



The engine for economic recovery  
powering the province's next  
screen-based cluster primed for  
rapid revenue, job growth and  
accelerated expansion of  
domestic production.

# SOUTH EASTERN ONTARIO PRODUCTION ACCELERATOR FUND

BRIEFING PACKAGE - 2023

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## The Issue

### **SEOPAF's Proposal\* began with a simple question:**

Given that SE Ontario is well behind Ontario's average 15.9% employment growth rate and given Northern Ontario's success in building a film industry in that region to address its own struggle with lagging economic growth and workforce diversification, could the same film stream fund model used by the North be successfully implemented in SE ONTARIO to generate regional revenue from film Production and create another skilled centre of excellence in Ontario?



## SCREEN INDUSTRY IMPACT IN ONTARIO

**\$5 Billion** : Premier Ford's 2025 revenue target for Ontario's Screen-Based Industry

**\$2.88 Billion** : Ontario Screen-Based Industry revenue in 2021

**\$3.08 Billion** : Ontario Screen-Based Industry revenue in 2022

**\$1.2 Billion**: of the 2022 total was from the Ontario based "domestic" industry

**48,000** : Full Time Ontario Screen-Based Employment (Direct + Spinoff) in 2019

The output of the film and television industry in Ontario, its importance in the continued growth of the economy and **its portability to rural communities is largely unknown or underestimated** by many regional municipal stakeholders.

### A SUCCESS STORY AS A SOLUTION - IN THE NORTH

Over 17+ years ago, a regionally focussed film stream fund was specially setup to incentivize the "portable" film Production industry to bring production north. In setting up this film stream fund to operate separately within an existing regional fund, (NOHFC), the Northern Ontario Heritage Fund Corporation achieves its mandate of revenue growth, job diversification and regional workforce training. A 2017 MFM/ CION report on the impact of that fund states:

*"... rapid growth was not incidental. It is the result of a strategy implemented in 2006 by the NOHFC that continues to play out in 2017 with commendable results. The provincial agency has been instrumental in stimulating economic development by kick-starting this new regional industry which only requires modest investment to be widely successful." \*\**

So a model for regional success exists in the North – requiring only "modest investment" in a separate film stream fund to achieve impressive regional economic growth and new industry creation.

\* the full Proposal can be downloaded from [www.seopaf.ca](http://www.seopaf.ca)

\*\*MFM-CION (2017) Assessment of Northern Ontario's Film & TV Production Infrastructure

## EXECUTIVE SUMMARY

### RECOMMENDATIONS TO ADDRESS THE ISSUE:

**1. The South Eastern Ontario Production Accelerator Fund ("SEOPAF")** will be a specially setup and separate film stream fund of \$25M annually\*\* within MEDJCT'S Eastern Ontario Development Fund ( EODF). That film stream fund will boost original domestic and service screen-based film and TV production in Ontario and generate revenue while building out an alternative full time Production industry base which will diversify workforce opportunities and amplify capacity in **South Eastern Ontario**.

To ease Municipal concerns, its essential additional government funding be allocated to the EODF for this separate film stream. The SEOPAF Proposal was reviewed by government staff and active interest has been expressed by senior advisors in Finance (2022). The SEOPAF ask for additional funding was "within reason" given the historical ROI for the Production industry.

**2) To assure SEOPAF as an Incentive fund overperforms in ROI** ( achieving 4:1 within 5 years), plans are underway in SE Ontario to create a separate regional support organization (the "HUB") as a NFP with regional colleges, Municipalities and private Marketing boards such as the Bay of Quinte as partners. Additionally a partnering request has been made to Ontario Creates as a Provincial agency to join with the Municipal and private partner group in an application to FedDev Ontario for funding of a 4-5 year startup plan for the Media Support HUB organization in SE Ontario. Similar to Culture Industries Ontario North's (CION's) organization with its marketing platform which hosts Production locations and offers a crew/ business database while developing workforce training programmes for Northern Ontario, this "WIP" SE Ontario Support HUB "NFP partnership group" will more effectively market the SE Ontario region as an alternative for film production. Expanding choice by offering another film Production region — with Municipalities prepared for the industry — will attract more International Production business to Ontario.

