- Access to capital for entrepreneurs</li><li>- Strengthening Ontario's competitive position</li><li>- Going Global / Export</li><li>- Fostering innovation and entrepreneurship</li></ul>

	OMDC Mandate / Corporate objects							Government Priorities
	To stimulate employment & 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;	f) by acting as a catalyst for information, research and technological development in the cultural media industry provincially, nationally and internationally.	OMDC activity alignment to recently articulated government priorities.
<b>2016-17 Activities</b>								
								<ul style="list-style-type: none"> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> <li>- Encourage industry collaboration</li> </ul>
Industry Development Program (includes grants to Industry-led projects, OMDC-led initiatives such as From Page to Screen and Sector Marketing, etc.)	✓	✓	✓	✓	✓		✓	<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Going Global / Export</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> <li>- Encourage industry collaboration</li> <li>- Building up talent and skills</li> </ul>
Tax Credits Programs (includes response to Tax Credit Queries and Requests for Information and Obtaining Legal Advice)	✓	✓	✓			✓		<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Job creation</li> <li>- Access to capital for entrepreneurs</li> <li>- Strengthening Ontario's competitive position</li> <li>- Attracting foreign direct investment</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Reducing red tape for business</li> <li>- Open for Business / Open Gov't Initiative</li> </ul>
Film Unit; business attraction; locations database; scouting and other support	✓	✓		✓	✓			<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Job creation</li> <li>- Strengthening Ontario's competitive position</li> <li>- Going Global / Export</li> <li>- Attracting foreign direct investment</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Reducing red tape for business</li> </ul>
International Business Development activities	✓	✓		✓	✓		✓	<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Strengthening Ontario's competitive position</li> <li>- Going Global / Export</li> </ul>

	OMDC Mandate / Corporate objects							Government Priorities
	To stimulate employment & 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;	f) by acting as a catalyst for information, research and technological development in the cultural media industry provincially, nationally and internationally.	OMDC activity alignment to recently articulated government priorities.
<b>2016-17 Activities</b>								
								<ul style="list-style-type: none"> <li>- Attracting foreign direct investment</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Encourage industry collaboration</li> </ul>
OMDC-led initiatives	✓	✓	✓	✓	✓		✓	<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Fostering innovation and entrepreneurship</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> <li>- Encourage industry collaboration</li> </ul>
Trillium Book Award	✓	✓			✓			<ul style="list-style-type: none"> <li>- Strengthening Ontario's competitive position</li> <li>- Promotion of strong and stable cultural sector</li> </ul>
Digital Dialogue Conference and Breakfast Panel Sessions	✓	✓	✓	✓	✓		✓	<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Strengthening Ontario's competitive position</li> <li>- Fostering innovation and entrepreneurship</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> <li>- Encourage industry collaboration</li> </ul>
Toronto International Film Festival	✓	✓			✓			<ul style="list-style-type: none"> <li>- Strengthening Ontario's competitive position</li> <li>- Going Global / Export</li> <li>- Fostering innovation and entrepreneurship</li> <li>- Attracting foreign direct investment</li> <li>- Promotion of strong and stable cultural sector</li> </ul>
Research and market intelligence (industry profiles, online research library; research grants to industry; OMDC-led research)	✓	✓	✓	✓			✓	<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Strengthening Ontario's competitive position</li> <li>- Going Global / Export</li> <li>- Fostering innovation and entrepreneurship</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> </ul>

	OMDC Mandate / Corporate objects							Government Priorities
	To stimulate employment & 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;	f) by acting as a catalyst for information, research and technological development in the cultural media industry provincially, nationally and internationally.	OMDC activity alignment to recently articulated government priorities.
<b>2016-17 Activities</b>								
								- Encourage industry collaboration
Provide Tax Credit Data and Analysis to MoF and CRA (includes provision of feedback and input in to Tax Credit Legislation and implementation of changes to Tax Credit Legislation)	✓	✓	✓			✓		<ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Strengthening Ontario's competitive position</li> <li>- Attracting foreign direct investment</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> <li>- Reducing red tape for business</li> <li>- Open for Business / Open Gov't Initiative</li> </ul>
'Champion' activities: (eg. represent interests of Ontario cultural media industries in federal program consultations, CRTC, etc.)	✓	✓		✓				<ul style="list-style-type: none"> <li>- Strengthening Ontario's competitive position</li> <li>- Fostering innovation and entrepreneurship</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> </ul>
Strategic and Business Planning Activities (includes ongoing Ministry Liaison Role)	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>Support across programs/mandate to ensure: <ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Job creation</li> <li>- Access to capital for entrepreneurs</li> <li>- Strengthening Ontario's competitive position</li> <li>- Going Global / Export</li> <li>- Fostering innovation and entrepreneurship</li> <li>- Attracting foreign direct investment</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> <li>- Encourage industry collaboration</li> <li>- Reducing red tape for business</li> <li>- Open for Business / Open Gov't Initiative</li> </ul> </li> </ul>

	OMDC Mandate / Corporate objects							Government Priorities
	To stimulate employment & 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;	f) by acting as a catalyst for information, research and technological development in the cultural media industry provincially, nationally and internationally.	OMDC activity alignment to recently articulated government priorities.
<b>2016-17 Activities</b>								
Communications activities (includes Tax Credit Promotion, Marketing and Communications)	✓	✓	✓		✓	✓		<b>Support across programs/activities to ensure:</b> <ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Strengthening Ontario's competitive position</li> <li>- Going Global / Export</li> <li>- Attracting foreign direct investment</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Encourage industry collaboration</li> </ul>
Industry Advisory Committees	✓	✓	✓	✓			✓	<b>Provides continuous feedback to ensure:</b> <ul style="list-style-type: none"> <li>- Economic Growth/Productivity</li> <li>- Job creation</li> <li>- Access to capital for entrepreneurs</li> <li>- Strengthening Ontario's competitive position</li> <li>- Going Global / Export</li> <li>- Fostering innovation and entrepreneurship</li> <li>- Promotion of strong and stable cultural sector</li> <li>- Modernizing support to cultural industries</li> <li>- Encourage industry collaboration</li> <li>- Reducing red tape for business</li> <li>- Open for Business / Open Gov't Initiative</li> </ul>
<b>In support of effective mandate delivery:</b>  Corporate operations, IT, communications, program delivery, customer service, business planning, strategic planning, advice to government, issues and risk management, results tracking and reporting, continuous improvement of programs and services								