

ONTARIO CREATES BUSINESS PLAN 2019-20



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FOREWORD

Ontario Creates' 2019-20 Business Plan was finalized in January, prior to the announcement of the April 11, 2019 Ontario Budget which included several items that will impact the agency in 2019-20 and beyond. 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 as a result of an \$8 million reduction to the Ontario Music Fund (OMF).

This foreword to the 2019-20 Business Plan was prepared in May 2019 following the budget announcement. Please note that this foreword updates only that which has changed from the original Plan, detailing some of the additional activities the agency will undertake in 2019-20 as a result of the budget announcement. The Financial Budget contained in the Business Plan has also been updated to reflect the \$8 million reduction to the OMF.

ONTARIO MUSIC FUND

The 2019 Provincial Budget reduced the OMF from \$15 million to \$7 million in fiscal 2019-20. The Budget also stated that the government will work with Ontario Creates to modernize the OMF to focus on activities that bring together the biggest return to the province, and refocus its investments into emerging talent to create opportunities to achieve success.

The OMF was established 2013-14 as a \$45 million fund over three years. It was made permanent in 2015 at \$15 million annually. The OMF had a positive and significant impact across the music ecosystem in Ontario in a variety of ways between 2013-14 and 2016-17, from creating 1,113 new jobs, to increasing the number of Ontario artists performing for audiences across the province (3,500 performances by Canadian artists), to increasing the revenues of emerging music businesses by over 47%. In addition, the OMF has positioned Ontario as a leader, both in Canada and globally, with respect to developing and delivering effective strategic support that has created industry growth and employment.

Given that the 2019-20 OMF program has already begun to roll out, that stakeholders have commenced and/or submitted applications based on the previous program parameters, all existing program streams will be maintained for 2019-20 and grants will be awarded to a smaller number of applicants overall, at a lower funding level for comparable merit than in prior years. An additional \$900,000 in uncommitted OMF funding from prior years (primarily from under-spending in the operational component of the program) will be used to increase the OMF grant capacity in 2019-20 in order to mitigate the impact of the reduction.

In order to fulfil the Government's Budget commitment to "modernize the Ontario Music Fund to focus on activities that bring the biggest return to the province, and refocus its investments into emerging talent to create opportunities for success" Ontario Creates, together with the Ministry of Tourism, Culture and Sport (MTCS) will undertake a program review and seek input from Ontario music industry stakeholders. The review will be led by Ontario Creates with support from MTCS and will be conducted on a short timeline in order to provide enough time to inform the program design for 2020-21, secure the required approvals from the Ontario Creates Board of Directors and Minister's Office, develop new guidelines, and communicate the new program to industry stakeholders.

The objectives of the review will be to gather input for the design of the new fund aligned with the government's priorities of greatest impact and emerging talent. The review will commence in spring 2019 and the approach will include a broadly targeted questionnaire, roundtable discussions with OMF applicants and members of the Ontario Creates Music Industry Advisory Committee, and interviews with key trade associations and other funders. Consultation meetings will wrap up by end of June 2019. New program design, approvals, guideline development and stakeholder communication regarding new program will occur in fall 2019 and early winter 2020, with a target program launch of winter 2020.

TAX CREDITS

As announced in the Budget, all five Ontario Creates administered tax credits will be reviewed: OFTTC, OPSTC, OCASE, OIDMTC and OBPTC with the goal of streamlining administration, reducing the backlog and helping companies receive credits faster. Ontario Creates has implemented a number of business process improvements in recent years which have been effective in speeding up processing times and reducing the backlog. The agency looks forward to working with the government to identify and implement additional strategies to further streamline tax credit processes.

Ontario Creates will also implement changes proposed in the Budget to “lower the annual labour expenditure threshold for video game developers so that more companies will be eligible to apply annually for tax credit certification, rather than applying separately for every product they complete. To qualify as a specialized digital game corporation under OIDMTC, currently a company must spend at least \$1 million in its taxation year on Ontario labour expenditures for eligible digital products. The Budget proposes to reduce the threshold to \$500,000 in minimum Ontario labour expenditures. This measure would be effective for taxation years starting after April 11, 2019. Due to the effective date, this measure would not apply to any applications currently in the tax credit queue. Once this change has passed into law, Ontario Creates will proceed to update tax credit guidelines and FAQ’s accordingly and will make the necessary modifications to the Online Application Portal and communicate these changes to the industry.

Following cuts to the Film & Television Tax Credit rates in 2016-17, funding was allocated to Ontario Creates to be awarded as transitional grants to make up the financial shortfall for companies with projects already committed to Ontario. As all eligible grants have now been awarded, the Ministry has approved Ontario Creates’ request to apply the remaining funds to offset the cost of tax credit salaries to assist in handling the volume of applications, reducing the queue, and working towards an improved service standard for processing time over the next two years.

MINISTER’S FILM AND TELEVISION ADVISORY PANEL

Ontario Creates will actively engage in the Film and Television Advisory Panel announced in the Budget. The panel, which will report to the Minister of Tourism, Culture and Sport and Minister of Finance, will be tasked with providing evidence and advice on industry trends, challenges and opportunities to grow high-value film and television production in Ontario and maximize benefits for the province. This presents a tremendous opportunity to work collaboratively with stakeholders and government to ensure a robust future for Ontario’s world class film and television industries.

CONCLUSION

The updated Business Plan addresses how Ontario Creates will continue to grow a strong and prosperous creative economy in Ontario over the coming years. It contains a slate of programs and services that represent a total operating budget of \$42.0 million in fiscal 2019-20. This budget includes an \$8 million reduction to the OMF following the announcement of the 2019 Budget and incorporates cost containment and efficiency measures to ensure a fiscally responsible program that delivers high value and return on the province’s investment. We understand The Agency Review Task Force is continuing to review all provincial agencies and we look forward to working with the review panel to demonstrate the value, impact and efficiency of the agency’ programs and services. Ontario Creates remains focused on building globally leading and competitive creative industries that benefit and engage all Ontarians by growing the economy, creating and protecting good jobs across the province, and by producing cultural content that reflects and shares the vast range and diversity of Ontarians’ stories.

ONTARIO CREATES SUCCESS

Ontario Creates is an agency of the Ministry of Tourism, Culture and Sport that is committed to delivering high-impact support that creates jobs and economic opportunities for Ontarians. Through targeted programs and services, and by leveraging public and private partnerships, Ontario Creates builds the capacity and competitiveness of the Province's film and television, interactive digital media, book publishing, magazine and music industries that create award-winning content enjoyed by audiences across Ontario and around the world.

Ontario Creates has enabled creative industry companies to increase productivity, build scale, mitigate risks, access international markets, and achieve critical and commercial successes that would not have been possible without support from the Province. These investments have helped to ensure that Ontario is a better place to live and work, that Ontario companies continue to be global leaders in the domestic and international marketplace, and that Ontario maintains its competitive position as a leading jurisdiction for providing innovative and effective support to a thriving world class Entertainment and Creative Cluster.

ONTARIO CREATES JOBS

The six creative sectors under Ontario Creates' mandate support over **57,000 Canadian jobs**¹ in Ontario's knowledge economy. Here are some examples of how support from Ontario has helped create jobs and grow the economy:

- Aided by scouting and facilitation services through Ontario Creates' **Film Commission and LA Office**, and in conjunction with Ontario Creates' toolkit of programs and tax credits, film and television production **contributed \$1.6 billion to the provincial economy** in 2017. The sector accounted for **32,800 jobs**—representing growth of more than 60% since 2003.
- Recipients of Ontario Creates **IDM Fund** and **Film Fund** created over **20,000 weeks of work**.
- In its first four years, the **Ontario Music Fund** created **2,352 net-additional, full-time equivalent positions**.

ONTARIO CREATES INVESTMENT

- **Export Fund** support helped Ontario companies to generate over **\$300 million in international sales**, \$175 for every dollar invested by Ontario Creates in 2017-18.
- Each **tax credit** dollar leveraged **more than \$18 in additional product/production spending** for the 2,600 book, film, **television** and interactive digital media products certified by Ontario Creates in 2017-18.
- A strong **foreign services production sector** attracts investment that continues to create jobs and economic opportunities in Ontario. For example:
 - In its most recent season ***The Strain* (FX)** **spent close to \$51 million and created almost 800 jobs in Ontario**. Almost \$27 million was spent on Ontario production crew and qualifying labour, while \$24 million was spent on purchases from Ontario

¹ Statistics Canada. Table 36-10-0452-01 Culture and sport indicators by domain and sub-domain, by province and territory, product perspective [Accessed 9 Oct. 2018].

businesses, including goods and services. Production of seasons one through four showed total spending in Ontario of \$209 million, and 3,331 local jobs created. More than 630 businesses benefitted from the production from 65 communities across Ontario, including retailers, production facilities, security services, equipment rental companies, dry cleaners, hotels and restaurants, catering companies, automobile rental companies, alteration and repair services, and hair and make-up services. 32 of the communities were located within the Greater Toronto Area, while 33 communities were in other regions of Ontario.²

- **Major infrastructure investments** in Ontario are growing including the recent announcements that CBS picked Ontario as the location of a new studio outpost³, while Microsoft is building a new Canadian headquarters in Toronto⁴.
- **Industry development** activities supported by Ontario Creates initiated **24,000 new business leads** for Ontario companies in 2017-18. These important connections lead to further collaborations and partnerships, contributing to business growth for Ontario companies.
- Ontario's competitive and stable media tax credits tells the world that Ontario is **Open for Business**. Foreign service productions have attracted over \$3 billion of inward investment in Ontario over the last five years, while a strong domestic sector has generated nearly \$4 billion over the same period.⁵ Ontario's combination of talent, infrastructure, and government support has made the Province an attractive place for doing business.

ONTARIO CREATES SUPPORTS GOVERNMENT PRIORITIES

These successes are a testament to Ontario's incredible content, locations and production capacity. Ontario delivers a perfect mix of talent, business-friendly environment, and competitive financial incentives. This Business Plan builds on these strengths. The creative industries stand at the intersection between culture, business, and technology. As a result, the six sectors supported by Ontario Creates are strategically positioned to generate benefits for Ontarians in several different economic, cultural, and social areas. Ontario Creates will continue to build on these successes through its programs and activities in the years ahead.

² Motion Picture Association Canada (2018). *FX's The Strain Has an Eye Opening Impact on Ontario's Economy Spending over \$50 million and creating 800 jobs in fourth season of production*. [online] Available at: <https://www.mpa-canada.org/press/fxs-the-strain-has-an-eye-opening-impact-on-ontarios-economy-spending-over-50-million-and-creating-800-jobs-in-fourth-season-of-production/> [Accessed 9 Oct. 2018].

³ Wong, Tony. 2018. "Why CBS Set Its Sights On Toronto Area For New TV Production Hub". Toronto Star, , 2018. <https://www.thestar.com/business/2018/09/26/cbs-plans-production-hub-in-canada-to-satisfy-demands-of-peak-tv.html>.

⁴ Tencer, Daniel. 2018. "Microsoft Plans New Canadian Headquarters In Downtown Toronto". Huffpost Canada. https://www.huffingtonpost.ca/2018/09/11/microsoft-canadian-headquarters_a_23524349/.

⁵ Ontario Creates Annual Results.

I. EXECUTIVE SUMMARY

ENVIRONMENTAL SCAN

Ontario Creates maintains regular environmental scanning and monitoring of issues that are important to the creative media industries including publishing comprehensive industry profiles of the six sectors supported by the Agency.

Ontario Creates 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 the agency's five Industry Advisory Committees that meet throughout the year (film and television sectors are represented by a joint Screen Advisory Committee).

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

EXTERNAL CLUSTER DEVELOPMENTS AND TRENDS

- Economic indicators predict moderate growth for Ontario.
- A competitive Canadian dollar continues to boost exports and to attract strong levels of foreign service production for screen media to Ontario.
- There is a growing market demand for all kinds of creative content in Canada and across the world.
- Several key regulations and government initiatives will impact the creative industries such as the forthcoming reviews of the *Copyright*, *Broadcasting*, and *Telecommunications Acts*, and the federal Creative Canada policy framework.

INTERNAL SITUATION

- The agency is facing capacity pressures as demand for Ontario Creates programs and services continue to grow and exceed available resources creating an opportunity loss for Ontario's economy.
- A series of prior budget cuts and cost containment strategies has hampered the organization by reducing the agency's flexibility to proactively respond to changes in the environment or to take advantage of new opportunities for investment and job creation.

STRATEGIC DIRECTIONS

Ontario Creates is three years into its strategic plan, launched in 2017. The plan provides an updated vision for the province's creative industries and a mission that articulates how the agency will contribute to fulfilling this vision.

STRATEGIC GOALS

1. Stimulate Economic Growth and Employment
2. Promote the Industries
3. Encourage Collaboration and Innovation

FOUNDATIONAL ENABLERS

1. Ensure Service and Operational Excellence
2. Empower People and Teams

PROGRAMS AND ACTIVITIES

Ontario Creates 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 creative industries continues to change. Ontario Creates will continue to

leverage opportunities with public and private sector partners and will continue to develop and lead innovative initiatives in order to facilitate new opportunities for Ontario's creative media companies and to better target government priorities. In addition, Ontario Creates will work closely with Ministry of Tourism, Culture and Sport (MTCS), Ministry of Finance (MoF) and other partners to modernize and improve the effectiveness of tax credits for Ontario companies.

In 2019-20, Ontario Creates will continue to offer its core programs that support content creation, marketing and business innovation, promotion, and industry development.

Key initiatives in addition to core programs in 2019-20 include:

- Ontario Authors Tour Support Fund (OATS)
- Frankfurt Book Fair 2020: Focus on Guest of Honour, Canada
- Magazine industry international business development initiative
- Domestic feature film distribution and marketing initiative
- Film screenwriting support initiative

RESOURCES NEEDED TO MEET GOALS AND OBJECTIVES

- The programs and services described in this Business Plan assumes Ontario Creates' provincial funding in 2019-20 will be \$38.5 million and that there will be no change to the agency's 78 full time equivalent (FTE) positions.
- Additional funding has been provided by MTCS for the Canadian Books in Ontario Schools program and for the Diversity Enhancement. This funding will conclude in 2019-20.
- Permission to fill three FTE positions will boost productivity and help to ease the backlog of tax credit applications.
- In order to ensure that Ontario Creates is successful in meeting its goals, the agency must rely on continued collaboration and partnership with government partners including MTCS and MoF.

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. The agency's performance measures were updated in 2017-18 to support the rollout of the strategic plan and several new measures were added at that time.

Ontario Creates expects to meet or exceed 2017-18 key performance targets by year-end, noting the following:

- The estimated value of tax credits was greater than anticipated in 2017-18 due to improved processing times which meant more products were certified within the year.
- Media impressions related to the Trillium Award fluctuate annually for various reasons (e.g. the presence of a well-known author among the nominees), however, elevated results in 2017-18 are also due to additional activities and ad spend related to Trillium's 30th anniversary.
- The consultant position in the Film Office in LA was vacant for several months which may negatively impact the number of production leads developed by the LA Office. Procurement for a new consultant is underway and it is expected that the role will be filled shortly.

RISK IDENTIFICATION, ASSESSMENT AND MITIGATION STRATEGIES

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

Significant risks facing the agency and the creative industries over the next three years include the following:

- High volume of tax credit applications
- Staffing challenges and restrictions
- Restricted access to export markets
- Insufficient resources to service growing demand
- Limited discretionary resources

BUDGET

This Business Plan represents a status quo budget with no requested increases for additional financial or human resources. Specifically:

- Ontario Creates' 2018-19 expenditures are projected to be \$48.4 million for accounting purposes, before adjusting for amortization and capital acquisitions. These expenditures include \$890,000 in planned time-limited initiatives, which are funded from cash reserves.
- Ontario Creates' annual revenue for 2019-20 is expected to be \$42.0 million including program-specific allocations of \$7.0 million for the Ontario Music Fund, \$1.5 million for the Diversity Enhancement, and \$300,000 for the Canadian Books in Ontario Schools program. Total ministry revenue of \$38.5 million includes \$1.2 million in deferred revenue related to the Ontario Music Fund and other programs.
- Uncommitted cash reserves at the end of 2019-20 are projected to be \$3.9 million. Ontario Creates' 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.
- Ontario Creates will utilize \$965,000 of the reserve funds in 2019-20 to implement a number of strategic initiatives and to fund recent staff additions to the Tax Credits department.

INFORMATION TECHNOLOGY

Ontario Creates provides and supports its own information technology services, including maintenance of the internal network and servers, email service, an internal database for operational purposes, and three outward-facing databases that provide access to industry research, filming locations, and Ontario Creates' program and tax credit applications.

Key activities in the agency's 2019-20 Information Technology Plan include the following:

- Upgrade of the agency's Client Relationship Management (CRM) systems;
- Enhancements to features of the Online Application Portal (OAP) and Corporate Database to improve user experience;
- Creation of new tools to improve user experience for tax credit applicants; and
- Modernization of IT system, including moving servers to an offsite data centre for business continuity.

INITIATIVES INVOLVING THIRD PARTIES

Ontario Creates 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 LA
- Toronto International Film Festival Group for the care and maintenance of the Province's film collection at the Film Reference Library.
- Federal and provincial and industry partners to promote Ontario's creative media industries at key international markets and events (e.g. Telefilm Canada, Canadian Independent Music Association).

COMMUNICATIONS PLAN

Ontario Creates communications activities promote Ontario as home to some of Canada's most dynamic and economically significant creative sectors. Agency communications activities have four key strategic objectives:

1. To demonstrate the value and impact of Ontario Creates' programs and activities through the economic impact, high-value job creation, and the cultural contribution that that province's creative industries bring to Ontario.
2. To position Ontario as open for business, and as a preferred jurisdiction to build and grow creative content companies, with access to first-rate talent, infrastructure, and competitive government support programs.
3. To enhance local, national and international recognition of Ontario's creative industries, companies and content; demonstrating Ontario Creates as an investor, partner and catalyst.
4. To escalate pride among Ontario consumers and to promote awareness and discoverability of the first-class and compelling creative content made in Ontario.

CONCLUSION

This Plan contains a slate of programs and services that represent a total operating budget of \$42.0 million in fiscal 2019-20. This represents a budget with no increase in either financial or human resources. Continued investment in Ontario Creates has allowed the agency to create jobs for Ontarians across the province working in the creative industries as well as indirectly in several other related industries. Specifically, this investment has enabled Ontario Creates 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 high potential 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 Ontario Creates support. These investments will anchor and grow Ontario's creative industries, comprised mostly of small to medium-sized enterprises, creating good jobs and opportunities for Ontarians. Further, continued support to Ontario Creates will ensure that the Province maintains a competitive advantage and that it remains open for business and 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 and job growth in Ontario.

II. MANDATE

The Ontario Media Development Corporation (operating as Ontario Creates) is an operational service agency of the Ontario Government. Ontario Creates 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).

CORPORATE OBJECTS

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.

MANDATE REVIEW

The Ministry of Tourism, Culture and Sport reviewed the agency's mandate in 2015-16. The results of the review were reported to Treasury Board and approved by Cabinet in the summer of 2016. Although Ontario Creates is not privy to the report, the agency has been advised by the ministry that the review found that the agency continues to deliver on its mandate to stimulate employment and investment in Ontario.

VISION AND MISSION

Ontario Creates launched a new strategic plan in 2017. The plan provides a new vision for the province's creative industries and an updated mission that articulates how the agency will contribute to fulfilling this vision.

Vision: An Ontario where our creative industries are globally leading and competitive; celebrate Ontario's cultural vitality; and drive economic growth and development in the province.

Mission: To be a catalyst for economic development in Ontario's creative industries through investment, promotion, and facilitation of innovation and collaboration, both domestically and internationally.

GOVERNANCE AND MINISTRY RELATIONSHIPS

Ontario Creates is accountable to MTCS for the fulfillment of its mandate. The agency'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 jobs in Ontario's knowledge economy that bring prosperity today and in the future. As the key delivery mechanism for providing programs and activities to the province's creative media industries, Ontario Creates supports the ministry's goal of encouraging expansion of Ontario's creative industries, stimulating job creation, economic growth, and innovation.

Ontario also maintains working relationships with the Ministry of Finance (MoF) and the Ministry of Economic Development, Job Creation and Trade in the delivery of programs and maintenance of stakeholder relationships.

BOARD OF DIRECTORS

The Corporation is governed by a 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. The Board also has four Standing Committees (Governance, Audit, Strategic Planning, and Communications). Ontario Creates currently has 16 Board members:

John Barrack	Sharifa Khan
Patrick Bourbonnais	Iain Klugman
Paul Bronfman	Gave Lindo
Adam Caplan	Ildiko Marshall
Susan de Cartier	Marguerite Pigott (Vice-Chair)
Ron Hay	Kiu Rezvanifar
Nyla Innuksuk	Mark Sakamoto (Chair)
Lisa Lyons Johnston	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 the agency's programs and staff. Staff are hired under Ontario's Public Service of Ontario Act, 2006. The current full-time staff complement is 78.