To secure and broaden the partnership base for the SE Ontario HUB application currently in process to FedDev Ontario and to accelerate regional preparedness for the film Production industry, **inter-ministry co-operation between MEDJCT/ EODF** (incentive film fund stream) and **MTCS/ Ontario Creates for additional startup funding for the this 2nd separate support organization (the Hub)** is recommended and requested.

More on this again...

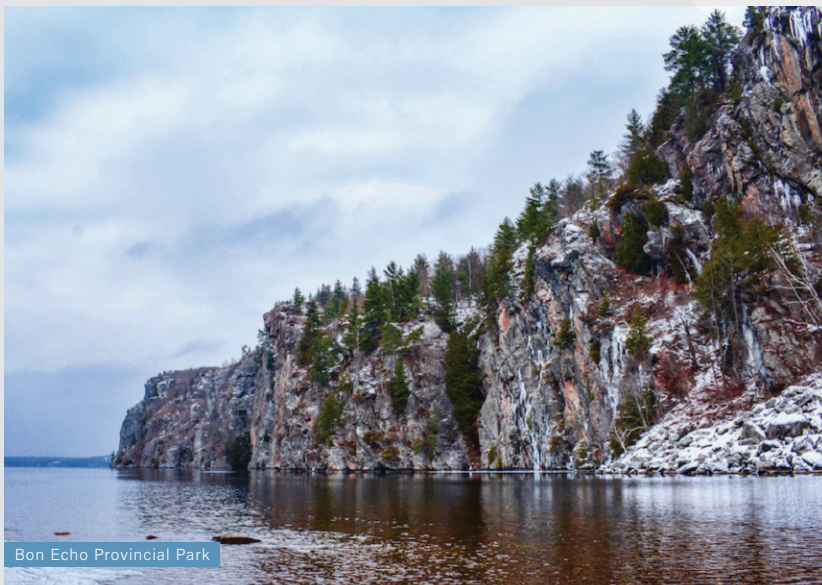
**BACKGROUND:****WHY A SOUTH EASTERN ONTARIO PRODUCTION ACCELERATOR FUND ?**

The government's employment growth stats between 2009-2019 speak volumes. With a provincial average of +15.9% employment growth, the EODF catchment (excluding Ottawa) includes Kingston-Pembroke (2.1%), Muskoka Kawartha (1.1%) and the surrounding Ottawa region at (-5.9%). **So SE Ontario employment growth over the period averaged (-0.9%).** By comparison, South Western Ontario averages 10.2%, the Northeast (-0.4%) and Northwest (2.1%).

**If SEOPAF were implemented, South Eastern Ontario would see an immediate boost in much needed economic and employment growth across sectors** because the Production industry builds capacity synergistically. And once established in the region, SEOPAF will deliver long-term economic growth to ALL of Ontario.

**SEOPAF's immediate impact will be in amplifying capacity across sectors** – like accommodation, food, equipment and location rentals while providing increased opportunities for entry level jobs and regional work force training. By building out the Production Industry in SE Ontario through implementation of the SEOPAF Proposal, Ontario will retain the next generation of producers, creators and technicians studying at regional schools, ensuring they can afford to work where they live after graduation. And Production professionals who make their home in SE Ontario will have more choice about whether to commute to the Greater Toronto Hamilton Area (GTHA) to pursue their livelihood.

With Production demands on the GTHA and the North for crew, equipment and facilities at times overlapping and/or oversubscribed, SE Ontario as an incentivized alternative production hub will encourage more film Production companies to stay in Ontario and not look further -outside the Province. **Another Production region with trained crew adds value to Ontario in marketing itself Internationally.**



Bon Echo Provincial Park



Perth

In building capacity across a range of other industry sectors (ie: food, car, truck, equipment and site rental), demand for service should beneficially impact improvements in related infrastructure like broadband and transportation.

**The resiliency of screen-based productions to quickly adapt to changing protocols and carry on business has been established.** And even though the 2023 US driven strike by WGA and DGA has impacted Production revenue potential in Ontario, revenue is still being generated in the Production industry by its domestically based Production companies.

To cushion film production revenue loss in Ontario in the future, a strong forward strategy is to incentivize and accelerate best film practices in **another Ontario Production region** and give options to more domestic production companies.

