

ONTARIO  
CREATES  
BUSINESS PLAN  
ADDENDUM  
2020-21



October 13, 2020

## EXECUTIVE SUMMARY

The COVID-19 pandemic has severely impacted Ontario's creative industries. From a complete shutdown of live music and film and television production, to retail business closures, supply chain disruptions, and new work from home protocols, Ontario companies and creators have had to completely transform the way they do business. COVID-19 has also transformed the way we operate at Ontario Creates in order to deliver the services and programs needed to keep Ontario's creative industries in business and to support them as they pivot and adapt to new business realities.

Ontario Creates' goals have always been to help Ontario's creative industry companies increase productivity, build scale, mitigate risks, and expand market access to create employment and grow Ontario's economy. The agency quickly implemented a series of changes to programs and activities in order to deliver support quickly and provide immediate assistance to Ontario's creative industry businesses.

This addendum to the agency's 2020-21 Business Plan describes the impacts of COVID-19 on Ontario's creative industries, along with the changes to programs, plans, budgets and operations that we have made to respond to the pandemic. These include measures taken to provide relief, aid in recovery, and assist in the rebuilding of Ontario's creative industries to ensure that Ontario companies remain global leaders in the domestic and international marketplace, and that Ontario content can continue to compete effectively at home and around the world.

The Business Plan Addendum is based on the assumption that COVID-19 will remain a factor throughout the 2020-21 fiscal year and that Ontario will manage the virus successfully, allowing the province to remain in Phase 2 or Phase 3 of reopening for the duration of the fiscal year. The addendum focuses on changes to the agency's original plans due to COVID-19 and should be read in conjunction with the 2020-21 Business Plan. This draft Business Plan Addendum, including revised financial forecast, has been reviewed and approved by Ontario Creates' Board of Directors.

Before COVID-19, Ontario Creates' Business Plan represented a *status quo* budget with no requested increases for additional financial or human resources for programs and services. As a direct result of COVID-19 the agency is anticipating revenue shortfalls in tax credit administration fees and investment income totaling \$1.7 million. After reallocating certain expenses to address unplanned costs and program priorities related to COVID-19, Ontario Creates has identified net savings of \$274 thousand to help offset the revenue shortfall. However, the agency is still projecting a \$1.4 million deficit in 2020-21.

This addendum includes a revised slate of programs and services adapted to provide relief and assist in the recovery of Ontario's creative industries within the current agency budget and capacity. It also identifies the investments recommended by industry through the work of the Minister's roundtables. These investments would bolster recovery efforts across all six sectors.

Finally, this addendum also includes some big picture ideas that, while outside of Ontario Creates' budget and/or current program parameters, would nevertheless be instrumental to rebuilding and future-proofing the province's creative industries. Ontario Creates would enthusiastically support and/or lead wider government efforts to implement forward-thinking projects like loan guarantee

programs, increased support for under-represented groups, or a creative industry venture capitalist incentive to help with sector rebuilding efforts.

## ENVIRONMENTAL SCAN UPDATE

The updated environmental scan considers how the creative industries have been impacted by the pandemic, new challenges and opportunities, the forecast for recovery, and relief measures implemented by other jurisdictions.

### CREATIVE INDUSTRIES IN ONTARIO

- In normal economic times, arts and culture products represent \$25.0 billion or 3.3% of the province's gross domestic product (GDP) and over 286,232 jobs, which is 3.9% of total Ontario employment.<sup>1</sup>
- Ontario was responsible for 47% of the total GDP of Canada's culture products and 43% of Canadian culture jobs. Between 2010 and 2017, the GDP of Ontario's arts and culture products increased by 19%.<sup>2</sup>
- Ontario's economy benefits enormously from the nearly 287,000 employees and independent workers, full and part-time – who constitute the province's cultural workforce. The culture sector is an important anchor in the Ontario economy, fueling innovation and entrepreneurship, creating jobs and bringing resilience to the economy as it is resistant to automation.<sup>3</sup>
- Ontario's creative industries have been impacted by necessary public health measures beginning in March that forced the cancellation and postponement of public events, market and trade events, business activities, a suspension of film and television production, and the closing of brick and mortar retail spaces. The economic impact has been felt by creative firms, small businesses, and independent contractors that have lost sales, revenues and income, have incurred unrecoverable costs and have had to lay off staff. For example:
  - Statistics Canada estimates 63,900 job losses since February 2020 in the information, culture and recreation sectors.
  - Cancellation of all scheduled events at Massey Hall and Roy Thomson Hall and lost revenue led to the layoff of 150 venue employees. The live music sector will continue to face economic challenges even after economy reopens, and Massey Hall and Roy Thomson Hall may face a loss of \$10 million due to COVID-19.<sup>4</sup>
  - The Toronto International Film Festival is forecasting a \$25 million drop in 2020 festival revenue.<sup>5</sup>
  - Ontario publisher Coach House Books' sales from April to June were less than half of typical levels.<sup>6</sup>

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<sup>1</sup> StatsCan, Table 12-10-0116-01 Provincial and Territorial Culture Indicators, 2017.