ANNUAL REPORT, AUDIT, AND INVESTMENTS

Ontario Creates 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 the agency's enacting regulation restricts the investments available to Ontario Creates. Within these parameters, the agency's investment strategy is developed in consultation with the Audit Committee of the Board and is approved by the Board of Directors. Ontario Creates 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 AND DIVERSITY

Ontario Creates actively supports all Ontario Accessibility legislation and directives including the Accessibility for Ontarians with Disabilities Act (AODA). The agency is committed to integrating diversity into all programs, policies, and services and to continuing to extend its services and

programs to ethno-cultural and other diverse groups. Proactive outreach to ensure that the agency's services are communicated and accessible to individuals and companies across Ontario will continue. The agency's policies and multi-year accessibility plan are posted on the corporate website.

RESPECTFUL WORKPLACES

In 2018, in consultation with other funding agencies and industry trade organizations across Canada, Ontario Creates updated program guidelines to require that all program applicant organizations sign an affidavit to confirm that their organization has in place both guiding principles and a process for maintaining a respectful workplace. Ontario Creates expects that all funding recipients maintain the principles of a respectful workplace including taking every reasonable step to:

- Cultivate and sustain a respectful, positive, inclusive and supportive work culture;
- Provide a safe mechanism for staff to report incidents or allegations of inappropriate behavior; and
- Take action to prevent, identify and eliminate workplace harassment and discrimination in a timely manner.

ACCOUNTABILITY

Ontario Creates 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 the corporate website as part of Ontario's Open Government initiative. In addition to these documents, Ontario Creates also posts the travel, meal and hospitality expenses of its Board of Directors (appointees), President and CEO, and 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. Under the Open Data Directive an inventory of the agency's datasets has been posted on the website. The agency continues to proactively release datasets in a machine readable format as per Ontario's Open Data directive.

III. ENVIRONMENTAL SCAN

THE CREATIVE INDUSTRIES IN ONTARIO

The Entertainment and Creative Cluster (ECC) comprises individuals or companies whose primary occupation is the creation, production and monetization of creative content.⁶ In recent years, this cluster has been a key driver of economic growth for Ontario, outpacing overall provincial growth during the period of 2005-2011.⁷ In the near-term future, PwC anticipates that Canada's entertainment and media industries will see steady growth at a compound annual growth rate (CAGR) of 3.7%, from 2017 through 2022, from US \$48 billion to US \$55 billion, a rate that outpaces the CAGR for all of North America.⁸

Ontario is home to Canada's largest creative industry sectors, including book publishing, film and television, interactive digital media, magazine media, and music. These industries help to make Ontario a better place to live, work, and invest. The most recent data from Statistics Canada shows that the six sectors supported by Ontario Creates contributed over 57,000 Canadian jobs and nearly \$7 billion to Ontario's GDP in 2016.⁹ For context, that's larger than the entire agriculture and forestry and logging sectors combined.

The wider culture cluster, in which the ECC resides, accounts for approximately 3.5% of Ontario's GDP, generating \$25.7 billion annually.¹⁰ This 'culture' cluster includes the ECC alongside other disciplines such as heritage & libraries, natural heritage, visual and applied arts, and more. In Ontario alone, the culture sector is responsible for generating approximately 269,000 jobs, which is 3.8% of the total jobs in Ontario, the highest rate of cultural employment in Canada.¹¹

The six sectors supported by Ontario Creates are national leaders in job creation and GDP contribution:

BOOK

- According to Statistics Canada, the Ontario book publishing industry reported \$1.1 billion in operating revenues in 2016, with an operating profit margin of 11%. At 67%, Ontario's book publishers had the largest share of national revenues.¹² The Ontario book publishing sector contributed more than \$500 million to Ontario's GDP and employed almost 6,500 people in 2016.¹³
- In 2016, Canadian book exports were estimated at \$436.6 million in total, which is an increase of 1.4% from 2015.¹⁴ Ontario generated \$240 million worth of exports in 2016. According to the last recorded data in 2014, Ontario exported a further \$304.6 million worth of books to other provinces. B.C., Alberta and Quebec are the primary importers of Ontario books.¹⁵

⁶ Ontario Ministry of Tourism and Culture, *Ontario's Entertainment & Creative Cluster: A Framework for Growth*, p.3

⁷ Ontario Ministry of Finance (MoF), *Entertainment and Creative Cluster Statistics*, 2013

⁸ PwC, *Global Entertainment & Media Outlook, 2018-2022*, September 2018.

⁹ Statistics Canada, *Provincial and Territorial Cultural Indicators*, 2010 to 2016, February 27, 2018.

¹⁰ *ibid.*

¹¹ *ibid.*

¹² Statistics Canada, Table 361-0088 - Book publishers, summary statistics, every 2 years, CANSIM (database). (accessed: October 16, 2018).

¹³ Statistics Canada, *Provincial and Territorial Cultural Indicators*, 2010 to 2016, February 27, 2018.

¹⁴ Statistics Canada, Table 12-10-0117-01 *International trade of culture and sport products, by domain and sub-domain, and trading partner* (x 1,000,000) (accessed: August 22, 2018).

¹⁵ Statistics Canada, Table 12-10-0116-01 *International and inter-provincial trade of culture and sport products, by domain and sub-domain, provinces and territories* (x 1,000,000) (accessed: August 22, 2018).

- Canadian-owned publishers are responsible for 80% of the new books written by Canadian authors each year, according to the Association of Canadian Publishers. A study released by BookNet Canada, demonstrates the vast majority of Canadian book buyers are interested in reading books by Canadian authors (84%)—this is up from 75% in 2012.¹⁶

FILM AND TELEVISION

- Ontario is one of the largest film and television production centres in North America, with the economic contribution of film and television productions supported by the Province of Ontario valued at \$1.6 billion in 2017.¹⁷
- According to Canadian Media Producers Association (CMPA)'s latest economic report on the screen-based media industry in Canada, in 2016-17, the production industry generated 171,700 full time equivalents (FTEs), including direct (i.e. cast and crew) and spin-off impacts. The full screen sector value chain (including production, distribution, film festivals, and broadcasting) generated \$23.6 billion in GDP for the Canadian economy, including \$10.8 billion directly within the value chain and an additional \$12.8 billion in other industries within the Canadian economy.¹⁸ In 2017, the film and television industry supported by the Province of Ontario generated approximately 32,800 full-time direct and spin-off jobs.¹⁹
- In 2017 in Ontario, there was an increase in the overall number of productions that took place compared to 2016, with domestic feature film spending increasing 16% to \$80.6 million from \$69.7 million. On the foreign side, television production continued to dominate; a \$120 million decrease in foreign feature film spending year over year was offset by a comparable \$140 million increase in foreign television spending to \$653.3 million, buoyed by series such as *The Handmaid's Tale*, *Star Trek*, and *Designated Survivor*.
- The CRTC's annual Communications Monitoring Report provides insight into the changing habits of Canadian consumers. According to the latest report, in 2016, Canadians viewed approximately 26.6 hours of traditional television weekly, a decline of 2.2% from 2015. Increasingly, Canadians are using internet-connected devices to access video content, with 23% of Canadians aged 18-34 watching television exclusively online. Canadians (18+) watched, on average, 3.1 hours of internet TV per week, compared to 2.7 hours in 2015.²⁰ In 2016, 47% of Ontarians subscribed to Netflix, compared to 44% in 2015 and 37% in 2014.²¹

INTERACTIVE DIGITAL MEDIA (IDM)

- 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 and services to enable the production of interactive content. Core IDM content includes but is not limited to video games, cross-platform entertainment, virtual and augmented reality content, web series, e-learning, and training products. In 2016, Ontario's interactive media industry contributed almost \$2.7 billion to Ontario's GDP and employed almost 20,000 people.²²

¹⁶ BookNet Canada, *Canadians Reading Canadians 2017*, July 2017.

¹⁷ Ontario Creates 2017 Production Statistics, 2018. Data represents expenditures of all productions using Ontario Creates-administered incentives and services. Data does not include television commercials, corporate videos, music videos, or broadcaster in-house production.

¹⁸ CMPA, *Profile 2017*, pp. 23, 27.

¹⁹ Ontario Creates, 2017 Production Statistics.

²⁰ CRTC, Press Release, "CRTC releases Communication Monitoring Report data on Canadians' viewing and listening habits," CRTC, November 8, 2017.

²¹ CRTC, *Communications Monitoring Report 2017*, p. 203.

²² Statistics Canada, *Provincial and Territorial Cultural Indicators, 2010 to 2016*, February 27, 2018.

- A 2017 report by the Entertainment Software Association of Canada (ESAC) estimates that Canada's video game industry employs 21,700 FTEs directly, as well as generating an additional 19,000 FTEs in the wider economy. The national video game industry spent \$2.6 billion in 2017, an increase of 8% from 2015. As of 2017, the average annual salary of a Canadian video game worker was \$77,300, up 8% from 2015. As measured by number of employees, Ontario's video game industry is the third largest in the country after Quebec and British Columbia, with 171 firms directly employing 3,800 people.²³ Ontario video game industry expenditures nearly doubled in the last two years, from \$265 million in 2015 to \$522 million in 2017.²⁴
- An emerging segment of the IDM economy is esports and millennials are just as likely to express a "significant preference" for esports compared to traditional sports.²⁵ According to Solutions Research Group, 16% of Canadians online 12 years and older engage in esports activities, making Canadians enthusiastic players.²⁶ In Ontario, esports leagues are responding to rapid growth by facilitating organized, social, and competitive esports tournaments and events.

MAGAZINE

- Ontario's magazine industry generated \$934.7 million in operating revenue in 2015, which accounted for 58.4% of national operating revenues. Revenues declined at a rate of 17% between 2013 and 2015, similar to the national average. Operating expenses were valued at \$784.6 million, bringing the operating profit margin to 16.1%, which is over the national average and nearly double 2013's profit margin of 8.7%.²⁷ Ontario-based periodical publishers pay over \$297 million a year in salaries and benefits.²⁸ Ontario's periodical publishing sector contributed almost \$460 million to Ontario's GDP and employed over 6,000 people in 2016.²⁹
- In 2016, Canadian international periodical exports were valued at \$153.1 million, with the United States the primary market (\$101.7 million). China was also a significant market, with exports valued at \$6.5 million, up 18.2% from 2015 levels. Ontario was responsible for over half of national exports.³⁰
- 60% of millennials are magazine readers, with 16% exclusively consuming a digital version, 37% relying exclusively on print, and almost half of all readers using both mediums. According to Vividata, 76% of millennials access magazines on their smartphones.³¹

MUSIC

- The Ontario music industry is the largest market within Canada. Ontario generated \$328.9 million in record production and integrated record production and distribution revenues in 2015, with a corresponding 14.1% operating profit margin. Sound recording studios are

²³ Entertainment Software Association of Canada (ESAC), Canada's Video game Industry in 2017, September 2017, p. 11.

²⁴ Ibid, p. 27.

²⁵ L.E.K. Sports Survey data cited in Meeker, p. 140.

²⁶ Solutions Research Group Consultants Inc., "Millennials Driving eSports Popularity," June 13, 2017.

²⁷ Statistics Canada. Table 361-0032 – Periodical publishers, summary statistics, every 2 years (dollars unless otherwise noted), CANSIM (database). (accessed: May 30, 2017). Statistics Canada includes activity from advertising periodicals, newsletter publishing and other types of periodicals.

²⁸ Ibid.

²⁹ Statistics Canada, Provincial and Territorial Cultural Indicators, 2010 to 2016, February 27, 2018.

³⁰ Statistics Canada, Table 12-10-0117-01 International trade of culture and sport products, by domain and sub-domain, and trading partner (x 1,000,000)sub-domain, and trading partner (x 1,000,000) (accessed: August 15, 2018); Statistics Canada, Table 12-

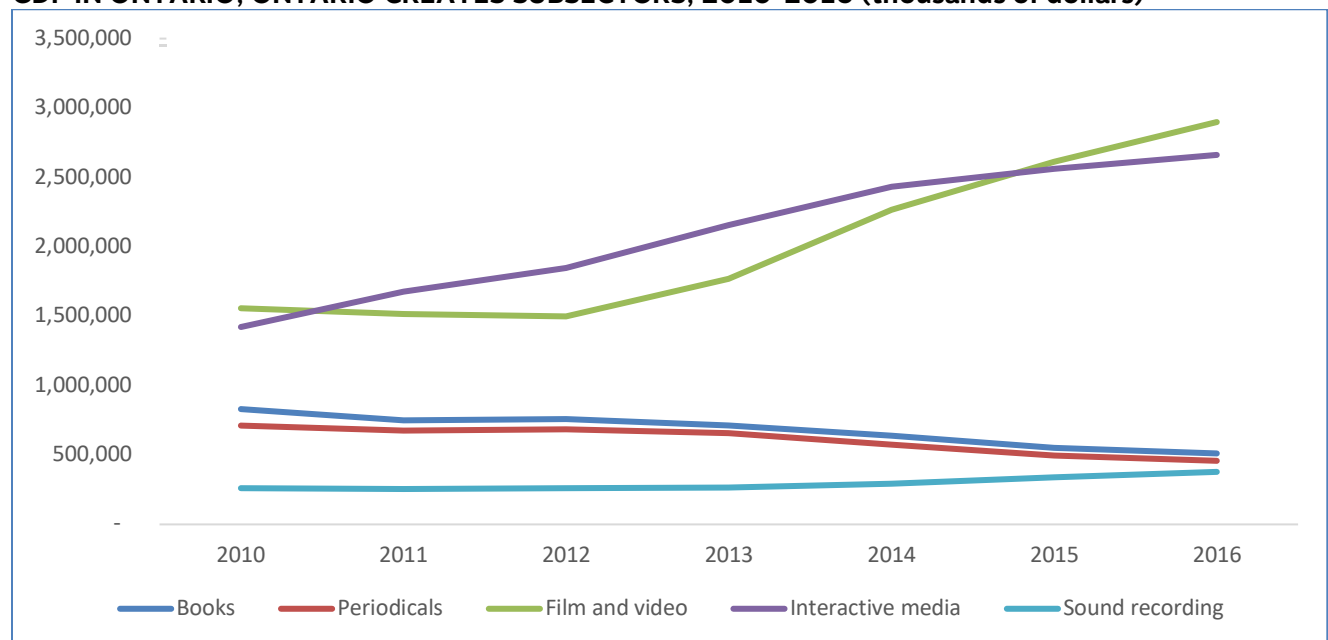
10-0116-01 International and inter-provincial trade of culture and sport products, by domain and sub-domain, provinces and territories (x 1,000,000) (accessed: August 15, 2018).

³¹ Vividata, "Vividata releases its first full year of Canadian Consumers," April 14, 2016.

responsible for \$55.6 million in operating revenues, with an operating profit margin of 9.4%. Music publishing revenue data is not available at the provincial level.³²

- Ontario's sound recording and music publishing sector generated 4,600 jobs in 2016 (from the product perspective), nearly half the 9,800 jobs created nationally. Between 2015 and 2016, sound recording saw the highest growth of all culture domains in its contribution to GDP, both on a national level (+7.3%) and provincial level (+11.9%). These figures do not include the live music sector.³³
- A Music Canada study found that live music companies in Ontario generated \$628 million from live music related activities in 2013, with almost 40% of those revenues generated via ticket sales. Ontario's over 550 live music festivals sold almost 16 million tickets in 2013. The employment impact of Ontario's live music industry was measured at 7,300 direct FTEs and \$152.4 million in direct labour income in 2013. When considering direct, indirect and induced impacts, the estimates grew to a total of 10,500 FTEs resulting in \$305.5 million in labour income.³⁴
- In 2017, 93% of Canadians listened to recorded music, up from 89% in 2016, with some of the growth likely due to increased mobile consumption of music via smartphones and tablets. Radio listening (both satellite and over-the-air) remains significant, and over half of Canadians (59%) are attending live events (at large and small venues, at festivals), with the rate being higher for millennials (70%).³⁵

GDP IN ONTARIO, ONTARIO CREATES SUBSECTORS, 2010-2016 (thousands of dollars)³⁶



³² Statistics Canada, Table 361-0034 - Sound recording and music publishing, summary statistics, every 2 years (dollars unless otherwise noted), CANSIM (database). (accessed: 2018-04-24).

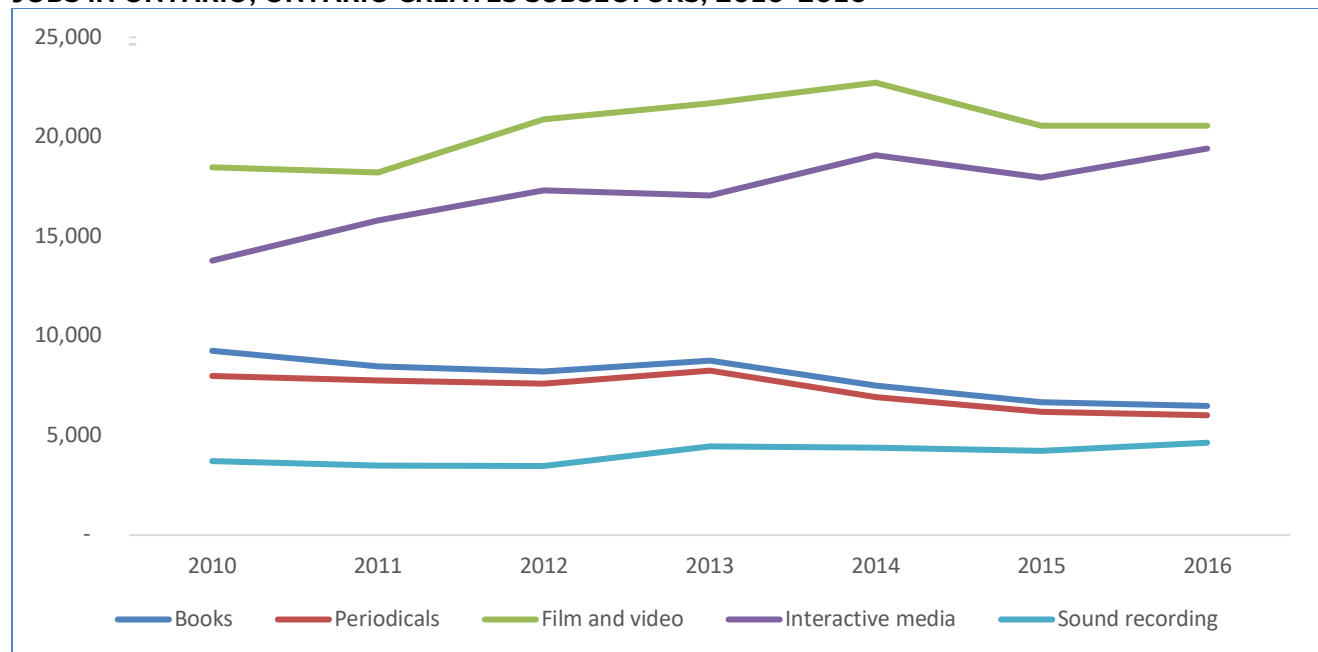
³³ Statistics Canada, Provincial and Territorial Cultural Indicators, 2010 to 2016, February 27, 2018.

³⁴ Music Canada, Live Music Measures Up: An Economic Impact Analysis of Live Music in Ontario, December 2015, p. 27.

³⁵ Nielsen Canada, Music Canada 360 Report 2017.

³⁶ Statistics Canada, Provincial and Territorial Cultural Indicators, 2010 to 2016, February 27, 2018.

JOBS IN ONTARIO, ONTARIO CREATES SUBSECTORS, 2010-2016³⁷



GENERAL ECONOMIC ENVIRONMENT

Economic indicators continue to predict moderate growth for Ontario:

- Real gross domestic product (GDP) is slowing but still increasing (up 0.8% in the second quarter of 2018-19 versus a 0.4% increase in the prior quarter). Growth was led by consumer spending and exports.³⁸ Growth in most major economies is similarly paced.
- Private banks are anticipating a slowdown in growth over the next three years. TD is forecasting real GDP growth of 1.7% and nominal GDP growth of 3.5% in 2020.³⁹
- Exports increased 2.2%, as both international (+2.8%) and interprovincial (+0.8%) exports advanced. Imports increased a further 0.5%, following a 1.3% increase in the first quarter.⁴⁰ Businesses continue to be optimistic about export demand, expecting foreign sales to grow at a greater rate over the next 12 months.⁴¹
- The Canadian dollar is expected to remain in the \$0.75 – \$0.78 US range through the next year which is favourable for foreign investment.⁴²
- In July, unemployment was 5.4%, the lowest since 2000. However, Ontario lost 80,100 jobs in August, the biggest drop since January 2009 (the unemployment rate in Ontario still remains

³⁷ Ibid.