**The regions are more available and in many ways more affordable to agile domestic production companies who can pivot and carry on business with and without the US studios. \$1.2 Billion of the \$3.08 Billion in Production revenue generated in Ontario in 2022<sup>++</sup> came from the domestic film Production sector.** Increasingly Domestic production companies are being edged out of the GTHA by foreign studio productions who draw the best talent-- and drive up production costs.

**An incentive fund worked to build an industry and create jobs in the north AND added revenue to Ontario. In 2022, when Covid-19 restrictions were lifting, anticipating that film Production's "pent up" demand would translate into an opportunity for increased economic growth, the NOHFC "doubled down" and increased its level of film stream funding.** The results are impressive. In 2022, over \$400 million in revenue was generated by the film industry in the North<sup>\*\*</sup>. This firmly anchors Northern Ontario as Canada's 4th largest centre for film production and production revenue generation.

**SEOPAF would be a strong addition towards increasing Ontario's Screen-based industry revenue over the next 5 years.** If set up as a separate film stream within an existing Ontario Economic Development fund (MEDJCT'S EODF) with guidelines and controls modelled after the North's proven film stream fund, SEOPAF should be stackable and stable which assures its successes can be measured. And revenue and employment growth can be regionally focused.



SEOPAF requests a \$25 Million annual funding stream in Year 1 with defined Key Performance Indicators (KPI) that can be measured and iterated for max yield in Years 2-4 with a goal of achieving annually \$180M in production revenue by Year 5. Should the projected ROI be achieved, consideration of an increase to the Base annual funding amount would be a further incentive to success.

With four application deadlines annually, if eligible under regional spend guidelines, SEOPAF will offer productions \$500,000 to \$1million dollars minimally per production based in South Eastern Ontario.

**The proven success of the NOHFC's film fund is a testament to the potential of launching a similar film stream fund in SE Ontario.** Building on the learnings from the North and from past larger productions shot in Kingston, Cobourg, Belleville, and Peterborough, the ongoing harmonization of production best practices in municipalities across SEON will ensure SEOPAF soon over-performs.

**To further assure this, plans are underway in SE Ontario for a separate regional support organization (the "HUB") with partnering from colleges, Municipal, Provincial\*\* and Federal groups. Similar to CION's marketing platform which supports Production growth and workforce training in the North, this "to come" SE Ontario NFP partnership group will amplify existing business capacity, train a local workforce and more effectively market the region as an alternative - attracting more International business to Ontario.**

**A list of stakeholder support is included in the Appendix of the Proposal** - though additional support continues to be generated so it's constantly evolving. Still **over 100 Municipal and private stakeholder groups from across the region sent Letters of Support (LOS) to government.** Most of the LOS' are posted on the site and include recent letters from the EOWC, the County of Renfrew and the Chief for the Band Council of the Bay of Quinte - TMT.

**The 2023 SEOPAF PROPOSAL** itself is addressed to PREMIER FORD, MINISTER BETHLENFALVY, MINISTER FEDELI, and MINISTER LUMSDEN. And has been sent to all the MPP's across the SE Ontario region- most of whom have actively endorse it.

To ease Municipal concerns, its essential **additional government funding** be allocated to the EODF for this separate film stream. The SEOPAF Proposal was reviewed by government staff and "active interest" has been expressed by a senior advisor in Finance (2022) with suggestions that the "SEOPAF ask" of \$25 Million annually was within reason given historical ROI for the Production industry. A Treasury Board rep engaged in discussions in 2022 as well.

**By government announcing in its Fall 2023 Economic statement SEOPAF as one of MEDJCT's new regional initiatives, this Proposal can be fully formed as Policy by Spring 2024 for Budget announcement\*\*\*.**

++ from the Ontario Creates 2022 Year in review report noting an increase in Domestic production

\*\* SEOPAF and the proposed "HUB organization" present opportunities for inter-ministerial co-operation between MEDJCT/EODF (incentive fund) and MTCS/OC for the Hub (support organization).

\*\*\*a Spring 2024 Budget SEOPAF announcement could then include the MTCS/ Support HUB initiative

# SOUTH EASTERN ONTARIO PRODUCTION ACCELERATOR FUND

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