<sup>2</sup> *ibid.*

<sup>3</sup> *Work in Culture, Making it Work, Pathways towards sustainable cultural career*, May 2019.

<sup>4</sup> President and CEO for the Corporation of Massey Hall and Roy Thomson Hall to Standing Committee on Finance and Economic Affairs, June 19, 2020.

<sup>5</sup> Executive Director of TIFF Joana Vicente, and Artistic Director of TIFF Cameron Bailey to Standing Committee on Finance and Economic Affairs, June 19, 2020.

<sup>6</sup> Editorial Director of Coach House Books, Alana Wilcox to Standing Committee on Finance and Economic Affairs, June 25, 2020.

## BOOK PUBLISHING

- Ontario's book industry has been impacted by the cancellation and postponement of literary events, closing of brick and mortar retail spaces, Amazon placing low priority on book orders, and limited access to education markets with school, college and university closures and cancellation of academic conferences.
- Ontario's book sector contributed \$523 million to Ontario's GDP, accounted for 6,035 jobs,<sup>7</sup> and Ontario exported nearly \$220 million worth of books abroad in 2017.<sup>8</sup>
- In the six-month period following the initial shutdown of businesses due to COVID-19, Ontario publishers anticipated \$6 million in losses. Approximately 90% of Ontario publishers anticipate a decline of 20% or more in sales revenue, and over 30% anticipate a decline of 50% or more.<sup>9</sup>
- Book publishers forecast that they will lose almost half of their sales due to Amazon placing a low priority on book orders during the pandemic. Ontario publishers report \$2.5 million in non-recoverable costs from cancelled travel and events, as well as marketing and printed materials.
- While ebook and audiobook sales are growing as a result of COVID, these sales do not come close to making up for the losses related to printed books.

## LONG-TERM ECONOMIC IMPACT

- Book publishing relies on a complex supply chain. Margins for book publishing are thin, and all spokes of the supply chain must be functioning well. The industry is dependent on the reopening of retail spaces, export and market events resuming, and libraries, schools and educational institutions being fully operational.
- The closure of bookstores, libraries and schools meant that institutions were no longer purchasing books which results in a direct loss in revenue for publishers. Publishers in turn are not able to pay royalties to their authors, compensate freelancers, pay distributor bills, and press print on new books.
- Despite retail openings, foot traffic is significantly reduced and expected to remain so until there is a vaccine. In the publishing industry, browsing factors significantly into sales. The disruption in the retail space will impact publisher revenues.
- The loss of sales revenue will impact publisher operations going forward, likely leaving fewer companies with fewer staff to deal with a challenging new landscape in which to acquire, market, and sell books.
- Small publishers who take risks on newer authors and/or authors with less commercial appeal are more dependent on literary events, book launches and trade events in order to develop audiences and sell books. Mass gathering limitations in the longer term may affect these activities. Once such events are able to resume it may be difficult to decide on which writers to prioritize and promote, particularly as budgets will be limited as a result of loss of book sales.

## RECOVERY AND GROWTH

- While there has been a decrease in print book sales due to the closure of retail spaces and reduced fulfilment capacity online there has been a bolstering of ebook and audio book consumption and sales, though sales of ebooks do not make up for losses in print sales.

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<sup>7</sup> Statistics Canada, Table 36-10-0452-01, Culture and sport indicators by domain and sub-domain, by province and territory, product perspective (x 1,000), released April 25, 2019.

<sup>8</sup> 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), released June 13, 2019.

<sup>9</sup> Minister's COVID-19 Book Panel Submission to the Ministry of Heritage, Sport, Tourism and Culture Industries.

- A survey of Canadian readers indicated reading has become a frequent past-time during quarantine: 33% of readers are reading more ebooks and 23% are listening to more audiobooks.<sup>10</sup>
- Additional supports will be necessary to ensure publishers are able to re-enter the marketplace, including: support for planning and implementation of marketing activities, support to sell books directly to consumer and to offer incentives for bookstore purchases, and support in engaging in international business opportunities.
- The publishing industry has proposed a one-time emergency injection into the Ontario Creates Book Fund of \$6 million that is flexible enough to allow publishers to customize a program to fit their current circumstances.
- The industry has also suggested an updated fund to support Ontario schools and libraries purchasing Canadian books to aid in sector recovery.