³⁸ Ontario Ministry of Finance, Ontario Economic Accounts Second Quarter of 2018-19, p. 1.

³⁹ "Provincial Economic Forecast". 2018. Economics.Td.Com. <https://economics.td.com/provincial-economic-forecast>.

⁴⁰ Ibid, p. 2.

⁴¹ Bank of Canada, Business Outlook Survey—Autumn 2018. <https://www.bankofcanada.ca/2018/10/business-outlook-survey-autumn-2018/> (Accessed 16 October 2018).

⁴² National Bank of Canada. Forex Economics and Strategy October 2018. <https://www.nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/forex.pdf> (Accessed 16 October 2018).

lower than Canada's national average).⁴³ It's not yet known whether these job losses represent a shrinking Ontario labour force.

- There are some risks that could undermine growth - significantly a slower housing market, increased trade protectionism across the globe and specific tariffs on goods exported to the US.
- A new trade agreement between Canada, the US and Mexico has been negotiated. While the USMCA trade agreement must still be passed by the Canadian and American governments, the agreement largely preserves tariff free market access and maintains the cultural exemptions embedded in the original NAFTA agreement.⁴⁴

CREATIVE INDUSTRIES: GROWTH FORECAST

- PwC anticipates that spending on entertainment and media in Canada will grow an average of 3.7% compounded annually from 2018-2022 with Canadians spending approximately US\$55 billion annually on entertainment and media products. Growth in Canada slightly outpaces total North American growth of 3.5%, while the North American market is forecast to be worth US\$847 billion annually by 2022.⁴⁵
- The fastest growth in spending globally is for virtual reality (40% CAGR) though it has slowed significantly from last year, and over-the-top (OTT) video (10% CAGR).⁴⁶
- PwC forecasts that in Canada, the fastest growing segments will be OTT video (5.2% CAGR) and video games and esports (3.5% CAGR). Data is unavailable for virtual reality in Canada.⁴⁷
- Segments with the most annual global spend are traditional TV and home video (US\$277 billion), video games (US\$138 billion), and books (US\$121 billion).⁴⁸
- In Canada, the segments with the largest spend are traditional TV and home video (at nearly US\$7.8 billion by 2022). However growth in this segment has been declining slightly since 2012 as viewership moves to online platforms and PwC forecasts -0.7% CAGR through to 2022; video games (\$US2.4 billion), books (US\$2.0 billion), and internet video (US\$1.5 billion).⁴⁹
- Canadians' spend on internet access far outpaces spend on all other entertainment and media related productions. PwC forecasts that Canadians will be spending US\$20 billion a year on internet access by 2022, while global spend will reach US\$726 billion.⁵⁰

⁴³ Robert, Benzie. 2018. "In Sobering News For The Ford Government, Ontario Lost 80,000 Jobs In August". Toronto Star, , 2018. <https://www.thestar.com/news/queenspark/2018/09/07/in-sobering-news-for-the-ford-government-ontario-lost-80000-jobs-in-august.html>. (Accessed 16 October 2018).

⁴⁴ "Summary Background: United States-Mexico-Canada Agreement (USMCA)". 2018. GAC. <http://international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/usmca-aeumc/summary-sommaire.aspx?lang=eng>.

⁴⁵ PwC, Global Entertainment and Media Outlook 2018-2022, "Magazines," June 2018.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

CREATIVE INDUSTRIES: CHALLENGES AND OPPORTUNITIES

- Growth Drivers: Ontario Creates' stakeholders identified business development opportunities and access to capital as the most important drivers for the growth of their businesses. Transition to non-linear value chains was the least important. Many companies reinforced the importance of having access to funding, but also focused on a need for tax credits, international collaboration and networking.⁵¹
- Success Drivers: New revenue streams, digital platforms, and social media marketing opportunities are seen as the most important drivers for success. Feedback also touched on the importance of developing and nurturing talent, promoting Canadian content, and having improved access to information.⁵²
- As both technology and business models evolve at an increasingly rapid pace, there is an acute need for skilled workers to drive innovation and leverage new and emerging digital technologies effectively.⁵³
- Recent private sector investments into Ontario's studio infrastructure will help alleviate the shortage of studio space currently facing Ontario. These spaces include Markham Movieland, a 400,000 square foot studio by First Studio City⁵⁴ and a 260,000 square-foot production studio in Mississauga for CBS Television Studios.⁵⁵ In addition, Pinewood Toronto Studios has announced plans to add an additional 96,000 square feet of space by the end of 2019.⁵⁶ These developments will increase Ontario's capacity for local and international production, strengthening Ontario's competitive position as a leading global market for film and television production.
- Federal reviews of the *Copyright Act*, *Broadcasting Act*, and *Telecommunications Act* are in progress and could have significant impact on Ontario's creative industries.

DIVERSITY AND INCLUSIVITY

- Diversity and representativeness continue to be high-profile issues for the industries and organizations that support them. A growing body of economic literature demonstrates a significant connection between the profitability of a firm and the diversity of their leadership.
- A study by McKinsey and Company revealed that the companies with the highest gender diversity on their executive teams are 21% more likely to have above-average profitability than companies with the lowest diversity.⁵⁷
- A recent report by Women In Music summarizes the ways diversity helps companies improve profitability: diversity improves the quality of decision making by reducing bias and groupthink;

⁵¹ Ontario Media Development Corporation Client Satisfaction Survey, 2018.

⁵² Ibid.

⁵³ "The Great Canadian Skills Mismatch", Miner Management Consultants, 2014.

⁵⁴ "Markham To Be Home To \$100M Film Studio - Constructconnect.Com - Daily Commercial News". 2018. Daily Commercial News. <https://canada.constructconnect.com/dcn/news/projects/2018/09/markham-home-100m-film-studio>.

⁵⁵ Wong, Tony. 2018. "Why CBS Set Its Sights On Toronto Area For New TV Production Hub". Toronto Star, , 2018. <https://www.thestar.com/business/2018/09/26/cbs-plans-production-hub-in-canada-to-satisfy-demands-of-peak-tv.html>.

⁵⁶ Vlessing, Etan. 2018. "Pinewood Toronto to Double Production Space as Hollywood Takes City to Full Capacity". The Hollywood Reporter. <https://www.hollywoodreporter.com/news/pinewood-toronto-double-production-space-as-hollywood-takes-city-full-capacity-1066693>.

⁵⁷ Vivian Hunt, Sara Prince, Sundiatu Dixon-Fyle, Lareina Yee (McKinsey&Co.), "Delivering Through Diversity", January 2018.

it increases innovation by bringing difference experiences, perspectives, and approaches to solving complex problems; and, more diverse organizations attract top talent.⁵⁸

- Supporting content that is made by, and that reflects, the people of this province makes good economic sense. To that end, Ontario Creates will continue to encourage applications featuring diverse teams and content.

CROSS-JURISDICTIONAL SCAN

Ontario works to maintain a competitive suite of tax credits and funding programs in order to encourage revenue and job growth in the creative industries. The creative industries are highly mobile and other jurisdictions in Canada and around the world are innovating the supports they offer in order to draw production and create jobs in today's knowledge economy. Recent changes and new approaches for encouraging investment include some of the following:

CANADIAN AND OTHER PROVINCIAL TAX CREDITS

- **Alberta:** Alberta announced a new Interactive Digital Media Tax Credit which will provide a 25% benefit on eligible labour costs incurred after April 1, 2018, plus a diversity and inclusion bonus worth up to 5% more.⁵⁹
- **British Columbia:** As of February 21, 2018, the Film Incentive BC Tax Credit has been expanded to include a scriptwriting tax credit. BC labour for scriptwriting expenditures incurred prior to the completion of the final script stage of production will now be eligible for a 35% credit.⁶⁰ The Interactive Digital Media Tax Credit has been extended through 2023 and the Book Publishing Tax Credit to 2021.⁶¹
- **Quebec:** In 2018, a change in policy was announced to the domestic film & TV credit to allow for online-only productions.⁶² SODEC's loan guarantee program was modified to increase the \$30 million loan ceiling to \$60 million, the rationale being that this will provide SODEC with more flexibility to support the development of cultural businesses.⁶³ In Budget 2018, the ceiling on eligible labour costs was eliminated for Quebec's tax credit for film dubbing, equivalent to additional support of \$3 million over five years.⁶⁴ There was also an increase in funds to the tax credit for digital transformation of print media companies.⁶⁵

US TAX CREDITS

- The State of New Jersey recently revived its film and TV tax credit program, which allocates up to \$85 million per year over the next five years to projects shot in the area. California also renewed its \$330 million annual program through to 2025. Ontario's tax credits do not have caps, giving them a competitive advantage over many other jurisdictions. Several jurisdictions (currently 36) in the United States continue to offer competitive tax credit incentives, including Georgia (US\$600 million in 2016), New York (US\$420 million), and Louisiana (US\$150 million). Tax credit rates vary but typically range between 20-35%.⁶⁶

⁵⁸ PwC for Women in Music Canada, *Empowering Diversity: A Study Connecting Women in Leadership to Company Performance in the Canadian Music Industry*. October 2018, p 5.

⁵⁹ KPMG, p. 6.

⁶⁰ Creative BC, "Tax Credits," "Film Incentive BC," www.creativebc.com; accessed October 16, 2018.

⁶¹ KPMG, "TaxNewsFlash No. 2018-30- Canada: Tax Accounting--Q2 2018 Update," July 5, 2018.

⁶² *The Quebec Economic Plan: Additional Information*, March 2018, pp. A86-A93.

⁶³ *The Quebec Economic Plan: Culture: An Ongoing Commitment to Supporting Québec Culture*, March 2018, p. D67.

⁶⁴ *Ibid*, p. 8.

⁶⁵ *The Quebec Economic Plan: Additional Information*, March 2018, pp. A86-A93.

⁶⁶ Jonathan Handel, "Film and TV Tax Credit Battle Heats up Across US," www.hollywoodreporter.com, September 19, 2018.

- California's revised tax credit program will require, beginning in 2020, that film and television projects that apply for the credits report on diversity statistics and report whether diversity programs are in place. Applicants will be required to submit their policy on prohibiting harassment and designate people to address claims of misconduct. Successful tax credit recipients will help fund a training program for individuals from underrepresented communities in "below the line" roles on film sets.⁶⁷
- California is also going forward with a music composing incentive to encourage producers to score in California. Bonus points toward film and television tax credit approval are awarded, tied to the size of the scoring budget allocated to projects. The program is expected to have spillover benefits for other related sectors such as sound engineers and other workers in the music ecosystem.⁶⁸

OTHER PROVINCIAL CHANGES

- The Government of British Columbia reaffirmed its commitment for the BC Music Fund (modelled after the Ontario Music Fund) by extending its funding and rebranding the program as Amplify BC.⁶⁹
- Quebec introduced a plan to collect sales tax (QST) from foreign entities that do not have a physical presence in Quebec and are not currently registered to collect or remit sales tax. Beginning January 1, 2019, firms whose online sales of digital content exceeds \$30,000 per year will be required to remit sales tax to the Province, regardless of the location of their operations.⁷⁰
- Quebec also released a new culture action plan in April 2018. SODEC will receive a total increase of \$50 million for a variety of new programs. The agency also announced several changes to its film fund programs, including measures aimed at increasing gender parity.⁷¹
- Alberta's \$45 million/year Screen-based Production Grant was launched in October 2017, featuring increased production caps to meet the needs of high budget commercial productions as well as lower-budget local productions. This program replaced the Alberta Production Grant originally introduced in 1998 and aimed at supporting arts, documentary and lower-budget productions. The new program has two streams for budgets over or under \$3 million.⁷² Alberta concluded its Interactive Digital Media pilot program on March 31, 2018.⁷³ Its Post-Production, Visual Effects and Digital Animation Grant (PPG) was recently made permanent and the first permanent intake round was launched October 1, 2018.⁷⁴
- As of April 2017, Yukon digital media productions are eligible for incentives previously reserved for film. Examples of eligible content include apps, games, e-books, interactive web sites and webisodes.⁷⁵

⁶⁷ Sophia Bollag, "California lawmakers push diversity through film tax credit," The Associated Press, June 18, 2018.

⁶⁸ Jon Burlingame, "California Tax Credits to Benefit Scoring, Recording Musicians," *Variety*, July 5, 2018.

⁶⁹ Orton, Tyler. 2018. "B.C. Re-Tunes Music Industry Support With One-Year, \$7.5M Fund". Business In Vancouver. <https://biv.com/article/2018/03/bc-re-tunes-music-industry-support-one-year-75m-fund>.

⁷⁰ *The Quebec Economic Plan: Culture: An Ongoing Commitment to Supporting Québec Culture*, March 2018, p. 17.

⁷¹ Press Release, "La SODEC salue la nouvelle politique culturelle du Québec," SODEC, June 12, 2018; Press Release, "Nouveautés dans les programmes d'aide en cinéma de la SODEC," SODEC, April 17, 2018.

⁷² Press Release, "REVISION: Province boosts film and television industry," Government of Alberta, October 3, 2017.

⁷³ Government of Alberta, "Interactive Digital Media Grant," www.alberta.ca, accessed October 15, 2018.

⁷⁴ Government of Alberta, "Post-Production, Visual Effects and Digital Animation Grant (PPG)," www.alberta.ca, accessed October 15, 2018.

⁷⁵ Press Release, "Digital media projects eligible for Government of Yukon film funding initiatives," Government of Yukon, April 24, 2017.

- In November 2017, Prince Edward Island announced that a new film fund would be part of its \$3.5 million five year culture strategy.⁷⁶ Details were announced in June 2018 on two new incentives for the film and television sector: the Film Media Fund, designed to support domestic producers and co-productions with a rebate of up to 25% on eligible PEI costs (administered by Innovation PEI), and the Film4Ward program, a training and mentorship program (led by FilmPEI).⁷⁷

INNOVATIVE MODELS (E.G. BRIDGE FINANCING LOANS)

- The Alberta Interactive Digital Media Tax Credit has a diversity and inclusion credit enhancement worth an additional 5% for firms employing workers from under-represented groups.⁷⁸
- Quebec offers a loan guarantee program for film production with a \$60 million loan ceiling, administered by SODEC.⁷⁹
- The Northwest Territories Film Commission has identified an opportunity to develop access to bridge financing for Northwest Territory producers who have qualified for rebates, as a means of improving producers' cash flow. The current strategic plan of the Film Commission marks exploring options with other agencies to provide bridge financing to producers as the next step.⁸⁰
- Creative Saskatchewan's Film & Television grant programs include a Slate Development Stream which is available to experienced producers. This funding stream is designed to support the development of between two and five film or television projects, and helps to leverage development financing from other funders as well as private sector investment.⁸¹
- Creative Scotland has announced a pilot program to provide mentorship support and match funding to projects that will raise capital through crowd-funding initiatives. One of the supported projects is an audio picture book endeavour.⁸²
- The UK introduced a Children's TV Tax Credit in 2015 in recognition of the challenges of creating high quality children's television in a changing ecosystem.⁸³
- Screen Australia in partnership with Google Australia's Skip Ahead initiative offers funding for scripted narrative and documentary projects developed by individual content creators with demonstrated subscriber base or significant viewership (YouTube Channels), teams of YouTube channels or partnerships involving individual content creators and established production companies.⁸⁴

ONTARIO CREATES

- Ontario Creates' budget received two successive cuts 2016 and 2017, reducing the agency's budget by \$8.5 million. In order to minimize the direct industry impact of cuts, the agency

⁷⁶ Teresa Wright, "New film fund part of \$3.5-million P.E.I. culture strategy," *The Guardian*, November 20, 2017.

⁷⁷ Press Release, "Province takes 'action' to grow film industry," Government of Prince Edward Island, June 27, 2018.

⁷⁸ KPMG, p. 6.

⁷⁹ *The Quebec Economic Plan: Culture: An Ongoing Commitment to Supporting Québec Culture*, March 2018, p. D67.

⁸⁰ Government of the Northwest Territories, *Take One: Northwest Territories Film Strategy and Action Plan*, p. 21.

⁸¹ Creative Saskatchewan, FY 2018/19 Guidelines, Effective April 1 2018. Retrieved from www.creativesask.ca.

⁸² Press Release, "Crowdfunding Creativity: Pilot scheme launches creative projects," Creative Scotland, September 19, 2018.

⁸³ British Film Institute, *Screen Business: How screen sector tax reliefs power economic growth across the UK--Summary Report*, October 2018.

⁸⁴ Press Release, "Screen Australia and Google Australia announce Skip Ahead Five," October 8, 2018.

contained operational costs to the maximum extent possible. As a result, agency operations are lean and efficient; however, this has left the agency with less flexibility to take advantage of emerging opportunities for job creation and economic growth or to respond to = critical issues in the environment.

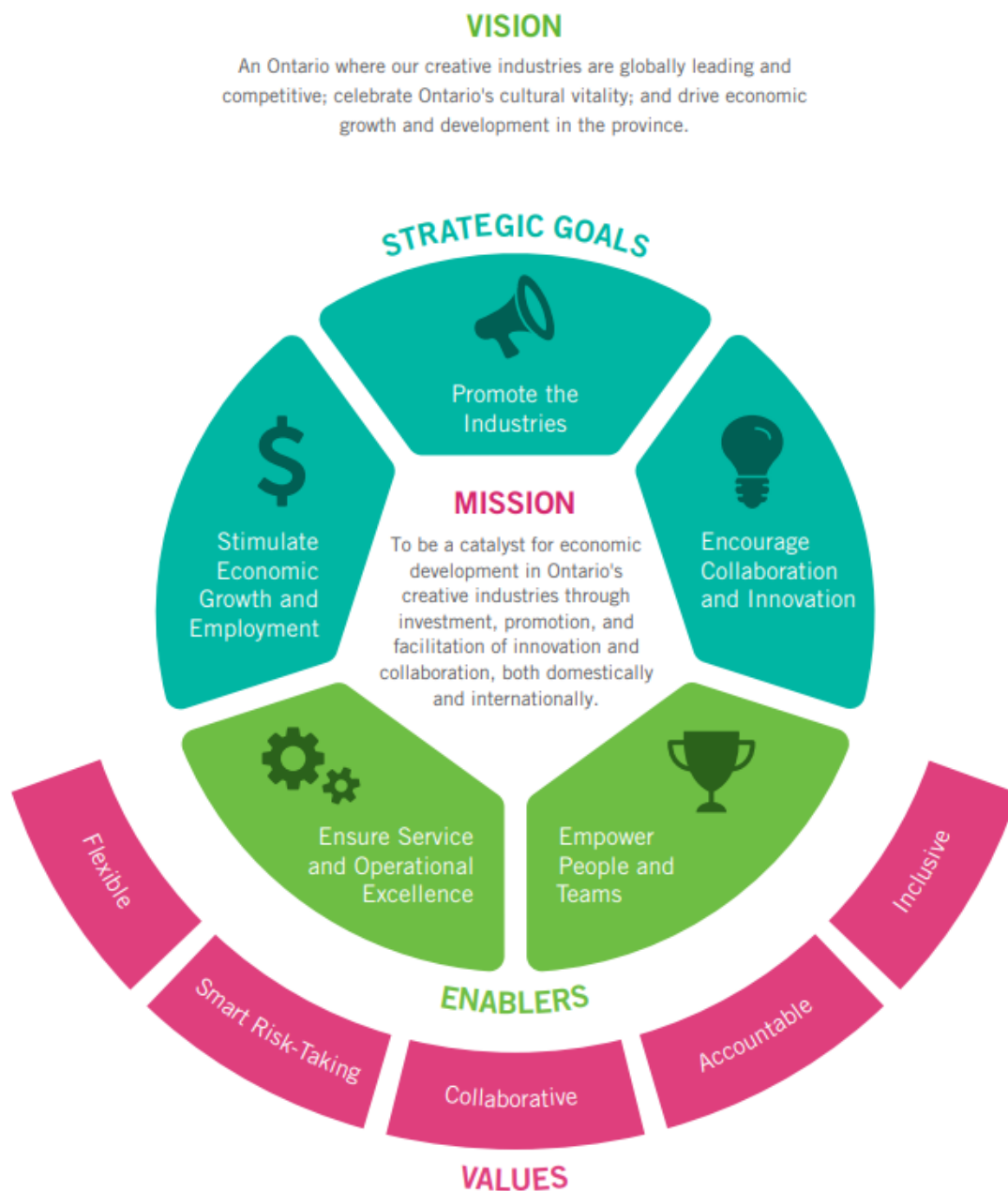
- As the size of Ontario's creative economy continues to grow, program demand continues to exceed resources, though there is some easing of tax credit application numbers:
 - The number of tax credit applications received in 2017-18 indicate that application numbers are levelling out after changes to legislation and regulations caused an application spike (time-limited grandfathering and transitional grants; and the introduction of a deadline for the Ontario Interactive Digital Media Tax Credit). Application numbers decreased by 30% over the previous year (1,272 vs 1,829) and the total number of products submitted for review decreased by 35% (2,361 vs 3,687).
 - In 2017-18 Ontario Creates was only able to support 66% of the applications to the agency's selective funding programs (672 out of 1,015) and provide only 38% of the total funding requested (approximately \$37 million out of a total request for \$96 million).
- Two three-year funding programs will conclude in 2019-20, the Canadian Books in Ontario Schools Program and the Diversity Enhancement.
- Ontario Creates' uncommitted cash reserve has reduced in size. Uncommitted cash reserves have been used to help offset budget reductions and to fund a series of time-limited strategic initiatives (industry-related and operational).
- Ontario Creates efforts to increase productivity with respect to the review and certification of Tax Credit applications have not kept pace with the increase in volume and complexity of those credits over the past decade. As a result, there is a large processing backlog which puts significant financial pressure on applicant companies and erodes the value of the provincial investment to cover interim financing costs. The agency received three FTEs for a temporary period in order to help ease the backlog of tax credit applications. Due to hiring restrictions, the positions have not been filled.

IV. STRATEGIC DIRECTIONS

INTRODUCTION

Ontario Creates strategic plan *Lead. Connect. Grow.*, is aimed at building globally leading and competitive creative industries that benefit and engage all Ontarians through high-value jobs, compelling cultural content and significant economic activity. The process for developing the plan included extensive consultation and validation with industry stakeholders and experts, government partners, and Ontario Creates' Board of Directors.

ONTARIO CREATES STRATEGIC FRAMEWORK



MISSION & VISION

Ontario Creates wants Ontario to be a globally leading jurisdiction, recognized for innovative local companies producing exceptional content as well as a competitive destination for investment and development.

VISION

An Ontario where our creative industries are globally leading and competitive; celebrate Ontario's cultural vitality; and drive economic growth and development in the province.

Ontario Creates' role is to work collaboratively with private and public sector partners to drive economic development, including GDP and employment in Ontario's book publishing and magazine media, film and television, music, and interactive digital media industries.

MISSION

To be a catalyst for economic development in Ontario's creative industries through investment, promotion, and facilitation of innovation and collaboration, both domestically and internationally.

VALUES

Five core values embody the attitudes and behaviours Ontario Creates promotes and encourages across the organization and that are fundamental to relationships with stakeholders and the agency's internal culture. The Ontario Creates' team demonstrates its commitment to these core values through its decisions, daily activities and interactions with partners, stakeholders, and each other.

- **Flexible:** Be open to new ideas and approaches and proactively adjust based on our environment.
- **Smart Risk-Taking:** Take risks that support our vision based on good information and learn from investments that do not meet expectations.
- **Collaborative:** Work with each other and our partners to achieve the best possible outcomes.
- **Accountable:** Deliver on our commitments, be open and transparent about our progress and hold ourselves responsible for our actions.
- **Inclusive:** Value, celebrate and support diversity.

STRATEGIC GOALS AND ENABLERS

Currently Ontario Creates is delivering a suite of programs and services including funding programs, tax credits and industry development. These programs have been impactful and will continue to remain a focus for the organization in the future. Despite this progress, there are still gaps in the industry that the agency can work to address through its strategic goals. Additionally, as Ontario Creates works to meet these strategic goals while maintaining the valuable programs and services currently delivered it will need to reinforce its strong foundation by focusing on its internal enablers.

Strategic Goal #1: Stimulate Economic Growth and Employment

Ontario Creates' focus is on stimulating economic development through the creative industries. To support the continued growth of the sector Ontario Creates needs to have an effective set of investment tools that support high potential companies to grow and compete in the global creative industry.

For Ontario Creates, this means:

- Invest in high potential companies to help them grow and compete domestically and internationally
- Deliver targeted programs and services that add value and have impact
- Embrace new opportunities and tools to support content development in all sectors

The ways in which Ontario Creates will achieve this include:

1. Champion the modernization of Ontario's tax credits
2. Regularly update program parameters to ensure they are modern and responsive and to optimize the impact of Ontario Creates' role across the value chain.
3. Explore new sources of investment capital and/or financing models to support industry growth (e.g., loan guarantee, bridge financing, angel/venture capital)

Strategic Goal #2: Promote the Industries

In an increasingly globalized and competitive industry, awareness of the high-potential and achievements of Ontario-based creative companies will grow new markets, domestically and internationally. Additionally, building Ontario's brand as a leading international jurisdiction for production and development will help bring financial investments and knowledge-based jobs to the sector.

For Ontario Creates, this means:

- Build awareness, encourage development and attract investment into Ontario's creative industries
- Generate excitement about the achievements of Ontario's creative industries
- Support the promotion of Ontario's creative industries domestically and internationally

The ways in which Ontario Creates will achieve this include:

1. Promote Ontario as a place for inward investment and development in the creative industries
2. Amplify domestic and international exposure and export opportunities for Ontario companies and content
3. Refresh the agency's branding and communications to support promotion activities

Strategic Goal #3: Encourage Collaboration & Innovation

The creative industries are in a constant state of change. For companies to compete in this environment they need to be at the forefront by developing innovative products, services, and business models. Collaboration and information sharing can help support and enable this type of innovation and Ontario Creates, as a catalyst for industry development, can help encourage and connect organizations from across and outside of the sector.

For Ontario Creates, this means:

- Build and foster collaborative relationships among the creative industries to encourage innovation
- Facilitate relationships between creative industries and the broader public and private sectors, domestically and internationally
- Actively seek out opportunities to generate and share knowledge and ideas

The ways in which Ontario Creates will achieve this include:

1. Stimulate innovative cross-sector collaboration within the creative industries and with broader public sector partners

2. Optimize the impact of the agency's programs through incorporating business intelligence and leveraging partnerships
3. Facilitate domestic and international business partnership opportunities for Ontario-based companies

Enabler #1: Ensure Service and Operational Excellence

Ontario Creates is continuously working to be a better organization. The agency will build on the foundational work that has already been completed to ensure the agency's operations are more efficient and focused to support excellent customer experience and effective use of resources. As Ontario Creates concentrates on these areas, robust data and effective monitoring and reporting will be essential to maintain the agency's commitment to accountability and continuous improvement.

For Ontario Creates, this means:

- Ensure a respectful customer experience for everyone that interacts with Ontario Creates
- Be informed by evidence to continuously improve the quality of programs and services
- Be fiscally responsible, accountable and transparent in our operations to ensure that public funds are invested effectively

The ways in which Ontario will achieve this include:

1. Continue to streamline internal processes and procedures
2. Review program priorities and capacity to deliver across the agency to ensure a continued focus on high-value activities
3. Streamline reporting to focus on transparent performance measurement and outcomes

Enabler #2: Empower People and Teams

Ontario Creates recognizes that our people are our strength – the team at Ontario Creates is made up of experts in their fields who are passionate about the creative industries and the potential these industries have to contribute to Ontario. In this rapidly evolving industry, the agency must support its people and culture to be flexible, nimble and respond to change. We will build this capacity to ensure that the agency's organizational culture and corporate systems support staff to achieve excellence and are aligned to our mission and contribute to our vision.

For Ontario Creates, this means:

- Actively ensure Ontario Creates' culture reflects the diversity of Ontario and contributes to our vision, mission and values
- Be an employer of choice to recruit and retain the best people in an inclusive work environment
- Support agency staff to be expert leaders through continuous professional development

The ways in which Ontario Creates will achieve this include:

1. Maintain focus on evolving Ontario Creates' culture to align with our values
2. Attract and retain the best people and support them to achieve excellence

V. OVERVIEW OF AGENCY'S CURRENT AND FUTURE PROGRAMS AND ACTIVITIES

INTRODUCTION

Ontario Creates 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 served by the agency. Ontario Creates is committed to ongoing analysis and continuous improvement in its undertakings. Agency staff has demonstrated its capacity to deliver meaningful, results-based initiatives to clients in all of the sectors it serves. Ontario Creates' programs and services support a range of different objectives that can generally be categorized as: content creation, business development, international market development, broad industry development, and marketing/promotion.

Ontario Creates offers its programs and activities through four departments:

1. **Industry Development Group:** Provides support for creative media companies to create and market content, undertake strategic business development activities, access new markets and grow their businesses. The three units of the Industry Development Group (IDG) are Industry Initiatives (investment funding, international support and strategic initiatives); the Ontario Music Office (investment funding across the music ecosystem and strategic initiatives), and the Film Unit/Film Commission (marketing, promotion and inward investment services), and collectively they encourage and support collaboration across and within sectors contributing to the economic growth of Ontario's creative industry businesses.
2. **Tax Credits and Financing Programs Group:** Co-administers six refundable tax credits⁸⁵ 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 government on the status of creative media industries and the effectiveness of the tax credits.
3. **Business Affairs and Research Group:** Provides the strategic planning and operating supports to enable the Corporation to achieve its objectives, including strategic and business planning, business intelligence 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 follows federal policy developments (e.g., Canadian Radio-television and Telecommunications Commission, Canada Media Fund). Human resources (HR) support to the agency is provided by MGS through its centralized HR Ontario service.
4. **CEO and Communications:** Encompasses the office of the President and CEO, Ontario Creates 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 XIV.

PROGRAMS AND ACTIVITIES

Ontario Creates offers programs and activities in support of the corporate agency mandate outlined in the previous section. The agency's programs and services provide Ontario companies with the tools and support to remain competitive nationally and internationally. Ontario Creates'

⁸⁵ The 2015 Ontario Budget announced that the Ontario Sound Recording Tax Credit would 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.

programs and services are enabling Ontario's creative industries to make important contributions to Ontario's economy and its cultural vitality. In 2018-19, encouraging diversity in the companies and content supported by Ontario Creates was a priority. To that end, a bonus system was introduced to all selective granting programs to encourage proposals that included elements of diversity and ultimately, to ensure content and companies that are more representative of Ontario's population – an approach that also makes good business sense.

The programs and activities that follow are organized by department; it should be noted that each addresses more than one of the agency's strategic objectives and supports multiple activities.

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.

PROGRAM OBJECTIVES:

- To increase investment and jobs in Ontario by Ontario-based feature film production companies.
- To assist in capitalizing Ontario-based feature film production companies.
- To increase the number of high quality, original feature films produced in Ontario by Ontario-based production companies.

PROGRAM RESULTS:

As in prior years, it is expected that each dollar invested via the Film Fund will leverage an additional \$22 to \$25 dollars in production spending and create over 10,000 weeks of work. Additional support for marketing and distribution will further help domestic feature films connect with audiences at home and abroad.

Results for this program are measured by the:

- Number of jobs created and/or retained.
- Leverage value of Ontario Creates' contribution to each project.

THE FUND HAS TWO COMPONENTS:

- **Development** – Provides funding in the form of an interest-free loan for the final development stage.
- **Production** – Provides funding in the form of a repayable advance on a last-in basis to complete the production financing of a feature film.

FILM FUND DIVERSITY ENHANCEMENT:

- Launched in 2017-18 as part of the Film Fund, the Diversity Enhancement provides an additional \$4.5 million over three fiscal years⁸⁶ to films that meet the provincial definition of diversity, encompassing: ancestry, culture, ethnicity, gender identity and expression, language, physical and intellectual ability, race, religion, sex, sexual orientation and socio-economic status. Non-traditional coproduction partners and jurisdictions are also considered. Funding for the Diversity Enhancement will conclude in 2019-20.

⁸⁶ In 2018-19 and 2019-20, \$250,000 of the Diversity Fund has been allocated to the Industry Development Program for initiatives across the book, film, television, and magazine sectors.

IN 2019-20:

- Ontario Creates will continue to deliver the Film Fund in 2019-20, including the Diversity Enhancement.
- As part of Ontario Creates' program review cycle, a third party evaluation of the Film Fund was completed in 2018-19. The review found that the Fund continues to meet its core objectives and can weigh the balance in favour of shooting in Ontario.
- Recommendations from the evaluation that will be implemented include achieving the most impactful results with the current budget allocation by focusing on mid-size films; introducing flexibility in distribution triggers, and introducing administrative efficiencies by adding a third application deadline and providing clearer guidelines.
- In order to increase awareness of the films throughout the release cycle and extend audience reach, Ontario Creates will continue an initiative to provide targeted support for innovative distribution and marketing strategies on a time-limited basis.

FILM FUND SUCCESSES: Many Film Fund-supported projects have achieved critical and commercial acclaim both at home and abroad:

- A record nine Ontario Creates-funded films were featured at TIFF in 2018 including *Anthropocene* (Mercury Pictures), *Carmine Street Guitars* (Sphinx Productions), *Clara* (Serendipity Point Films), *Falls Around Her* (Baswewe Films and The Film Farm), *Giant Little Ones* (euclid431 Pictures), *The Grizzlies* (Conquering Lion Pictures), *Mouthpiece* (First Generation Films and Crucial Things), *Through Black Spruce* (Serendipity Point Films) and *Sharkwater Extinction* (Sharkwater Pictures).
- Canadian feature film production has significant economic impact. The Film Fund-supported horror film, *Pyewacket* saw production-related spending in Ontario of approximately \$2.8 million, which generated a total economic output of \$5.4 million, contributing \$3.7 million in GDP and creating 47 full-time jobs. Nearly 60 business located in Sault Ste. Marie and other Northern Ontario communities benefitted from the production which generated an estimated \$300,000 in provincial tax revenues.⁸⁷
- The 2018 Canadian Screen Awards nominations included 21 Ontario Creates-supported films and digital content productions. The Canada-Ireland co-production *Maudie* received seven awards, including Best Picture. Ontario productions received many other awards including Best Adapted Screenplay (*The Breadwinner*), and Best Interactive Production (*The Space We Hold*).
- *The Breadwinner*, a coproduction among Toronto's Aircraft Pictures and Irish and Luxembourg partners, received Academy Award and Golden Globe nominations for best animated feature and won the Annie Award for best independent animated feature. It's based on Deborah Ellis' book of the same title that was optioned out of the Ontario Creates' From Page to Screen initiative.
- The Ontario Creates-supported documentary series, *Hip-Hop Evolution*, won a 2017 Canadian Screen Award for Best Biography or Arts Documentary Program or Series, in

PYEWACKET:
THIS FILM FUND-SUPPORTED CANADIAN FEATURE:
**SPENT \$2.8 MILLION
CREATED 47 JOBS, AND
BENEFITTED 60 BUSINESSES
IN NORTHERN ONTARIO**

⁸⁷ Canadian Media Producers Association. 2018. "Case Study – Economic Impacts of Pyewacket". Telefilm.Ca. <https://telefilm.ca/wp-content/uploads/cmpa-pyewacket-economic-impact-study-report-final.pdf>.

addition to Best Picture Editing in a Documentary Program or Series. The series also received the Peabody Award and went on to win a 2017 International Emmy for Best Arts Programming.

INTERACTIVE DIGITAL MEDIA FUND

The Interactive Digital Media Fund (IDM Fund) was designed to provide a range of programs and resources to provide financial, strategic, and research support to Ontario's cultural entrepreneurs and established trade and event organizations from the interactive industry.

PROGRAM OBJECTIVES:

- To support the creation and exploitation of interactive original content by Ontario companies.
- To provide opportunities for interactive digital media content producers to access existing and new markets, build capacity, and grow their companies.
- To provide support for established trade and event organizations for activities that stimulate the growth of Ontario's interactive industry.

PROGRAM RESULTS:

It is anticipated that support delivered through the IDM Fund (Production) in 2019-20 will generate more than 12,000 weeks of work and leverage more than twice the amount invested by Ontario Creates, as it has in previous years. Support provided through the IDM Fund will also provide businesses with critical financing needed to produce and market new videogames and other digital media content to audiences in Ontario and abroad. The program will assist in the growth of emerging companies and creators, helping them transition into small-to-medium-sized businesses ready to produce and exploit their IDM projects.

Results for this program are measured by the:

- Number of jobs created and/or retained.
- Leverage value of Ontario Creates' contribution to each project.
- Number of contacts/business leads made by participants.

THE FUND HAS SEVERAL COMPONENTS:

- **Concept Definition** – Provides support for early stage activities that assists companies in moving towards the production of market-ready content projects.
- **Production** – Provides support for the creation of a market-ready content project that will be released to end users.
- **Marketing Support** – Provides support for marketing activities that will amplify the visibility and financial viability of Ontario Creates-funded interactive digital media projects when they are released/available for sale in the marketplace.
- **Global Market Development** – Provides Ontario companies with funding to participate in international activities that support company growth and produce measurable business and market development results.
- **Industry Development** – Provides support for business development activities and trade organization initiatives.

IN 2019-20:

- Ontario Creates will continue to deliver the IDM Fund in 2019-20.
- In order to support emerging IDM companies, Ontario Creates will continue IDM Fund Futures, an initiative designed to teach business, marketing, and pitching skills to up-and-coming digital-media creators and those transitioning to digital from traditional screen content. Leveraging the expertise of partner organizations WIFT-T, Hand Eye Society, and Interactive Ontario to deliver the program, companies completing the program are fast-tracked to IDM Fund eligibility.

IDM FUND SUCCESSES: IDM Fund recipients have been recognized for their creativity and innovation in a variety of platforms:

- Boat Rocker Media (previously known as Temple Street Productions) has grown continuously over the decade since its founding and now boasts a diverse portfolio of scripted dramas including *Orphan Black*. As they have expanded their business to include a full suite of creative, animation, digital and distribution services, Boat Rocker benefited from the IDM Fund which supported the development of the popular *Orphan Black: The Game*. The majority of the company's employees are based in Toronto. Overall, Ontario Creates' support helped to mitigate risk as the company grew from 50 to 500 employees in recent years.
- Several IDM Fund-supported projects received a Best in Play award at the 2018 Game Developers Conference, including Lightning Rod Game's *A Fold Apart* and Future Immersive's *Furious Seas*, and Numismatic's *Light Fingers* which was also the judge's Best of the MIX top pick at the inaugural MIX (Media Indie Exchange) event in Seattle.
- Tiny Titan Studios' *Dash Quest Heroes*, available on Android and iOS and capturing the spirit of RPG adventure classics from the 16-bit era, has reached more than 1.6 million downloads/players in six months and has been Apple's Game of the Day in the UK and other countries.
- IDM Fund-supported Vertex Pop's *Graceful Explosion Machine* debuted in April 2017 as one of the first indies on Nintendo Switch (where it has sold more than 50,000 copies). The game was later released on the PlayStation 4 and Steam platforms to critical acclaim, and has earned a Metascore of 77 on Metacritic. Mobeem Fikree, CEO and designer/programmer of Vertex Pop credits IDM Fund support with the game's success which: "enabled Vertex Pop to hire incredibly talented creative professionals, create video games with world-class production values and gameplay, and build a sustainable business."
- Ontario's Sinking Ship Entertainment won a 2018 Canadian Screen Award in the category of Best Cross-Platform Project (Children and Youth), for *Odd Squad 1.5*. For the second year in a row, Digital Howard won an award for *Wynonna Earp Digital* for Best Cross-Platform Project (Fiction).
- Toronto developer Drinkbox Studios' narrative adventure game *Severed* won a 2017 Apple Design Award. The Apple Design Awards recognize best in class apps design, innovation and technology on Apple platforms.

BOAT ROCKER MEDIA:
SUPPORT FROM THE IDM
FUND HELPED THIS
COMPANY, WHICH
PRODUCES THE CRITICALLY
ACCLAIMED OPRHAN
BLACK, EXPAND FROM
50 TO 500 EMPLOYEES

BOOK FUND

The Book Fund provides funding for Ontario-based, Canadian-owned publishers to increase their financial viability and overall business growth by supporting marketing initiatives that 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.

PROGRAM OBJECTIVES:

- To provide opportunities for book publishers to build capacity, increase sales revenue, and grow their companies.

PROGRAM RESULTS:

Support provided through the Book Fund is anticipated to assist publishing companies to expand their market share through new digital marketing initiatives, by creating online stores to reach global markets, and by forging relationships with booksellers through key incentives and promotions. These projects help Ontario publishers compete with large, multinational firms and help audiences discover Ontario books and authors. Book Fund recipients report earning an average of \$3 for every dollar invested by Ontario Creates.

Results for this program are measured by the:

- Return on investment (ROI) which represents the value of sales generated by a project for every dollar invested by Ontario Creates.

IN 2019-20:

- Ontario Creates will continue to deliver the Book Fund in 2019-20.
- The agency will continue Ontario Authors Tour Support (OATS) on a time-limited basis. The initiative provides targeted support for independently published Canadian authors for market and festival touring in order to promote their books and ultimately increase sales.