## FILM AND TELEVISION PRODUCTION

- Ontario's film and TV productions have been impacted by the pandemic as productions have been halted or suspended and related businesses such as production offices and cinemas have had to pause operations.
- In 2018-19 there was a total volume of over \$3.1 billion in film and TV productions in Ontario which accounted for 34% all Canadian productions, and 29,310 direct jobs in film and TV sector.<sup>11</sup>
- A loss of \$2.5 billion in screen-based production volume nationally is forecast (including interactive digital media), \$1.4 billion of which would have been spent on labour.<sup>12</sup>
- Seventy-four percent of film and TV companies are anticipating less profitability or unexpected losses in their current fiscal year due to the pandemic; 18,533 jobs are at risk, and 73,000 to 81,000 cast and crew will be affected by work disruptions or work stoppages.<sup>13</sup>

## LONG-TERM ECONOMIC IMPACT

- As health restrictions are relaxed and production is able to resume there will be a backlog of both new productions and those that were forced into hiatus. This will put a strain on availability of studio space and crews, and may impact availability of film permits in various locations. Studio capacity in particular will be stressed -- as a more controllable environment, shooting in studio will be preferred over shooting on location.
- Closed borders (particularly between Canada and US) will continue to affect the availability of foreign talent for shooting.
- Film permitting restrictions currently in place will need to be lifted.
- The shutting down of all types of scripted productions for a period of months could result in broadcasters running out of original content, which may force them to focus resources on acquiring content that already exists and an inability to invest in new content once production resumes.

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<sup>10</sup> Shimona Hirschberg, "The impact of COVID-19 on reading," BookNet Canada, April 15, 2020; Shimona Hirschberg, "The impact of COVID-19 on reading, part 2," BookNet Canada, May 5, 2020.

<sup>11</sup> CMPA, *Profile: Economic Report on the Screen-Based Media Production Industry in Canada*, 2019.

<sup>12</sup> "COVID-19 Impact Analysis Employment at Risk due to Shutdowns in the Screen-based Media Production Sector," April 8, 2020.

<sup>13</sup> CASO, "Computer Animation Studios of Ontario (CASO) Impact of COVID-19 Survey Results," Released April 21, 2020.

- The postponement of major film festivals and industry markets such as Cannes will impact producers' ability to find distribution opportunities.
- When production resumes, insurance will be a major barrier: insurance companies are declining to issue production insurance policies covering COVID-related-stoppages. Only projects that secured production insurance prior to the outbreak are covered and can proceed.
- When shooting resumes, film and television productions must adhere to Health and Safety guidelines that have been approved by the Ministry of Labour, Training & Skills Development to ensure that workplaces are safe, that cast, crew and communities are protected, and that physical distancing is maintained. Productions will need plans in place to limit the number of people on set. This will impact everything from set construction to filming to budgets as additional costs will be required to comply with new safety requirements.

## RECOVERY AND GROWTH

- Ontario Creates' Film Commission launched the *Ready to Roll* campaign, including the following:
  - A website providing key resources: Health & Safety guidelines, PPE suppliers, travel and border information, government supports, expanded studio space and locations, and film worker databases. The website also includes a Professional Development and Learning Hub with a comprehensive listing of training resources ranging from industry certifications, health and wellbeing, specialty training (business affairs, voice acting, lighting, and animation), pandemic preparedness and general resources.
  - A marketing campaign promoting Ontario as open for business and showcasing the depth of talent and services the province offers.
- Additional financial support may be necessary to ensure the health and success of the domestic film industry, including support for: lost production investment resulting from canceled or postponed production, lost revenues resulting from marketplace shutdown, and content development activities undertaken during the shutdown period and beyond, in order to position Ontario companies to emerge post-pandemic with world-class content.
- Ontario has the opportunity to take advantage of shooting restrictions in other jurisdictions, particularly the US, by attracting some of that production to Ontario. It will be critical to resolve outstanding questions related to insurance, COVID-19 testing for non-symptomatic individuals, and eligibility of incremental health and safety related costs before other jurisdictions secure the business activity.