RECENT BOOK FUND SUCCESSES: Over the last five years, Book Fund recipients reported earning an average annual return of over \$3 in sales for every dollar invested by Ontario Creates. Books published by Ontario-based, Canadian-owned publishers have received significant critical and commercial acclaim:

- Windsor-based independent publisher, Biblioasis, credits Ontario Creates with their growth. Support from the agency provided Biblioasis with the flexibility to try many different approaches to exporting their titles to the US. This strategy has meant that export sales now make up 40% of the company's sales. Buyers have responded to the variety in the publisher's titles which include books about being Canadian, sports, and books about regional history.
- The quality of Ontario's juvenile publishing sector is recognized on the world stage. Toronto illustrator, Sydney Smith, made the New York Times list of Best Illustrated Children's Books of 2017 for the picture book *Town Is by the Sea*, written by Joanne Schwartz and published by Groundwood Books (which was also the recipient of the TD Canadian Children's Literature award). Kids Can Press was named North American Publisher of the Year at the 2017 Bologna Children's Book Fair (Groundwood Books won in 2016).
- Toronto-based author, Cherie Dimaline, won the Governor General's Literary Award in the category of Young People's Literature as well as the US Kirkus Prize, for her novel, *The Marrow Thieves*, published by Cormorant Books.

- The Shortlist for the 2018 Scotiabank Giller Prize includes Patrick deWitt's *French Exit*, published by Ontario Creates-supported publisher, House of Anansi Press. The 2016 Scotiabank shortlist featured books by several Ontario-based authors and publishers including Zoe Whittall's *The Best Kind of People*, published by House of Anansi Press. The novel was recently optioned for feature film adaptation by celebrated director Sarah Polley.
- The 2018 Rogers Writers' Trust Fiction Prize finalists include books published by independent Ontario publishers, such as Jen Neale's *Land Mammals and Sea Creatures* (ECW Press) and *Dear Evelyn* by Kathy Page (Biblioasis). These presses are also behind books named as finalists for the 2018 Governor General's Literary Awards, as are titles published by Ontario's Coach House Books, Playwrights Canada Press, House of Anansi Press, Kids Can Press, Groundwood Books, and University of Ottawa Press.
- Dundurn Press recently celebrated its 45th year of Canadian publishing. Since founding the company in 1972, publisher and owner Kirk Howard has stayed true to his passion and has published over 3,000 Canadian works, from publishing award-winning adult and YA fiction, mysteries, biographies, as well as history, current affairs and business books. While steeped in history, Dundurn Press' modern business approach is supported by the Book Fund, which allowed them to be an early adopter of digital opportunities from publishing format to distribution, and marketing opportunities.

BIBLIOASIS:
BOOK FUND SUPPORT
ALLOWED THIS WINDSOR-
BASED COMPANY TO
INCREASE THEIR EXPORT
SALES WHICH NOW MAKE
UP 40% OF THEIR REVENUES

CANADIAN BOOKS IN ONTARIO SCHOOLS

The Canadian Books in Ontario Schools Fund supports Ontario-based publishers with Canadian publishing programs that have literary titles suitable for use in K-12 classrooms in the creation of robust learning materials for established works of Canadian literature, and/or collective marketing activities that will ensure that educational professionals are aware of Canadian titles suitable for use in their classrooms.

PROGRAM OBJECTIVES:

- To facilitate and promote the creation of supplementary resources to support learning and teaching through the curriculum for Canadian literature with demonstrable critical or commercial success.
- To provide opportunities for book publishers to increase sales revenue, and grow their companies.
- To make Canadian literary works more widely available to students in Ontario schools.

PROGRAM RESULTS:

Results for this program are measured by the:

- Return on investment (ROI) which represents the value of sales generated by a project for every dollar invested by Ontario Creates.

THE FUND HAS TWO STREAMS:

- **Supplementary Resources to Support Learning and Teaching through the Curriculum (Individual Publisher)** – Support for the creation of supplementary resources to support learning and teaching through the curriculum for Canadian literature with a track record (demonstrable critical or commercial success).
- **Marketing Projects (Group/Collective)** – Support for activities that raise awareness of the availability of teacher resource guides to educational professionals, and promote educational opportunities to use Canadian literature in the classroom.

IN 2019-20:

- Ontario Creates will continue to deliver the Canadian Books in Ontario Schools program in 2019-20; however, this will be the final year for the program. Funding for this program (\$250,000 annually over three years) was been provided by MTCS.

CANADIAN BOOKS IN ONTARIO SCHOOLS SUCCESSES:

- Through a 2017/18 Marketing Project, the Ontario Book Publishers Organization created the “49th Teachers” website, a subsite of the popular Canadian books website 49th Shelf. Over 750 teacher resources were promoted to 6,000 educators through the site.
- Pajama Press had 45 titles “levelled” by experts for grade and reading level, providing a valuable measure for teachers, parents and students when choosing which books to include in classrooms and libraries. Sharing the level information with key wholesalers for the school market resulted in a more than 50% increase in sales.

MAGAZINE FUND

The Magazine Fund provides support to 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.

PROGRAM OBJECTIVES:

- 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.

PROGRAM RESULTS:

Support provided through the Magazine Fund will continue to help Ontario magazine media companies expand business opportunities and mitigate the risks of exploring new content strategies and revenue diversification while maintaining traditional lines of business. As in 2017-18, it is anticipated that sales reported by fund recipients will double Ontario's Create's investment.

Results for this program are measured by the:

- Leverage value of Ontario Creates' contribution to each project.
- Return on investment (ROI) which represents the value of sales generated by a project for every dollar invested by Ontario Creates.

IN 2019-20:

- Ontario Creates will continue to deliver the Magazine Fund in 2019-20.
- On a time-limited basis, the program will continue to offer the option for applicants to use the Magazine Fund to undertake international business activities.

MAGAZINE FUND SUCCESSES: Ontario magazine media are frequently recognized for their excellence in content, design and production:

- Several Ontario magazines earned recognition at the 41st annual National Magazine Awards, which were held in Toronto in June 2018. First-time winner *The Site Magazine* was awarded the coveted Magazine of the Year, as well as Best Magazine: Art & Literary. St. Joseph Media's *FASHION Magazine* won the award for Best Magazine: Fashion & Beauty. Feature writing was revealed as a key strength with *Canadian Geographic* winning a Gold for Long-Form Feature Writing, and *Maclean's* taking home both a Feature Writing Gold and a Short Feature Writing Gold.
- For the second consecutive year, *Precedent* won Magazine of the Year, Trade at the 2018 Canadian Society of Magazine Editors (CSME) Editors' Choice Awards. *Canadian Living* won Magazine of the Year, Large Circulation. Best Tablet Edition went to *Style at Home*.
- *Legion Magazine* of Kanata, Ontario won Independent Publisher of the year at the 2017 Canadian Online Publishing Awards.
- Ontario Creates has supported Outpost Travel Media to focus on collecting and publishing quality content focusing on original and authentic stories with a Canadian voice in the adventure travel field. While the print magazine remains successful and publishes six times a year, support from Ontario Creates has

OUTPOST TRAVEL:
SUPPORT FROM THE
MAGAZINE FUND HAS
ALLOWED THIS COMPANY
TO GROW THEIR AUDIENCE
BY EXPANDING THEIR PRINT
MAGAZINE ACROSS NEW
DIGITAL CHANNELS

allowed the company to take advantage of new technology and creative opportunities for content growing their business by monetizing content across multiple platforms.

- Magazine Fund-supported Annex Business Media is a business in expansion. As Canada's largest B2B player encompassing over 60 brands, the company recently announced its acquisition of assets from B.C.-based Capamara Communications and from Swan Erickson Publishing.⁸⁸

⁸⁸ "Annex Business Media company acquires assets from Capamara Communications," *Masthead Online*, June 7, 2017; "Annex Business Media acquires assets from Swan Erickson," *Masthead Online*, August 1, 2017.

EXPORT FUND & INTERNATIONAL BUSINESS DEVELOPMENT

The Export Fund provides support for Ontario book publishers and film and television content producers to sustain a slate of activities over the course of a year, including market event attendance and targeted sales trips. Export activities for the music and interactive digital media sectors are also supported through the Ontario Music Fund and the Interactive Digital Media Fund.

Ontario Creates 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.

PROGRAM OBJECTIVES:

- To support Ontario companies to access the global marketplace, increase international sales levels, and attract investment in new projects.
- To provide Ontario companies with support for the commercial exploitation of cultural products.

PROGRAM RESULTS:

Support provided through the Export Fund will assist Ontario cultural industry entrepreneurs with forging critical relationships to help grow their revenues through international sales. As in 2016-17, it is anticipated that funding recipients will report earning international sales of more than \$300 million (\$175 for every dollar invested by Ontario Creates).⁸⁹

Results for this program are measured by the:

- Return on investment (ROI) which represents the value of sales generated by a project for every dollar invested by Ontario Creates.
- The number of foreign markets attended by program participants.
- The number of markets at which Ontario Creates has organized a strategic presence.

IN 2019-20:

- Ontario Creates will continue to deliver the Export Fund and International Business Development programs in 2019-20.

EXPORT SUCCESSES: The Export Fund has provided significant benefit to Ontario companies:

- In 2017-18 the Export Fund supported 136 companies in the book, film, and television industries to attend 249 international markets. The International Business Development program organized a strategic presence at 17 markets including the Cannes Film Festival, Berlin International Film Festival, Kidscreen, Game Developers Conference, London Book Fair, and Frankfurt Book Fair.
- In 2016-17, Owlkids Books achieved a new level of recognition in the US, through attendance at the American Library Association Annual conference, including a title nomination for the \$50,000 Kirkus Prize and substantial profile in key publications targeting librarians such as *School Library Journal* and *Booklist*. The cover for the book *Earthrise* was featured on the front of the Ingram Wholesale catalogue, with an author Q&A inside. Tens of thousands of librarians were exposed to the Owlkids brand and its books, resulting in over \$1 million in confirmed sales as a result of Export Fund support.
- Support from the Export Fund has enabled Scythia Films to make inroads in global markets, which has resulted in the company bringing over \$25 million dollars of service production to Canada. Moreover, Scythia Films has co-produced with the U.S., Germany, Denmark and

⁸⁹ The most recent year for which results are available.

Ireland as a result of their focus on building international connections and expanding the market for their content.

- In 2016-17, as a result of support to attend markets like Berlin and Cannes, Conquering Lion Pictures was able to confirm a deal with Pictou Twist Pictures and the Cuban government for an official Canada/Cuba co-production on the feature film, *The Cuban Five*. The value in production services, equipment, and facilities committed by the Cuban government is approximately \$2.8 million.
- In addition to Paul Scherzer being chosen by Telefilm as one of 10 Canadian "Spotlight" Producers during Berlinale's Canada Country In Focus 2018, Six Island's Israel-Canada-Brazil-Germany co-pro *Jerusalem The Quarters* was an official selection for the Berlinale Co-Pro Market. As a result, Six Island signed a deal with German co-producing partner, Una Films, and met with some of the most prestigious international sales companies, including WestEnd Films, The Match Factory, Wild Bunch/Senator, and Les Films du Losange.
- In 2015-2016, Ontario publisher House of Anansi received funding from Ontario Creates' Export Fund to attend the 2016 London Book Fair. Editorial Director Janie Yoon attended and acquired the Canadian rights to Bandi's *The Accusation*, the manuscript of which was smuggled out of North Korea and has since been translated into 18 languages in 20 countries. The novel of short stories was translated into English by Man Booker international prize winner Deborah Smith (who won the award in 2016 with Han Kang for the translation of *The Vegetarian*) and is expected to be a successful title for the company, due to the timeliness of the subject matter and compelling back story.⁹⁰

SCYTHIA FILMS:
EXPORT FUND ASSISTED
THIS FILM PRODUCTION
COMPANY IN FORGING
VALUABLE INTERNATIONAL
CONNECTIONS WHICH HAS
RESULTED IN THE COMPANY
BRINGING OVER
\$25 MILLION IN SERVICE
WORK TO CANADA

⁹⁰ Sue Carter, "Anansi publishes collection of smuggled stories from inside North Korea," *Quill & Quire*, March 23, 2017.

INDUSTRY DEVELOPMENT PROGRAM

Ontario Creates provides targeted financial and strategic support to Ontario's established trade and event organizations to offer initiatives, events and activities with long-term impacts on growth and sustainability in the book, magazine, film, television, and interactive digital media sectors. Industry Development activities for the IDM and music sectors are provided through the IDM Fund and the OMF: Music Industry Development program, respectively.

PROGRAM OBJECTIVES:

- To provide opportunities for business development that expands skills, business capacity, market share, sales, and innovation for Ontario entrepreneurs in the creative industries.

PROGRAM RESULTS:

Next year, approximately 60 initiatives supported and/or led by Ontario Creates will contribute to creating over 14,000 business leads for Ontario creative industry entrepreneurs. These leads will help create new partnerships that will generate new projects and revenue growth for companies. The program will also provide participants with opportunities for skills development, knowledge transfer and other guidance that will be valuable for growing competitive businesses.

Results for this program are measured by the:

- The number of initiatives supported.
- The number of contacts/business leads made by participants.

THE PROGRAM HAS TWO STREAMS:

- **Business Development** – support to organizations for business to business (B2B) industry activities and business to consumer (B2C) audience development activities that offer opportunities for new business leads, sales and relationships.
- **Capacity Building** – support for strategic activities that address challenges and opportunities or environmental changes that contribute to either the capacity of the applicant organization or its stakeholder group.

IN 2019-20:

- Ontario Creates will continue to deliver the Industry Development Program in 2019-20.
- In 2017-18 some administrative changes were made to streamline the program, as suggested by a third-party evaluation of the Fund.

INDUSTRY DEVELOPMENT SUCCESSES:

- Business-building initiatives supported by the Industry Development Program in 2017-18 included: Toronto Game Jam, Interactive Ontario's iVentures Conference, micro-meetings at the imagineNATIVE Film Festival, Cinefest Sudbury's Industry Forum, Magazines Canada's MagNet conference, TIFF's Industry Centre, Open Book, and the International Visitors Programme during the Toronto International Festival of Authors.

ONTARIO CREATES
SUPPORTED 54
INITIATIVES, CREATING
OVER 22,000 NEW
BUSINESS LEADS FOR
CREATIVE MEDIA
INDUSTRY
ENTREPRENEURS
IN 2017-18

- In 2017-18, Ontario Creates supported 54 initiatives, creating over 22,000 new business leads for creative media industry entrepreneurs.⁹¹ These leads will create future partnership and collaboration opportunities which will contribute to product development and company growth.

⁹¹ Ontario Creates, Annual Results, 2017-18.

ONTARIO MUSIC FUND

The Ontario Music Fund (OMF), administered by the Ontario Music Office (OMO), is aimed at strengthening and stimulating growth in music companies across the music ecosystem. The Fund is designed to drive investment and create jobs in Ontario's music companies and organizations by expanding their economic and cultural footprints within Canada and around the world.

The OMF aims to address investment gaps at key phases of company and industry development cycles. It provides support to music companies (record labels, music publishers, managers, artist entrepreneurs, promoters, presenters, and agents), and music industry organizations.

PROGRAM OBJECTIVES:

- To provide Ontario-based music companies with funding to support new or expanded business activities, including strategic business and market development.
- To strengthen and develop the support structures and systems that contribute to economic and cultural growth of the music industry.
- To stimulate entrepreneurship and provide 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.
- 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.

PROGRAM RESULTS:

Support delivered through the Ontario Music Fund is anticipated to grow sales, adding to the 7.4 million unit sales of domestic music already supported by the fund. In addition, the program will provide support to create and/or retain additional FTEs, increase company gross revenues and help secure additional private sector financing for music companies while increasing the availability and attendance at live music events featuring Ontario artists.

Results for this program are measured by the:

- Number of jobs created and/or retained.
- Company growth (net revenue/income).
- Private investment and equity secured.
- Leverage value of Ontario Creates' contribution to each project.
- Number of contacts/business leads made by participants (Music Industry Development).

THE OMF HAS FOUR PROGRAM STREAMS:

- **Music Company Development** - Provides Ontario-based music companies with funding for a variety of activities including: recording, marketing, video production and strategic business and market development.
- **Music Industry Development** - Contributes to the economic and cultural growth of the music industry in Ontario by supporting organizations engaged in strategic initiatives with long-term impacts on growth and sustainability.
- **Music Futures** - Stimulates entrepreneurship and supports the development of Ontario's emerging music industry. This includes providing small, high potential companies with funding for business mentoring, skills development and financing to boost their recording, marketing, touring and A&R capacity.
- **Live Music** - Supports growing the number and quality of live music experiences enjoyed by residents and visitors to Ontario at events, festivals and concerts featuring Canadian artists.

IN 2019-20:

- Ontario Creates will continue to deliver the Ontario Music Fund in 2019-20.

ONTARIO MUSIC FUND SUCCESSES:

Ontario's music industry continues to be number one in Canada and a phenomenon around the world. In its sixth year, the Ontario Music Fund continues to support this growing sector.

- Alessia Cara won the award for best new artist at the 60th Annual Grammy Awards. The Weeknd was 2017's seventh best-selling artist, according to the International Federation of the Phonographic Industry. Shawn Mendes became the first artist to have three number-one songs on Billboard's Adult Contemporary chart before turning 20. Ontario Creates' Ontario Music Fund has played a small, but important, role in helping these artists on their amazing upward trajectories.
- At the 2018 Juno Awards, Ontario's Jessie Reyez won Breakthrough Artist of the Year and Daniel Caesar won an award for R&B/Soul Album of the Year.
- OMF-supported artist, Jeremy Dutcher, received the prestigious Polaris Music Prize in 2018. Five other Ontario artists were shortlisted for the award, Alvveys, Daniel Caesar, Partner, US Girls, and Weaves.
- Over four years, the Ontario Music Fund contributed to sales of over 7.4 million units of OMF-supported music recordings, generated \$21 million in business deals from export missions and B2B meetings, and counted more than 7 million in attendance for live music events featuring 6,000 performances by Ontario artists.
- Last Gang Records recently celebrated two million albums sold, growing from a one-person operation with one band on its roster, to a full-time record label employing 12 full-time staff and eight contractors in Toronto, London and LA. Founder Chris Taylor credits Ontario Creates with helping the company overcome its main early challenges of access to capital, experience and human resources.⁹²

LAST GANG RECORDS:
THIS RECORD LABEL HAS
SOLD MORE THAN TWO
MILLION ALBUMS AND
GROWN TO 12 FULLTIME
STAFF WITH THE SUPPORT
OF ONTARIO CREATES

⁹² Ontario Creates Success Story: Last Gang Records.

FILM UNIT

The Film Unit serves as Ontario's Film Commission and offers a suite of services to domestic and foreign film and television companies to attract production, post-production, animation and visual effects investment to Ontario. The Film Unit is a key point of contact for most of the film and television projects in Ontario. These services include, the leading-edge Locations Library website, complimentary scouting assistance to all productions considering Ontario as a location, familiarization tours, and facilitation and troubleshooting support to productions shooting in the province through the Production Liaison Service. The Film Unit is also the primary promotional body selling Ontario's advantages to the global film industry, through the strategic B2B initiatives and international advertising campaigns. The Unit also collects statistics on this production activity.

PROGRAM RESULTS:

Global demand for film and television content suggests that 2019-20 and beyond will be strong years for production. Due to studio space capacity limitations, Ontario's studios have been fully booked, leaving little room for new growth with the current levels of availability.⁹³ As such, the agency anticipates that production volumes in Ontario will remain similar to the current year, at around \$1.3 to \$1.6 billion in spending. Film and television production supported by the Province in 2017, contributed \$1.6 billion to the economy and accounted for approximately 32,800 fulltime direct and spin-off jobs.⁹⁴ The consultant position in the Film Office in LA was vacant for several months which may negatively impact the number of production leads developed by the LA Office. Procurement for a new consultant is underway and it is expected that the role will be filled shortly.

Results for the film unit are measured by the:

- Number and value of domestic and foreign film and television productions that shoot in Ontario.
- Number of actively scouting domestic and service productions accessing Ontario Creates location services.
- Number of leads developed by the LA Office.
- Proportion and value of LA Office-assisted projects that shoot in Ontario

FILM UNIT SUCCESSES:

- Between January 2017 to October 2018, 366 domestic and service projects were provided with scouting and production consultation assistance by the Film Unit, successfully convincing such major projects as *American Gods*, *Star Trek: Discovery*, *IT: Chapters 1 and 2*, *Molly's Game*, *The Romanoffs*, *The Handmaid's Tale*, *Umbrella Academy*, and *Greenland* to film in Ontario.
- Ontario Creates, 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 LA Office continues to make a significant contribution to Ontario's foreign production activity. In 2017-18, 41 productions valued at \$953 million that were assisted by the Office ended up shooting in Ontario. This figure refers to those film and television productions that were "leads" initially generated by the LA Office. Ontario Creates is the managing partner of the Office.⁹⁵
- Ontario Creates' award-winning Digital Locations Database image collection continues to grow. As of the end of 2017-18 the database held almost 10,000 portfolios, representing

⁹³ While several new studio spaces have been announced, it will be a few years before these spaces are built and fully operational.

⁹⁴ Ontario Creates, 2017 Film and Television Production Statistics.

⁹⁵ Ontario Creates, Annual Results, 2017-18.

over 257,000 individual images. Users are local freelance production personnel, domestic and international producers and Ontario Creates staff, who use the database to create digital image packages that are used to both market the province and convince productions to shoot in Ontario.

- The fully refreshed Film Commission website launched in November with enhanced functionality, providing a new home for the Ontario Location Library and Ontario Production Guide. The site also contains key information about the Film Commission's services, Ontario's production and postproduction sectors, competitive financial incentives, creative talent, infrastructure, news, and image galleries of locally shooting productions.
- The Film Unit regularly organizes specialized marketing familiarization tours that target international feature film and television production executives, with the goal of promoting Ontario's production and post-production assets for the eventual investment in the province. 2018's Fam Tour focused on the physical production sector. The Film Unit hosted 10 production executives to Ontario to take part in B2B programming over three days. The guests met with 163 business reps from Ontario, reinforcing and strengthening 1,630 business connections. The tour has generated investment leads from at least three major studios.
- The Film Unit works closely with municipal, provincial and federal partners to create a fluid production experience across regional lines within Ontario. To support these efforts the Unit presents a bi-annual regional film forum to discuss production trends and best practices regarding the creation and enforcement of film policies and permitting procedures. Over 40 regional representatives were in attendance in 2017.
- The Ontario Film Commissioner attended the American Film Market, where the Film Commission organized meetings between key production and financing decision-makers and Ontario producers seeking financing and co-venture opportunities. More than 100 business leads were created.

Made in Ontario film and television productions receive significant critical and commercial acclaim and have made a significant economic impact in Ontario:

- The Hulu drama *The Handmaid's Tale*, based on the novel by Toronto writer Margaret Atwood, shoots in various cities in the Province and has garnered widespread acclaim. In two seasons it has received 10 Primetime Emmy Awards, including Outstanding Drama Series.
- Feature film *The Shape of Water* won more than 100 international prizes – among them four Academy Awards, including the trophy for best motion picture and one for its Canadian production-design team. Its director, Mexican-born Guillermo del Toro, has shot his last three movies in Ontario, working nearly exclusively with local crews. *The Shape of Water* employed over 1,500 Ontario residents through prep, shoot and post.

- FX television series, *The Strain*, spent close to \$51 million and created almost 800 jobs in Ontario. Almost \$27 million was spent on Ontario production crew and qualifying labour, while \$24 million was spent on purchases from Ontario businesses, including goods and services. Production of seasons one through four showed total spending in Ontario of \$209 million, and 3,331 local jobs created. More than 630 businesses benefitted from the production from 65 communities across Ontario, including retailers, production facilities, security services, equipment rental companies, dry cleaners, hotels and restaurants, catering companies, automobile rental companies, alteration and repair services, and hair and make-up services. 32 of the communities were located within the Greater Toronto Area, while 33 communities were in other regions of Ontario.⁹⁶

THE SHAPE OF WATER:
EMPLOYED OVER 1,500
ONTARIO RESIDENTS
THROUGH THE PREP,
SHOOTING AND POST
PRODUCTION AND
RECEIVED MORE THAN
1,000 INTERNATIONAL
PRIZES

- The big-screen adaptation of Stephen King's *It*, broke box-office records to become the highest grossing horror film of all time. The production spent over \$28.9 million in Ontario, almost half of which was local payroll. The production employed 1,255 Ontario cast, crew, and extras.⁹⁷

IN 2019-20:

- The Film Office will continue to operate in 2019-20 delivering high value service to stakeholders and reinforcing relationships with both new and existing international clients and maximizing inward investment opportunities.

⁹⁶ Motion Picture Association Canada (2018). *FX's The Strain Has an Eye Opening Impact on Ontario's Economy Spending over \$50 million and creating 800 jobs in fourth season of production*. [online] Available at: <https://www.mpa-canada.org/press/foxs-the-strain-has-an-eye-opening-impact-on-ontarios-economy-spending-over-50-million-and-creating-800-jobs-in-fourth-season-of-production/> [Accessed 9 Oct. 2018].

⁹⁷ "The Only Thing That Isn't Scary About Warner Bros.' *It*? The Economic Impact In Southern Ontario!". 2018. Mpa-Canada.Org. <https://www.mpa-canada.org/wp-content/uploads/2018/06/IT-INFOGRAPHIC-FINAL-01.png>.

COLLABORATIVE INITIATIVES

Ontario Creates works with industry stakeholders to deliver cross-sector collaborative activities. These events encourage partnerships within and 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 is a B2B initiative that brings Ontario book publishers together with film, television, and interactive digital media producers for a series of one-on-one meetings. During the past ten years, the program has set up over 4,000 business meetings and brokered 65 book options. In 2017-18, over 65 companies participated in 350 meetings.⁹⁸ At a prior year's version of the event, *The Breadwinner* by Deborah Ellis, published by Groundwood Books, was optioned by Aircraft Pictures. The film, financed in part via the Ontario Creates Film Fund, was a 2018 Oscar Nominee for Best Animated Film. *The Breadwinner* is a Canada/Ireland/Luxembourg co-production with Angelina Jolie as Executive Producer.
- To date, over 75 films have been successfully financed through Ontario Creates' International Financing Forum including: *Maudie*, *Tokyo Story*, *Book of Negroes*, *Citizen Gangster*, *Midnight's Children*, *The Husband*, *The Whistleblower*, *Coriolanus*, *Born to Be Blue*, *Wadjda* and the Oscar-nominated *Incendies*.⁹⁹
- The Discussion Series (formerly known as the Digital Dialogue Breakfast Series) is a year round forum for conversation among leaders in media, culture and technology. Five sessions were held in 2018-19: three took place in Toronto as well as one in Hamilton and a French-language breakfast for Franco-Ontarian content creators in Ottawa. Panel discussions are made available by Ontario Creates as podcasts.
- In 2017-18, Ontario Creates launched a new collaboration initiative called the Content Exchange Day, to provide an opportunity for all sectors to meet, learn (through roundtables, panels, and speakers), and participate in one-on-one meetings to explore new business and format opportunities. The program design is modeled on the first phase of the Collaboration and Innovation Fund program which concluded in 2016-17.

Ontario Creates will continue to focus efforts on collaborative initiatives in 2019-20 including From Page to Screen, the International Financing Forum, and the Discussion Series.

⁹⁸ Ontario Creates, Annual Results 2017-18.

⁹⁹ Ibid.

TRILLIUM BOOK AWARD

The Industry Development Group delivers the Trillium Book Award/Prix Trillium to recognize Ontario's literary excellence and foster the promotion of Ontario-authored books. A jury of peers is coordinated and managed by Ontario Creates to select the short-listed titles and winners of four separate prizes. The deadline for submissions for the 32nd Annual Trillium Award/Prix Trillium will be in the fourth quarter of 2018-19 and the Award winners will be announced in the first quarter of 2019-20. The Trillium Award generates over 50 million media impressions annually, and last year for its 30th anniversary the Awards received over 172 million media impressions.

- The 31st Annual Trillium Award received 363 submissions. The winners were announced at an industry ceremony on June 21, 2018 and the following awards were presented:
 - **Trillium Book Award (English):** Kyo Maclear, ***Birds Art Life*** (Doubleday Canada)
 - **Trillium Book Award (French):** Aurélie Resch, ***Sous le soleil de midi*** (Éditions Prise de parole)
 - **Trillium Book Award for Poetry (English):** Pino Coluccio, ***Class Clown*** (Biblioasis)
 - **Trillium Book Award for Poetry (French):** Sylvie Bérard, ***Oubliez*** (Éditions Prise de parole)

Trillium Book Award winners in English-language and French-language receive \$20,000 each. Publishers of the winning books each receive \$2,500 towards book promotions. The winners of the Trillium Book Award for Poetry (English-language) and the Trillium Book Award for Poetry (French-language) receive \$10,000 each; their publishers receive \$2,000 each. All finalists also receive a \$500 honorarium. The awards for Children's Literature (French-language) and Poetry (French-language) are awarded in alternate years.

FUNDING TO THE TORONTO INTERNATIONAL FILM FESTIVAL GROUP

In 2018-19 Ontario Creates provided \$300,000 in Operating Support to the Toronto International Film Festival (TIFF). In addition to these operational funds, Ontario Creates is the mechanism by which MTCS flows annual funds (\$815,000 in 2018-19) for the care and maintenance of the Province's film collection at the Film Reference Library. In 2018-19, the agency also provided \$150,000 to the TIFF Industry Office, which supports international sales opportunities for producers during the Festival and where Ontario Creates has a shared marketing stand with Telefilm Canada. The stand is used to promote Ontario as a leading production jurisdiction to international decision-makers and to provide a hub where Ontario stakeholders can schedule meetings with international delegates. The agency also provided \$50,000 via the Industry Development Program to TIFF's Film Circuit and TIFF Kids.

Ontario Creates also delivers various industry development initiatives during TIFF in order to leverage the presence of industry executives and producers from around the world converging in Ontario. The 13th annual International Financing Forum (IFF) brought Ontario, Canadian and international film producers together with international financiers. Thirty-nine feature-film project teams from Australia, Brazil, Croatia, Germany, Hungary, Ireland, Netherlands, Norway, South Africa, Switzerland, the US and the UK participated along with more than 35 international industry executives. Brokered one-on-one meetings resulted in more than 550 business leads for producers.

TAX CREDITS AND FINANCING PROGRAMS GROUP

Ontario's creative media tax credits are a major incentive for doing business in Ontario. Tax credits provide Ontario's content creators with predictable and stable 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.

A first-of-its-kind study examining the impact of tax credits on the UK screen sectors found that tax relief supported screen sectors delivered a total of £7.91 billion in Gross Value Added for the UK economy. Together production spend and its job creation led to the generation of significant tax returns for the government. It is estimated that the screen sectors delivered £2.04 billion in tax revenues in 2016. These revenues are also growing. Total tax revenues grew by 67% in the four year period between 2013 and 2016.¹⁰⁰

New global over-the-top players like Netflix and Hulu are contributing to a significant expansion in content production. Ontario is well-positioned to continue capitalize on the worldwide expansion of the screen-based industries. Global competition for production dollars remains strong and jurisdictions around the world are implementing new and innovative tax incentives in order to grow these industries at home. Ontario must maintain its competitive advantage in order to take advantage of the opportunity that this brings.

Ontario Creates 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 Ontario Sound Recording Tax Credit (OSRTC) was discontinued; however, Ontario Creates will continue to administer the credit until all eligible applications are processed. Tax credit legislation falls under the responsibility of the Ministry of Finance. Ontario Creates works collaboratively with MoF and MTCS on issues related to tax credits.

- **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. An enhanced rate of 45% is available for productions that are eligible for the regional bonus, while a rate of 40% on the first \$240,000 of qualifying labour expenditure is available for eligible for first-time producers.
- **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 labour and non-labour 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 qualified 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 percent of eligible Ontario expenditures for interactive digital media products created in Ontario (35 percent for fee-for-service).

¹⁰⁰ BFI. 2018. "Screen Business". London. <https://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/screen-business-full-report-2018-10-08.pdf>, p. 16.

- **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 by Canadian authors.
- **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.

PROGRAM OBJECTIVES:

- To increase investment and jobs in Ontario and to incent content creation by Ontario-based film, television, interactive digital media, and book publishing companies.
- To assist in the capitalization of companies in order to help companies in Ontario grow their businesses, invest in the creation of new content, and to maintain and exploit their intellectual property assets.

PROGRAM RESULTS:

It is expected that support provided through tax credits will leverage product and production spending of more than \$10 billion dollars (or nearly \$18 for every dollar invested by Ontario in 2017-18) while encouraging the creation of domestic content and attracting significant international investment through foreign service production.

Results for this program are measured by the:

- Leverage value of Ontario Creates' contribution to each project (the additional amount in financing generated for each dollar invested by Ontario Creates).
- Estimated value of tax credits.
- Number of products reviewed/certified.
- Average turnaround time across all tax credits.
- Average time tax credit files spend in analysis.

PRODUCTIVITY IMPROVEMENTS & STAFFING LEVELS:

- Ontario Creates has made a number of aggressive changes in recent years to improve productivity that include: moving from paper-based systems to a fully online system for application and processing; comprehensive Business Process Review and continuous improvements/refinements; implementation of a Risk-based assessment methodology (with Ministry of Finance); cross-training and redeployment of staff resources; increasing staffing levels and opportunities for paid staff overtime; revised application forms (to improve the quality and relevance of information received); application deadlines and time limits to receive requested material from slow and non-responsive applicants; and additional pilots of risk-based processing modifications to evaluate impact.
- While these strategies to refine business processes have been successful in achieving significant productivity increases in the number of tax credits products reviewed annually and considerable reductions to the time a file spends in analysis, the improvements have not been sufficient to keep pace with volume which has increased by as much as 200% since 2005/06. At the current staffing levels, it is likely to take an additional three years to clear the backlog and return to acceptable service standards.
- Continuing high turnaround times for tax credit processing increases financing costs for producers, delays access to capital that would otherwise be reinvested in the creation

of new intellectual property, threatens company sustainability, and erodes the value of the province's investment to cover interim financing costs. Reducing turnaround time will better leverage Ontario Creates' investment and significantly improve access to capital for Ontario content companies.

- Additionally, the current hiring restrictions have significantly impacted the agency's ability to quickly fill staff vacancies with employees that have specialized knowledge of the creative industries. This is a contributing factor to employee overload which may lead to a decline in capacity, longer processing times, and weaker results for the agency. Permission to fill the three temporary FTE positions granted to the agency in 2018, would help to ease the backlog of tax credit applications, however as Ontario Creates is now limited to hiring within the OPS, it will be difficult to recruit candidates with the required skill set and/or training time will significantly increase for new hires not familiar with the business workings of the agency's creative industry stakeholders. This will in turn affect overall processing time.
- While this Business Plan assumes no new resources, it should be noted that permission to fill three additional FTEs in the Tax Credits department on a temporary basis would better align resources with volume levels and would be critical to reducing the time it will take to clear the backlog of tax credit applications. An additional three temporary FTEs could increase annual productivity by an additional 1,994 products reviews per year, leading to clearing the application backlog in two years. Six temporary FTEs would result in even greater productivity improvements, clearing the backlog in an estimated 1.5 years.

IN 2019-20:

- Ensuring Ontario's competitiveness as a top production jurisdiction by modernizing the suite of tax credits has been identified in Ontario Creates' Strategic Plan as critical to making Ontario a culture leader at home and internationally. Stable tax credits are an important part of that strategy.
- However, within the framework of stability there are still opportunities to explore strategies to modernize tax credits so they better reflect current market, production, distribution, and consumption trends, and to reduce the regulatory burden of the application process for clients. In 2019-20, Ontario Creates will explore and model options that are modern, responsive, and simpler for users, aligned with the government's Open For Business objectives.
- Ontario Creates will continue to be an active member of the National Tax Credits Committee (NTCC) where Ontario Creates represents and advances Ontario's interests. In 2017-18 a working group of the NTCC was formed and Ontario Creates began working with the Canadian Audio-Visual Certification Office (CAVCO) and other provinces to investigate information sharing and harmonization possibilities. This work is expected to continue into 2019-20.
- The agency continues to chair monthly calls and an Annual General Meeting with MoF and the Canada Revenue Agency (CRA) to address issues of administration of the tax credits. In 2017-18 Ontario Creates began discussions with CRA to look at information sharing and harmonization possibilities to streamline the administration of tax credits. This work will continue into 2019-20.
- Ontario Creates will continue efforts to improve user experience for tax credit applicants. In 2019-20 the agency will complete increased online application portal functionality and new client tools as well as revisions to communications materials for improved clarity and functionality.

BUSINESS AFFAIRS AND RESEARCH GROUP

BUSINESS INTELLIGENCE PROGRAM

Ontario Creates offers financial support to incorporated not-for-profit industry organizations undertaking business intelligence initiatives relevant to the growth of one or more content-creating sectors in Ontario. Completed business intelligence projects are made publicly available on the agency's corporate website and in the Online Research Library.

PROGRAM OBJECTIVES:

- To support projects that provide information, data, and/or insights that Ontario's creative companies need to increase their capacity and effectiveness.
- To provide Ontario companies with competitive market advantages.
- To level the playing field between Ontario's creative companies and global multinationals that have the capacity to conduct their own market research and business intelligence.
- To provide Ontario Creates with valuable trend and data information about the industry to help inform and improve programs and services offered by the agency.

PROGRAM RESULTS:

Support provided through the Business Intelligence Program is anticipated to support five to ten new studies that will provide information and data to help Ontario creative industry companies remain competitive with larger scale multinational companies operating around the world. Business Intelligence studies are also anticipated to raise the profile of Ontario Creates and the Province as trusted partner and a catalysts for information and research in the creative media industries. Support is anticipated to leverage nearly double the amount invested by Ontario Creates.

Results for this program are measured by the:

- Number of projects released.
- Leverage value of Ontario Creates' contribution to each project.

IN 2019-20:

- Ontario Creates will continue to deliver the Business Intelligence Program in 2019-20. In 2019-20 the program will offer two application deadlines and will operate with a budget of \$200,000.

BUSINESS INTELLIGENCE PROGRAM STUDIES RELEASED

In 2018-19, as of the end of the second quarter, three studies that received support through the Ontario Creates Business Intelligence Program were released. They are available to the public through the Ontario Creates website and Online Research Library:

- *The Roadmap to Creative Distribution* (Documentary Organization of Canada)
- *Documentary Audience Research 2018* (Hot Docs)
- *Gender in the Canadian Screen Composing Industry* (Screen Composers Guild of Canada)

ONTARIO CREATES' COMMISSIONED RESEARCH

Where the agency identifies a particular knowledge gap or strategic growth opportunity which is not being addressed through the Business Intelligence Program, the agency will directly commission studies. These Ontario Creates-led projects allow for forward-thinking, 'big picture' intelligence on emerging issues facing the sectors, and are also primarily used to feed into the agency's programming, strategic planning and business planning processes.

- **Client Satisfaction Survey:** In 2017-18, Ontario Creates commissioned OPTIMUS | SBR to conduct a survey of Ontario Creates stakeholders to determine their level of satisfaction with the delivery of programs and services. The survey also asked stakeholders to identify how programs might better meet their needs. A comprehensive Action Plan and Management Response was created based on the findings. A summary has been made available on the corporate website. The agency is actively engaged in implementing the resulting Action Plan.
- **Baseline Gender Data and Key Role Framework:** Last year Ontario Creates also began work on a study to generate baseline data about gender diversity in key business and creative roles among the companies and productions supported by Ontario Creates. The key role framework and a summary of the data will be made publicly available when complete.

ONLINE RESEARCH LIBRARY

The Online Research Library (ORL) is a resource created and maintained by Ontario Creates which contains domestic and international studies specific to the creative industries and serves as a valuable repository of research for industry stakeholders, academics and the agency's own planning needs. The ORL is used by researchers, research institutions, and industry stakeholders who have indicated that this "one-stop shop" information source is an exceptionally valuable resource:

- The ORL contains over 650 research studies.
- In 2017-18, the ORL was visited over 4,000 times.
- The studies in the ORL are also used to inform the development of the agency's semi-annual industry profiles which received 16,000 unique views in 2017-18.

OPERATIONAL ACTIVITIES

A five-year Strategic Plan for the agency was released in 2017-18, which includes a commitment to several operational improvements. Operational activities in 2019-20 will include some of the following:

- **Electronic Payments:** In 2018-19 Ontario Creates will complete the implementation of its new Electronic Payments system so that payments to grant recipients and administration fees from tax credit applicants will now be made electronically.
- **Transfer Payment Modernization:** Although not mandatory for agencies, as a best practice, Ontario Creates will place particular emphasis on Transfer Payment Directive policies aimed at simplification and transitioning to fully electronic processes which are in keeping with the Ontario's Open for Business Act.

- **Results Measurement:** Explore and implement further automation of quarterly results and reporting to make results management and responding to data requests required for briefing and event notes more efficient.
- **Open Data:** identify, prepare, and maintain datasets in compliance with Ontario's Open Data Directive.
- **Production Statistics:** compile annual film and television production statistics.
- **Strategic Planning:** monitor implementation of Strategic Plan Action Plan and coordinate annual agency business planning.