## INTERACTIVE DIGITAL MEDIA (IDM)

- The Ontario IDM sector has been impacted by the pandemic as business development activities have been disrupted by suspended contracts and cancellation of large industry events that are pivotal for smaller firms to gain audience and partners.
- In 2017, Ontario's interactive media industry contributed more than \$3 billion to Ontario's GDP and accounted for 22,375 jobs.<sup>14</sup>
- Ontario's IDM firms accounted for \$575 million in international exports in 2017.<sup>15</sup>
- Early estimates of revenue decreases are 38%, and the anticipated loss is \$168,000 in 2020.<sup>16</sup>

<sup>14</sup> Statistics Canada, Table 36-10-0452-01, Culture and sport indicators by domain and sub-domain, by province and territory, product perspective (x 1,000), released April 25, 2019.

<sup>15</sup> 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), released June 13, 2019.

<sup>16</sup> Interactive Ontario, "Measuring the Impact of COVID-19 on the IDM Industry," April 15, 2020.

- Ontario IDM companies expected to layoff of 1,606 full-time and part-time employees if social-distancing continued through June, and the estimated gross loss per IDM firms in 2020 is \$67 million.<sup>17</sup>
- At 43%, nearly half of IDM firms and freelance IDM workers report they will be in fiscal trouble after three months of restrictions due to the pandemic.<sup>18</sup>

### **LONG-TERM ECONOMIC IMPACT**

- Although the IDM sector may seem resilient to the pandemic as creators and publishers are able to maintain operations from home, there will likely be long-term negative impacts due to the cancellation and postponement of market and eSport events which has significantly limited the opportunities for securing sales and distribution deals as well as new business deals.
- Independent game companies already faced challenges in retaining audiences for their products due to proliferation of games available on digital platforms. Market events such as Electronic Entertainment Expo, which was cancelled, provide opportunities to gain funding and publishing support via partners and to market new games.
- ESports have become a profitable and growing piece of the IDM industry. The eSports market in North America earned \$257 million in 2017 and was expected to double by 2020 to \$607 million.<sup>19</sup> Major tournaments were cancelled due to pandemic and it remains to be seen when such events will be able to resume given health restrictions.
- Ontario IDM firms that do not own their own intellectual property and provide primarily service work may be at a greater disadvantage as new business development slows and they cannot rely on monetizing their own IP.

### **RECOVERY AND GROWTH**

- The greatest risk to the IDM sector that may affect recovery is a limited “cash runway”. IDM companies need to secure work many months in advance, whether fee-for-service contracts or production/distribution deals for original intellectual property. In early April 2020, IDM companies in Ontario reported having cash on hand to support an average of four months of operations.<sup>20</sup>
- Since the start of the COVID-19 crisis, business development activities have been severely impacted with suspended contracts and cancelled markets, and the pandemic has affected capital fundraising.
- Online gaming activity has increased during lockdown, however, as it allows people to connect and interact socially while in physical isolation. The World Health Organization has promoted games as a social activity during the pandemic.
- Forecasts for the global video game market are that it will total US\$ 159.3 billion by the end of 2020, growing to US\$ 200.8 billion by the end of 2023.<sup>21</sup>
- In a 2018 survey, 61% of Canadians (23 million) — half of them women — defined themselves as gamers and reported having played a video game in the previous four weeks.<sup>22</sup>

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<sup>17</sup> *ibid.*

<sup>18</sup> *ibid.*

<sup>19</sup> Newzoo Pro, “2017 Global Esports Market Report,” 2018.

<sup>20</sup> Nordicity, *Measuring the Impact of COVID-19 on the IDM Industry*, April 15, 2020.

<sup>21</sup> Newzoo, *2020 Global Games Market Report*.

<sup>22</sup> ESAC, *Essential Facts About the Canadian Video Game Industry*, 2018.

- Ontario IDM firms have an opportunity to respond to the high-growth potential of their industry through efforts in promotion and marketing of products, especially given the cancellation and postponement of market events.
- The IDM industry recommends further improvements to the substance and service standard of the Ontario Interactive Digital Media Tax Credit (OIDMTC), to remain competitive with other comparable jurisdictions, to allow companies to work effectively with tax credits, and to plan and reinvest in their staff and products.
- The IDM industry recommends an injection of \$5 million in the Ontario Creates IDM Fund to allow support for a greater number of projects in both Production and Concept Definition programs.
- To encourage technical innovation, a key component of the IDM sector, the industry recommends increasing compatibility of OIDMTC with the federal Scientific Research and Experimental Development (SR&ED) tax credit.