INDUSTRY ENGAGEMENT ACTIVITIES

Ontario Creates 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 Ontario Creates' five Industry Advisory Committees: Book, IDM, Magazine, Music, and Screen-based. Beginning in 2017-18, and at the request of industry representatives on these committees, Ontario Creates established and formalized cross-sector meetings of Industry Advisory Committee members.

The Advisory Committees are made up of stakeholders from creative industry companies and trade organizations who serve a term of up to three years. Each Committee nominates an Industry Co-Chair and the Ontario Creates CEO serves as the agency's Co-Chair. The Co-Chairs alternate the responsibility for chairing meetings.

The role of the Advisory Committees is threefold:

1. To provide high-level stakeholder input into Ontario Creates 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 Ontario Creates 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; and
3. To inform Ontario Creates of emerging stakeholder issues and priorities.

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

Staff members from all departments are active participants in Ontario Creates' 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 Ontario Creates programs and tax credits. These include information sessions and participation in industry panels.

ACT AS A CHAMPION FOR THE CREATIVE INDUSTRIES

Ontario Creates continues to work with industry stakeholders to identify relevant issues and assist them in communicating those issues to the appropriate levels of government.

- In 2017, Ontario Creates participated on the ministry's Film and Television Advisory Panel and its Tax Credits Modernization sub-committee.
- In 2016, Ontario Creates participated in the Federal consultation on Canadian Content in a Digital World and provided the Canadian Audio-Visual Certification Office (CAVCO) with comments on their public notices regarding ineligible genres and triggers for the purposes of the federal tax credits, both of which informed the Department of Canadian Heritage's newly announced Creative Canada Policy Framework.
- Where appropriate, Ontario Creates intends to provide input and promote consultations relating to upcoming reviews of the *Broadcasting Act*, *Telecommunications Act*, and the *Copyright Act*, and regarding the federal government's plans to modernize the Canada Book Fund, Canada Music Fund and Canada Periodical Fund beginning in 2017 through 2019-2020.
- Ontario Creates will explore opportunities to support the agency's stakeholders to take advantage of the newly announced federal Creative Export Strategy, the new Creative Industries Council, and Strategic Innovation Fund.

STRATEGIC INITIATIVES

Ontario Creates' programs are oversubscribed and stretched to maximum capacity, yet there continue to be untapped opportunities to further enhance the impact of programs, to develop skills and partnerships, and to advance the strategic priorities of export, innovation, collaboration, skills development and competitive strength. While Ontario Creates has focused on ensuring a balanced budget for core program delivery, in recent years, the agency has utilized uncommitted cash reserves to activate program enhancements and new initiatives, on a time-limited basis, in an effort to address some of the ongoing program gaps and unmet industry needs.

In 2019-20, Ontario Creates will utilize \$885,000 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 limited additional strain on human resources. The initiatives are as follows:

- **Ontario Author Touring Support (OATS):** Recognizing the changing marketplace for books, OATS provides publishers with 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 2019-20, the program will be delivered through the Book Fund in order to streamline delivery and assist with the planning cycle for publishers.
- **Frankfurt Book Fair 2020: Canada Focus:** Canada has been selected as the Guest of Honour at the Frankfurt Book Fair 2020 (14-18 October 2020). The Frankfurt Book Fair is the international hub of the publishing world and being its Guest of Honour will provide opportunities to showcase Ontario literature and Canadian culture increasing the international reputation and sales opportunities for Ontario publishers. The agency's lead up programming for this event began in 2018-19 and will include support for a publishing trade mission to build business relationships which will strengthen outcomes in the focus year.
- **Magazine Industry International Business Development:** Building on the successful international growth strategy initiated in 2017-18, this initiative will be extended for another year. Funding will be provided to give magazine companies more flexibility to attend international activities that best suit their niche needs and to build on the exposure the Ontario collective has had internationally to date. In 2019-20, the initiative will be delivered through the Magazine Fund in order to provide administrative efficiencies and assist magazine companies with their annual planning.
- **Domestic Feature Film Distribution and Marketing:** Based on the success of this initiative in the current fiscal year, Ontario Creates will provide funding to support innovative marketing and distribution strategies for Ontario films for an additional year. 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. In 2019-20, the initiative will also include an element of professional development in order to optimize the agency's investment and ensure strong marketing plans.

- **Film Screenwriting Support:** Ontario Creates will be providing support to an Ontario screenwriter/producer team to attend the prestigious eQuinox Writers Workshop in Europe - an application based week long writer workshop for European projects with a limited number of North American projects participating each year.
- **Website, Client Relationship Management, and Online Application Portal Upgrades:** A small portion of cash reserves will be used for a one-time refresh of Ontario Creates' corporate website, with an emphasis on ensuring that the agency's website meets or exceeds the requirements of the Accessibility for Ontarians with Disabilities Act, as well as an upgrade of the agency's Client Relationship Management system (CRM), and improvements to the applicant communication interface of the OAP. These projects will significantly improve customer experience as well as creating administrative efficiencies for Ontario Creates. The projects began in 2017-18 and are expected to be completed in 2019-20.

VI. RESOURCES NEEDED TO MEET GOALS AND OBJECTIVES

BUDGET

A succession of reductions to Ontario Creates' budget and uncommitted cash reserves in recent years has placed significant strain on the agency's budget and human resources. The financial forecast and program and service descriptions included in this Business Plan assumes there will be no further reductions to the agency's budget or cash reserves and no changes to the agency's number of FTEs.

The agency's budget reduction strategy has always been to mitigate the direct industry impact of cuts through timing adjustments, cost containment, program modifications, revenue increases, and program reductions while ensuring the long term financial and strategic sustainability of the agency's strategic and business planning. The budget for core programs and services was balanced and cash reserves were utilized to support time-limited initiatives which would not create long-term stakeholder expectations. As such, the agency has contained costs and operations are lean and efficient. However, the flexibility of the agency to respond to changes in the environment or to take advantage of emerging opportunities has been compromised.

INCREASING PROGRAM DEMAND

Demand for Ontario Creates programs continues to outpace resources. This is a sign of tremendous success for Ontario. As the size of Ontario's creative economy continues to grow, Ontario Creates continues to experience an increase in program demand, which strains both human and financial resources. In an average year, Ontario Creates is only able to support about 65 per cent of the applications to the agency's selective funding programs and those applications are only receiving a portion of the funds requested. This means that many quality projects were not funded and in many cases were either not implemented at all, or moved to another jurisdiction at a loss to Ontario's economy. Sustaining the agency's budget at the current level (or further reducing it) will mean a loss of jobs and economic opportunity for Ontario.

STAFFING LEVELS

Continuing high turnaround times for tax credit processing increases financing costs for producers, delays access to capital that would otherwise be reinvested in the creation of new intellectual property, threatens company sustainability, and erodes the value of the province's investment to cover interim financing costs. Ontario Creates has implemented a number of business process changes in recent years to improve productivity and while these strategies have been successful in achieving significant productivity increases in the number of tax credits products reviewed annually and considerable reductions to the time a file spends in analysis, the improvements have not been sufficient to keep pace with volume which has increased by more than 200%. At the current staffing level, it is likely to take three years to clear the backlog and return to acceptable service standards.

Additionally, the current hiring restrictions have significantly impacted the agency's ability to quickly fill staff vacancies with employees that have specialized knowledge of the creative industries. This is a contributing factor to employee overload which may lead to a decline in capacity, longer processing times, and weaker results for the agency. Permission to fill the three temporary FTE positions granted to the agency in 2018, would help to ease the backlog of tax credit applications.

While this Business Plan assumes no new resources, it should be noted that permission to fill three additional FTEs in the Tax Credits department on a temporary basis would better align resources with volume levels and would be critical to reducing the time it will take to clear the backlog of tax

credit applications. An additional three temporary FTEs could increase annual productivity by an additional 1,994 products reviews per year, leading to clearing the application backlog in two years. Six temporary FTEs would result in even greater productivity improvements, clearing the backlog in an estimated 1.5 years.

EXPORT ACTIVITY AND INTERNATIONAL BUSINESS DEVELOPMENT

Export activity is fundamental to growing Ontario's creative companies which is why it is a key element of Ontario Creates' Strategic Plan. In 2019-20, Ontario Creates will continue to prioritize support for export activities to drive market growth and ROI; however, success requires active engagement of staff to facilitate in-market programming and provide the kind of expert on-the-ground support which includes introducing Ontario companies to potential financiers and potential production partners. These activities have proven to leverage Ontario's presence in international markets into better outcomes for Ontario companies and better ROI for the Province. In the event that travel restrictions remain in place, Ontario Creates will have to scale back on international business development, which will have a negative effect on Ontario's competitive business advantage and impact results, including losing Ontario's status as the lead go to Ontario player as international partners build relationships with other jurisdictions.

VII. RISK IDENTIFICATION, ASSESSMENT AND MITIGATION STRATEGIES

Ontario Creates regularly updates and submits a quarterly risk register to the Ministry of Tourism, Culture and Sport. The risk register addresses current and future activities of the agency and environment with respect to related risk factors and their impacts. Ontario Creates has prepared comprehensive mitigation strategies for all of the risks that it has identified and as new risks emerge or change, Ontario Creates will endeavor to inform MTCS and act judiciously to minimize any negative consequences.

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

Tax Credit Application Volume (High)

- The volume of products applying for Tax Credits continues to exceed staffing allotment and leads to lengthy timelines for processing of tax credits which may put Ontario at a competitive disadvantage to jurisdictions offering rebates or quicker processing times.
- The resulting delays may slow payment to applicants and may jeopardize company stability and productivity which could impact Ontario Creates' ability to achieve its mandate.

Staffing Challenges and Restrictions (High)

- The current hiring restrictions mean that vacancies at the agency can only be filled by hiring from within the OPS. This has made it challenging to fill vacancies with individuals that have specialized knowledge of the creative industries required by Ontario Creates. New hires without this industry knowledge and experience require significantly more training resources which negatively impacts the agency's ability to deliver services in a timely manner. This is especially critical as it erodes the productivity gains made in addressing the backlog of tax credit applications.
- In addition, an atypical number of vacancies at Ontario Creates has further compounded this problem. Providing development opportunities has been an interim measure, but remaining staff are under significant pressure to maintain established service levels. The agency was also given three temporary FTE positions to help address tax credit backlog, but has not yet received permission to fill these positions.
- Reduced staffing levels may lead to employee overload, and when compounded by new staff that have less industry expertise and require more training, may also lead to a decline in capacity, longer processing times, and weaker results for the agency.

Limited Access to Export Markets (Medium)

- Export activity including international sales is fundamental to growing Ontario businesses. Restrictions placed on out-of-province travel for staff may mean that Ontario Creates can't provide the kind of expert on-the-ground support and B2B networking in key markets that has proven to leverage Ontario presence into better outcomes for Ontario companies. There is also the risk that competitive advantage will be lost if Ontario does not have an on-the-ground staff presence at markets where other provinces are promoting their jurisdictions.

Insufficient Resources to Service Growing Demand (Medium)

- Increased demand for services without new resources to service this demand may lead to slow customer service and disgruntled stakeholders. At its worst, it may mean that stakeholders move their productions and companies to other jurisdictions.

Limited Discretionary Resources (Medium)

- While grateful for the significant funding Ontario Creates administers for the creative industries, the recent trend of restricting the agency's funding to specific programs, means that Ontario Creates is less nimble to respond to industry needs and issues.
- As a result of cuts to the agency's budget, the remaining sectors continue to be disproportionately resourced in comparison to Music and IDM. Ontario Creates will continue to strategize with MTCS to serve all sectors with available resources.

VIII. 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. Ontario Creates meets or exceeds all required controls and accountabilities as a public service agency and administrators of public funds. Ontario Creates places a great deal of emphasis on ensuring that all obligations under both the Transfer Payment Accountability Directive (TPAD) and operating MOUs with the Ministry of Tourism, Culture and Sport are met.

All Ontario Creates 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.

Ontario Creates is continuously working to be a better organization and workplace. The Strategic Plan includes two internal enabling commitments: to ensure service and operational excellence and to empower people and teams. This means that the agency will continue to work to improve processes and technology; to provide a superior customer service experience; and to ensure accountability and the effective use of resources.

In a 2017 survey of all Ontario Public Service employees, Ontario Creates staff had a high participation rate of 87% (as compared to 57% across the OPS) and a high engagement index of 75% (as compared to 70% across the OPS). While the overall results were positive and demonstrated strong results in productive capacity, workplace culture, leadership and inclusion, there is always room for improvement and the agency is committed to working with staff in the year ahead to further improve the Ontario Creates workplace.

The current hiring restrictions placed on the OPS means that vacancies at the agency can only be filled by hiring from within the OPS. This has made it challenging to fill vacancies with individuals that have specialized knowledge of the creative industries served by Ontario Creates. In addition, an atypical number of vacancies at the Ontario Creates has resulted in reduced staffing levels and new staff with less industry expertise leading to reduced capacity and weaker results for the agency. The agency was given three additional temporary FTEs in 2018-19 to hire additional tax credit Business Officers. Those positions are currently unfilled, but included in the FTE forecast.

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

STAFF STRENGTH (as of December 31, 2018)

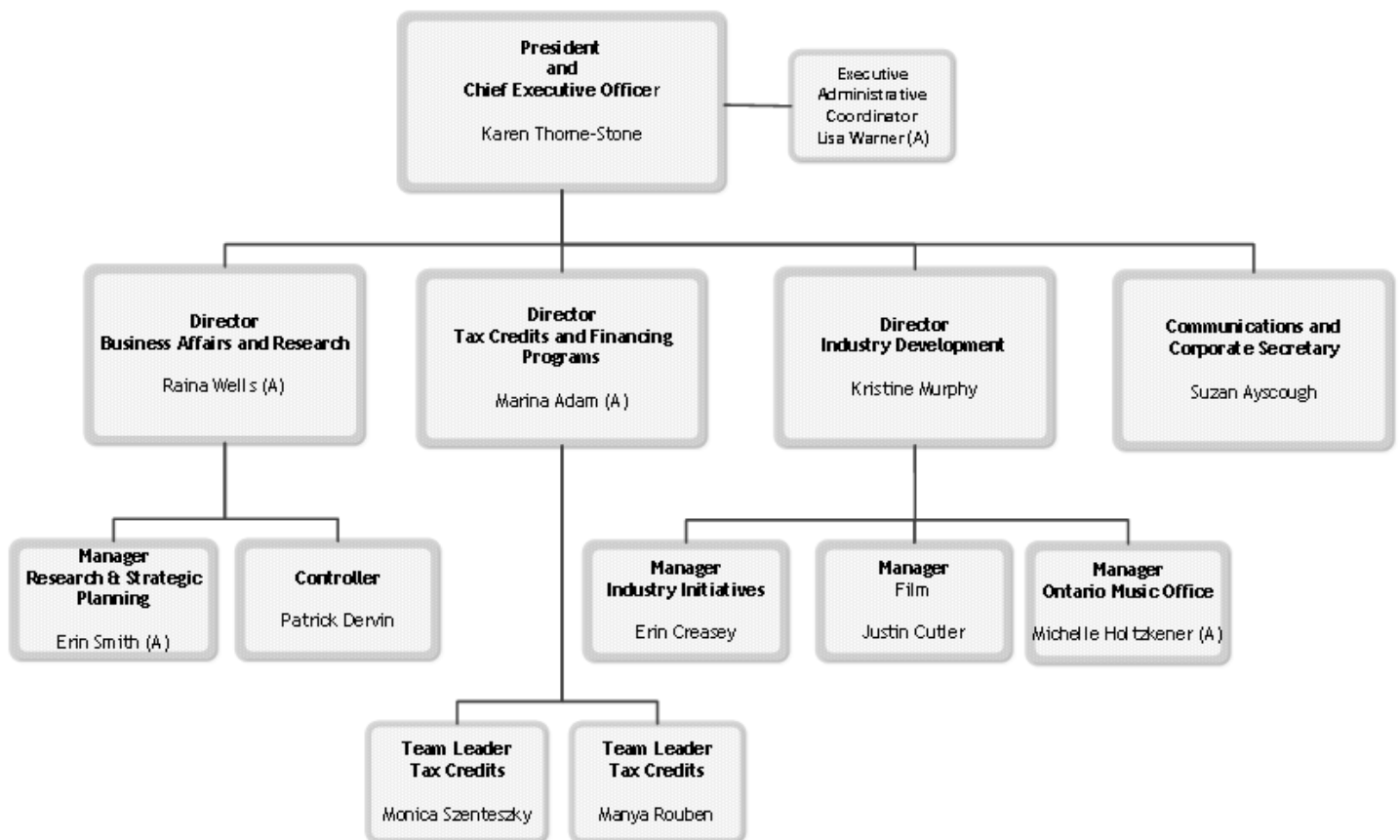
FTE FORECAST

SMG/ITX	MCP	Excluded	OPSEU	AMAPCEO	TOTAL
3	6	0	62	7	78

ORGANIZATIONAL CHART

As of December 31, 2018

Ministry of Tourism, Culture and Sport Ontario Creates



IX. PERFORMANCE MEASURES

Performance measures for Ontario Creates provide regular feedback on whether agency programs and activities are meeting their objectives and provide some insight into the overall health of Ontario's creative industries.

The agency's performance 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.¹⁰¹ In 2019-20, Ontario Creates will continue to collaborate with its government partners to strengthen and grow Ontario's entertainment and creative cluster.¹⁰²

A number of new performance measures were added in 2017-18. The following table provides interim results as of September 30, 2018 (Q2) for key 2018-19 performance indicators. It also shows trend information by outlining comparable final results from 2017-18 and 2016-17, where applicable. Performance measure targets for the Ontario Music Fund included in the table below, are based on a \$15 million fund. These targets will be revised as part of the ongoing program review in consideration of the \$8 million cut that was announced in the 2019 Ontario Budget.

In addition to these key performance indicators, Ontario Creates' management 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 Ontario Creates 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.

¹⁰¹ Ontario Ministry of Tourism and Culture, *Results-based Plan Briefing Book 2014-15*, p. 4.

¹⁰² Ibid, p. 7.

Key Performance Indicator	2018-19 Quarterly Results Q1	2018-19 Quarterly Results Q2	2019-20 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	Notes
Strategic Goal #1: STIMULATE ECONOMIC GROWTH AND EMPLOYMENT							
1. Estimated value of Tax Credits (millions)	\$233	\$147	\$600	\$747	\$509	\$352	
2. Leverage Value (additional amount of financing generated for each dollar invested by Ontario Creates)							
a) Investment through all six Tax Credits	\$19.89	\$33.87	\$15.00	\$17.80	\$18.15	\$17.08	
b) Investment through Book Fund	\$0.57	-	\$0.57	\$0.72	New Measure for 2017-18		
c) Investment through Film Fund (Production)	-	-	\$22.00	\$24.62	\$24.39	\$23.41	
d) Investment IDM Fund (Production)	-	-	\$1.75	\$2.21	\$1.79	\$1.97	
e) Investment through Magazine Fund	\$1.01	-	\$0.75	\$0.72	\$0.97	\$0.85	
f) Investment through Ontario Music Fund (OMF)	\$1.63	\$3.84	\$3.10	\$3.87	\$4.79	\$5.05	
g) Investment through Business Intelligence Program	-	-	\$1.50	\$1.73	New Measure for 2017-18		
3. Return on Investment (sales earned for every dollar invested by Ontario Creates)							
a) Book Fund	-	-	\$2.85	-	\$2.85	\$2.69	Note 2
b) Export Funding (Export Fund and IDM Fund: Global Market Development)	-	-	\$175.00	-	\$174.54	\$227.47	Note 2
c) IDM Fund: Marketing Support	-	-	\$2.00	-	New Measure for 2017-18		Note 2
d) Magazine Fund	-	-	\$1.95	-	Note 2	\$1.20	Note 2
4. Ontario Music Fund Economic Growth and Employment Indicators							
a) Increased company gross revenue as a results of the OMF (millions)	Annual Result		\$70.00	Note 2	\$118.98	\$17.39	Note 2
b) Private sector investment and equity secured as a result of the OMF support (millions)	Annual Result		\$6.00	Note 2	\$9.55	\$3.55	Note 2
c) Jobs created and/or retained through OMF projects (FTEs)	Annual Results		525	Note 2	538	542	Note 2
5. Other Economic Growth and Employment Indicators							
a) Weeks of work created and/or retained through IDM Fund and Film Fund projects	18,324	-	18,000	22,962	20,623	22,676	
b) Number of educators reached through Canadian Books in Ontario Schools	-		12,000	New Measure for 2018-19			Note 2
c) Job Creation Index (# of jobs per million dollars of Ontario Creates support)	Annual Result		64	-	Note 2	64	Note 3

Key Performance Indicator	2018-19 Quarterly Results Q1	2018-19 Quarterly Results Q2	2019-20 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	Notes
d) Job Quality Index (average wage per job)	Annual Result		\$52,928	-	Note 2	\$52,928	Note 3
e) Economic ROI Index (GDP per dollar of Ontario Creates support)	Annual Result		\$3.27	-	Note 2	\$3.27	Note 3
f) Investment Leverage (private sector funding per dollar of Ontario Creates support)	Annual Result		\$1.58	-	Note 2	\$1.58	Note 3
Strategic Goal #2: PROMOTE THE INDUSTRIES							
1. Film and Television Production							
a) Number of film and television productions that shoot in Ontario	38	50	130	137	146	128	
Domestic	23	27	70	74	82	83	
Service	15	23	60	63	64	45	
b) Value of film and television productions that shoot in Ontario (millions)	\$318	\$436	\$1,300	\$1,480	\$1,324	\$1,096	
Domestic	\$121	\$172	\$500	\$525	\$563	\$559	
Service	\$198	\$264	\$800	\$955	\$761	\$537	
c) Number of actively scouting domestic and service productions accessing Ontario Creates scouting services	43	43	145	150	140	174	
2. Los Angeles Office							
a) Number of leads developed by LA Office	81	39	150	216	New Measure for 2017-18		
b) Proportion of LA Office-assisted projects that shoot in Ontario	26%	37%	20%	34%	28%	20%	
c) Value of LA Office-assisted projects that shoot in Ontario (millions)	\$227	\$115	\$500	\$953	\$585	\$742	
3. Social Media Influence							
a) Social Media Score (Sysomos)	8/10	8/10	8/10	58.4	59.9	59.4	Note 5
b) Number of new subscribers to Ontario Creates social media channels	628	874	1,000	1,443	New Measure for 2017-18		
4. Media Impressions							
a) Number of media impressions (millions)	4.5	136.4	30.0	31.7	33.3	2.7	
b) Number of Trillium Book Award media impressions (millions)	46.5	-	45.0	172.0	49.1	99.5	Note 6
Strategic Goal #3: ENCOURAGE COLLABORATION AND INNOVATION							

Key Performance Indicator	2018-19 Quarterly Results Q1	2018-19 Quarterly Results Q2	2019-20 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	Notes
1. Industry Development Support (Industry Development Program, Sector Marketing Support, other Ontario Creates support to industry development)							
a) Number of industry development initiatives led or supported by Ontario Creates	25	11	60	69	New Measure for 2017-18		
b) Number of business connections/leads made by participants at Ontario Creates-led or supported initiatives	3,589	Note 2	14,000	24,436	New Measure for 2017-18		
c) Number of business connections and/or leads made as a result of OMF Music Industry Development Support	Annual Result		6,000	Note 2	9,308	5,154	
2. International Business Development							
a) Number of markets at which Ontario Creates has organized a strategic presence	3	1	9	17	16	22	
b) Number of foreign markets at which Ontario participants are supported through export activity support	74	50	200	346	284	258	
3. Collaboration Initiatives							
a) Number of Collaboration events led by Ontario Creates	1	2	8	7	New Measure for 2017-18		
b) Number of business connections made through meetings at Collaboration events	0	0	3,500	1,757	New Measure for 2017-18		
c) Number of deals/options arising from Collaboration events after 12 months	1	1	6	6	New Measure for 2017-18		
d) Value (when applicable) of deals/options arising from Collaboration events after 12 months	\$3,000	\$5,000	\$3,000	-	New Measure for 2017-18		
3. Business Intelligence							
a) Number of Business Intelligence projects released	1	1	8	9	13	9	
b) Number of Industry Profiles updated	3	1	8	7	9	5	
c) Number of unique views of Industry Profiles on corporate website	3,537	3,058	12,000	15,128	New Measure for 2017-18		
d) Number of new documents added to the Online Research Library	36	36	48	116	New Measure for 2017-18		
e) Number of unique visitors to the Online Research Library	908	822	2,500	3,662	New Measure for 2017-18		
Strategic Enabler #1: ENSURE SERVICE AND OPERATIONAL EXCELLENCE							

Key Performance Indicator	2018-19 Quarterly Results Q1	2018-19 Quarterly Results Q2	2019-20 Target	2017-18 Actual	2016-17 Actual	2015-16 Actual	Notes
1. Program Delivery							
a) Number of applications received (funds and tax credits)	1,121	353	2,300	2,287	New Measure for 2017-18		Notes 1
b) Average turnaround time across all tax credits (weeks)	38.9	33.5	40.0	41.9	42.5	34.3	
c) Average time tax credit files spend in analysis (weeks)	4.3	4.4	5.0	5.3	7.2	8.8	
d) Total number of tax credit products reviewed	1,037	901	3,000	3,047	New Measure for 2017-18		
e) Program Delivery Effectiveness Index (avg. application time, weeks)	Annual Result		28.29	Note 2	Note 2	28.29	Note 3
f) Program Delivery Effectiveness Index (avg. cost per application)	Annual Result		\$869	Note 2	Note 2	\$869	Note 3
2. Service							
a) Number of service calls and emails	1,065	1,091	4,800	4,779	New Measure for 2017-18		
b) Number of ministry inquiries	23	26	60	57	New Measure for 2017-18		
c) Client satisfaction survey (approximately every 5 years)	Annual Result		N/A	Completed	New Measure for 2017-18		Note 4
Strategic Enabler #2: EMPOWER PEOPLE AND TEAMS							
1. Percentage of staff that have been at organization 5+ years	Annual Result		55%	62.5%	New Measure for 2017-18		
2. Percentage of staff with Performance Development and Learning Plans	Annual Result		95%	94.4%	New Measure for 2017-18		
3. Percentage of staff who engaged in 1+ professional development activities within the year	Annual Result		80%	94.4%	New Measure for 2017-18		
4. OPS Employee Survey (positive or negative variance between Ontario Creates and OPS results on Employee Engagement Survey - when issued)							
a) Engagement Index (2017)	Annual Result		+4.0	+4.4	New Measure for 2017-18		
b) Productive Capacity (2017)	Annual Result		+4.0	+4.6	New Measure for 2017-18		
c) Workplace Culture (2017)	Annual Result		+5.0	+5.4	New Measure for 2017-18		
d) Talent Capacity (2017)	Annual Result		-1.5	-2.1	New Measure for 2017-18		
e) Leadership (2017)	Annual Result		+8.5	+8.5	New Measure for 2017-18		
f) Inclusion (2017)	Annual Result		+4.1	+4.1	New Measure for 2017-18		

NOTES:

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

Leverage value indicates the additional amount in financing generated for each dollar invested by Ontario Creates.

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

(2) Results not yet available.

(3) Results not yet available, baseline results from survey, not directly comparable to future years.

(4) Ontario Creates Client Satisfaction Survey will be issued in 2017-18. Surveys are issued approximately every five years.

(5) Klout score has been discontinued, Sysomos score has been adopted as a new third-party social media analytics tool.

(6) Elevated results in 2017-18 due to additional activities and ad spend related to Trillium's 30th anniversary.

X. FINANCIAL BUDGET

AGENCY:

ONTARIO CREATES

(\$ Thousands)

	2019-20	2020-21	2021-22 <i>FORECAST</i>
REVENUE			
MTCS Funding (Note 1)	38,464.2	35,602.5	35,350.3
Self-generated (Note 2)	3,505.3	3,655.3	3,805.3
TOTAL REVENUE	41,969.5	39,257.8	39,155.6
EXPENDITURES			
Salaries & Benefits (Note 3)	7,952.7	8,115.1	8,013.1
Operations (Note 4)	2,174.0	2,185.7	2,197.6
Grants	30,554.4	27,652.1	27,652.1
Program Delivery	1,288.3	1,304.9	1,292.9
TOTAL EXPENDITURES	41,969.5	39,257.8	39,155.6
Net Surplus/(Deficit) before Other Items	0.0	0.0	0.0
Other Items (funded from cash reserves):			
- Time-limited Strategic Initiatives	885.0	460.0	0.0
- Time-limited FTE Allocation	80.0	37.8	261.7
Net Deficit Before Cash Reserves Draw to Balance Budget	-965.0	-497.8	-261.7
- Cash Reserves Draw to Balance Budget	965.0	497.8	261.7
Effective Deficit	0.0	0.0	0.0
Closing Unrestricted Net Assets (Note 5)	3,936.6	3,438.8	3,177.1

Notes:

(1) Decrease of \$2.862 million in 2020-21 is due to the expiry of two three-year funding programs: Diversity Fund (\$1.5 million) and Canadian Books in Ontario Schools (\$0.3 million), and changes in deferred revenue of \$1.062 million.

(2) Includes tax credit administration fees, interest, and other income

(3) Includes known bargaining unit increases

(4) Includes occupancy, administration, marketing and communications costs, and annual 2% inflation on operations and information services

(5) excludes future year premises lease payments of \$2.8 million and Transition Exit Initiative / Voluntary Exit Program costs estimated at \$0.23 million

XI. IT AND ELECTRONIC SERVICE DELIVERY PLAN

Ontario Creates provides and supports its own information technology services, including maintenance of the internal network and servers, email service, an internal database for operational purposes and three outward-facing databases that provide access to industry research, filming locations, and the agency's funding programs and tax credits applications. The agency is responsible for all procurement and security related to this infrastructure.

Staff 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 agency staff and external users of Ontario Creates' Online Application Portal (OAP).

CLIENT SERVICES

The agency's corporate website is its primary client interface. Ontario Creates clients access the OAP, the Digital Locations Library (DLL) and the Online Research Library (ORL) through the website. It is also the agency's communications portal to provide information about the agency's programs and services and to share news for and about stakeholders.

Two outward-facing databases provide services to the agency's 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, Film Commission, 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 full visual refresh and expansion of the cutting-edge DLL site was completed in 2017. The user experience upgrade and new promotional pages offer users a sophisticated location scouting solution, improving jurisdictional competitiveness.

SECURITY AND SYSTEM MONITORING

To ensure the ongoing operation of the agency IT infrastructure and the personal and confidential information it contains, agency staff do 24-hour system monitoring. This is carried out on a rotational basis by members of the IT team. Ontario Creates 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.

2018-19 INFORMATION TECHNOLOGY PLAN UPDATE

- The agency's annual security audit was conducted at the beginning of 2018-19 and identified security vulnerabilities have been resolved.
- The Film Commission Production Guide was successfully migrated from the corporate website to the Digital Locations Library.
- The agency completed the first phase of transitioning to cloud-based Office 365 as part of its efforts to modernize IT systems.
- The IT team continues to refine the use of SharePoint which was implemented across the agency in 2017-18.
- A refresh of the Ontario Creates corporate website is underway. A reskinned version using the agency's new branding was completed in 2018-19, however the website will undergo further updates including ensuring that it will meet or exceed Accessibility for Ontarians with Disabilities Act requirements that comes into force on January 1, 2021.

- The agency is on track to complete the electronic payments project by enabling electronic payments to grant awardees as well as the collection of tax credit administrative fees by the end of fiscal year.

ELECTRONIC SERVICE DELIVERY

Ontario Creates provides Electronic Service Delivery to clients through the Online Application Portal (OAP). It is mandatory for all applicants to the Industry Initiatives, Ontario Music Fund, Business Intelligence Program, 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.

The agency'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.

2019-20 INFORMATION TECHNOLOGY PLAN

- Significant enhancements to the OAP and corporate database to improve user experience began in 2018-19. This work will continue through 2019-20. A major upgrade of the agency's Client Relationship Management (CRM) systems will also be completed in 2019-20.
- As part of the website refresh, new tools to improve user experience for tax credit applicants will be created, including an online tax credit estimate calculator and a tool to assist in determining whether a particular region qualifies as being inside or outside of the GTA for the purposes of the regional bonus.
- Modernization of the agency's IT systems will continue, including the colocation of the agency's servers to an offsite data centre, for business continuity purposes.

XII. INITIATIVES INVOLVING THIRD PARTIES

As an agency that administers grants and tax credits, Ontario Creates complies with all its responsibilities under the Transfer Payment Accountability Directive (TPAD). For each program, Ontario Creates defines expectations, establishes and implements agreements, monitors projects and takes corrective action where necessary, and reports on the results of the agency's funding. Regular risk assessment and mitigation is done on each file by Ontario Creates staff and referred to management when necessary. To improve effectiveness and performance, the agency 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 LA

- The Toronto/Ontario Film Office in LA is a partnership between Ontario Creates 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.
- Ontario Creates is the managing partner of the Office.

TORONTO INTERNATIONAL FILM FESTIVAL GROUP (TIFFG)

- Ontario Creates is the mechanism by which MTCS provides annual funds (\$815,000 in 2018-19 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 2018-19 the agency also provided \$300,000 in operating support to the Toronto International Film Festival (TIFF). The agency also provided \$150,000 to the TIFF Industry Office which supports international sales opportunities for producers during the Festival, and \$30,000 via the Industry Development Program to TIFF's Film Circuit.

COCREATE

- Ontario Creates partners with Screen Australia, New Zealand Film Commission, British Film Institute, Irish Film Board, and Creative Scotland to deliver this co-production business development initiative in the feature film industry.
- Ontario Creates initiated and led this initiative to raise industry profiles and create opportunities for Ontario producers, and to raise the international profile of the agency, the industry, and the Province.
- The program commenced at TIFF 2017, with over 30 feature film producers conducting over 200 business meetings across English-language territories.
- In 2018-19, CoCreate was held at the Cannes film festival and at TIFF.

INTERNATIONAL CANADA STANDS

- Ontario Creates partners with Telefilm Canada and other provinces on branded 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.
- Ontario Creates is a major contributing partner to the Canadian presence at the following markets: Cannes International Film Festival, MIP-TV, MIPCOM, Sunnyside of the Doc, Toronto International Film Festival, and the Berlin Film Festival. Ontario Creates also maintains a partner presence at international markets such as SXSW, Reeperbahn Festival, Kidscreen, and Game Developers Conference.

- Ontario Creates 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. An example of this would be the American Film Market.

XIII. 2019-20 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. 2019-20 is the third year of implementation for Ontario Creates' five-year Strategic Plan.

Ontario Creates has already made progress against many initiatives outlined in the Strategic Plan. Examples of these initiatives including the following:

- Introduced greater support for marketing and distribution initiatives through the Film Fund and IDM Fund.
- Adapted program guidelines to include a bonus score for diversity (company and/or project) across all selective funding programs.
- Launched a new Business Intelligence Program.
- Created and formalized a cross-sector Industry Advisory Committee meeting.
- Launched a new brand for Ontario Creates.
- Formed private and public partnerships to target specific initiatives and leverage existing resources.
- Progress made against several operational goals including electronic payments, and CRM and website upgrades to improve user/applicant experience.

The chart below maps the specific activities that will be carried out in 2019-20 against the three strategic goals and two strategic enablers.

2019-20 IMPLEMENTATION PLAN

#	OBJECTIVE	2019-20 TACTICS
STRATEGIC GOAL #1: STIMULATE ECONOMIC GROWTH AND EMPLOYMENT		
1	Champion the modernization of Ontario's tax credits	a. Identify and advocate for changes to Ontario's tax credit eligibility criteria; implement regulatory and legislative changes
2	Regularly update program parameters to ensure they are modern and responsive and to optimize the impact of Ontario Creates' role across the value chain	b. Continue to explore opportunities to invest in programs at the company level in addition to project specific funding c. Ongoing implementation of revised program criteria and funding guidelines
3	Explore new sources of investment capital and/or financing models to support industry growth (e.g., loan guarantee, loan facility, angel/venture capital)	d. Activity in this area will be reevaluated in 2021 when the agency has a better sense of the impact and results from business process improvements in the Tax Credits area.
STRATEGIC GOAL #2: PROMOTE THE INDUSTRIES		
4	Promote Ontario as a place for inward investment and development in the creative industries	e. Continue implementing high-priority promotion opportunities
5	Amplify domestic and international export and export opportunities for Ontario companies and content	f. Continue to implement refined/new programs, services and partnerships
6	Refresh Ontario Creates' branding and communications to support promotion activities	g. Engage stakeholders, where possible, to use new branding and key messaging about Ontario

STRATEGIC GOAL #3: ENCOURAGE COLLABORATION AND INNOVATION		
7	Stimulate innovative cross-sector collaboration within the creative industries and with broader public sector partners	h. Ongoing implementation and evaluation of industry development and partnership initiatives
8	Optimize the impact of Ontario Creates' programs by incorporating business intelligence and leveraging partnerships	i. Ongoing implementation of the revised business intelligence approach
9	Facilitate domestic and international business partnership opportunities for Ontario-based companies	j. Continue facilitating opportunities for industry to engage with broader public and private sector partners
STRATEGIC ENABLER #1: ENSURE SERVICE AND OPERATIONAL EXCELLENCE		
10	Continue to streamline internal processes and procedures	k. Ongoing implementation of business process review future state recommendations
11	Review program priorities and capacity to deliver across the agency to ensure a continued focus on high value activities	l. Ongoing program review in alignment with agency requirements and annual review cycle m. Adjust programs and service offerings based on review outcomes
12	Streamline reporting to focus on transparent performance measurement and outcomes	n. Continue to automate performance measures, evaluate the impact on improving efficiency and effectiveness of reporting o. Pilot use of performance results management software
STRATEGIC ENABLER #2: EMPOWER PEOPLE AND TEAMS		
13	Maintain focus on continuously evolving Ontario Creates' culture to align with agency and government values	p. Develop action plan to address issues identified by OPS employee engagement survey
14	Attract and retain the best people and support them to achieve excellence	q. Ensure continued open and equitable hiring practices to support recruitment of high quality talent r. Standardize onboarding process s. Establish consistent and transparent professional development practices

XIV. COMMUNICATIONS PLAN

OVERVIEW

Ontario Creates' communications activities promote Ontario as home to Canada's most dynamic and economically significant creative sectors. Consumers, content creators, entrepreneurs, and governments, are learning that Ontario is Canada's #1 music hotspot, one of North America's largest film and TV production centres, Canada's largest book publishing industry, a publishing centre to over half of Canada's magazines, and a hub for award-winning digital content.

In 2017, Ontario Media Development Corporation (OMDC), now operating as Ontario Creates, developed and launched a five-year strategic plan. A key element of that strategy was to rename the agency and create a new visual identity. The successful brand launch of Ontario Creates was in September 2018. The change was made to better serve the creative industries it supports, keeping its visual identity current and up to the latest accessibility standards.

STRATEGIC OBJECTIVES

1. To demonstrate the value and impact of Ontario Creates' programs and activities through the economic impact, high-value job creation, and the cultural contribution that that province's creative industries bring to Ontario.
2. To position Ontario as open for business, and as a preferred jurisdiction to build and grow creative content companies, with access to first-rate talent, infrastructure, and competitive government support programs.
3. To enhance local, national and international recognition of Ontario's creative industries, companies and content; demonstrating Ontario Creates as an investor, partner and catalyst.
4. To escalate pride among Ontario consumers and to promote awareness and discoverability of the first-class and compelling creative content made in Ontario.

AUDIENCE

- **Internal:** MTCS and other relevant government ministries, Ontario Creates Board of Directors, Industry Advisory Committee members, and Ontario Creates staff.
- **External:** creative industry companies and entrepreneurs, industry trade organizations, foreign film and television producers/studios, trade media (e.g. Playback, Quill and Quire), general media, Ontario citizens.

APPROACH

- Ontario Creates consults with media advisors and experts to build and refine media plans that target local, national, and international audiences.
- The agency adapts key messages and synchronizes traditional media and social media strategies to the evolving and expanding media landscape.
- Agency communications includes proactive outreach to Ontario's diverse communities. Subsequently, marketing products and strategies include representation of the people of Ontario in all communications language and activities.
- The agency engages with partners, stakeholders, and the public using social media platforms (e.g. Facebook, YouTube, LinkedIn, and Instagram).
- Communications provides support to agency events and activities such as the Trillium Award, From Page to Screen, and other B2B networking events, with marketing campaigns and materials as required.

- Ontario Creates sponsors events which provide maximum exposure to and/or for the agency's stakeholders that benefit Ontario's creative industries.

KEY MESSAGES

- Accentuate that Ontario Creates' six sectors generate 57,000 high-quality jobs and \$7 billion in economic activity and is achieving vigorous financial returns for the Province, while improving the quality of life for Ontario citizens.
- Build on the successful Ontario Creates brand launch with simple, effective marketing campaigns such as: *New Name. Same Passion.* and *Proud to Play a Supporting Role* to create awareness of the agency and position Ontario as a preferred jurisdiction for content creation.
- Promote the Ontario Film Commission as a 'concierge' for the screen-based industries which provides production liaison services and is a portal to Ontario's financial incentives, high quality crews, a talent base reflective of a diverse world, 10,000+ locations, top notch studios (with more being built) and leading post-production services—all of which compete globally.
- Work with partner organizations to leverage resources including promotional opportunities and sponsorships (e.g. Juno Awards, Canadian Screen Awards).