## MAGAZINE MEDIA

- Health restrictions due to the pandemic have impacted the magazine publishing industry's ability to distribute work via trade events, and through brick and mortar newsstands, as well as ability to publish works due to various vendors halting services.
- Canada-wide, 183 magazines out of 394 anticipate shutting their doors and laying off 867 staff and contract employees if they receive no financial assistance. If this occurs, 1,100 or more titles (about 46%) across the country will stop publishing and up to five thousand workers could be laid-off within the next six months. Both new and established professionals and freelancers will also be hard-hit as jobs become scarce and the industry shrinks rapidly.<sup>23</sup>
- All Chapters and Indigo locations were closed between March and July, and 75% of Magazine's Canada's independent retailers also closed.<sup>24</sup>
- The loss of advertising revenue has also brought significant challenges. It was anticipated by magazine publishers that overall there will be revenue drops of over a quarter of their sales and similar amount of decreases in print ad spending.
- Many magazine publishers have stated they have laid-off more than a quarter of their staff due to impact of pandemic.

## LONG-TERM ECONOMIC IMPACT

- Magazine media is especially vulnerable to economic downturn because it relies on service providers, such as paper distributors, in production and on postal services and telecommunication industries to reach readers.
- With about 2,400 titles published in Canada, the Canadian magazine industry could experience a loss of between \$288 and \$389 million.<sup>25</sup>
- Ontario magazine publishers reported a 35% revenue drop from March 2020 through May 2020 due to the pandemic.<sup>26</sup>

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<sup>23</sup> Magazine Association of BC, Canadian Magazines Face Layoffs and Closures in the Wake of COVID-19, April 14, 2020.

<sup>24</sup> Magazines Canada, "Magazines Canada Retail Distribution Update," *Magazines Canada Member Bulletin*, April 15, 2020.

<sup>25</sup> Magazine Association of BC, Canadian Magazines Face Layoffs and Closures in the Wake of COVID-19, April 14, 2020.

<sup>26</sup> Magazine Canada Member Bulletin: Magazines Canada Retail Distribution Update, April 15, 2020.

- The magazine sector depends heavily on ad revenue. As advertisers see a decline in profits due to the pandemic, magazines will likely lose long-term ad contracts. It may take until 2021 for ad revenues to recover.
- Ontario magazine publishers have reported a 30% decrease in print ad spending and 15% decrease in digital advertising.<sup>27</sup>
- Arts publications are especially vulnerable and report even higher losses in ad revenue. A number have already decreased their production schedules, and may not be able to publish in the next quarter.
- Plummeting newsstand sales, cancelled events, cash strapped donors and subscribers, and the long lead-times needed for magazines to publish and develop readership will all affect magazine sector recovery.

## RECOVERY AND GROWTH

- While the global pandemic has created increased demand for content for magazine publishers of digital content, there is very little ad revenue to support them.
- The magazine publishing industry has asked the government for an increase to Ontario Creates' Magazine Fund of \$2 million to support COVID-19 recovery and that a budget be set aside within the Magazine Fund specifically for innovation initiatives.
- Additional financial support will be necessary to ensure publishers can make a successful re-entry into the marketplace. Consideration should be given to supporting the following activities: planning and implementation of marketing activities, innovative initiatives and collaborations, developing digital content for consumers; and promotional incentives for subscriptions to mitigate the loss of ad revenue.

## MUSIC

- The restrictions on large gatherings has meant an immediate halt to live music events and festivals for an extended period. This has had a severe impact on many aspects of the music ecosystem, including artists, venues, labels and publishers.
- In early March 2020, live music revenue plummeted to zero overnight as the industry experienced a full and complete shutdown due to COVID-19.
- Ninety-five percent of Canadian music firms indicate that they have had or anticipate having reduced gross revenue in 2020; 32.4% anticipate a shortfall of 50% or more.<sup>28</sup>
- Twenty-seven percent of music firms predict a loss of \$51,000 to \$100,000 in 2020 due to cancellations and postponements.<sup>29</sup>
- As the province reopens, live music venues are challenged by capacity restrictions and other safety requirements. Operating on thin margins, for most venues it will not be financially feasible to open and offer live music to audiences safely.
- When surveyed, 96% of responding live music companies said they will fail (or have already failed) without additional government support within a matter of months and 65% of respondents had already laid off anywhere between 1-50 employees.

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<sup>27</sup> Magazines' Input to Book and Magazine Publishing Panel May 2020.

<sup>28</sup> Canadian Independent Music Association, "Urgent COVID-19: Measuring Impacts on the Music Industry," March 2020, pp. 14-15, 17; Canadian Independent Music Association, *COVID-19 Impact on CIMA Companies*, April 2020, pp. 19, 24.

<sup>29</sup> *ibid.*

## **LONG-TERM ECONOMIC IMPACT**

- Live music performance, which represents an important revenue source for artists and labels and event venues, may be inaccessible for a year or more until venues are allowed to reopen and large gatherings are permitted.
- While the entire music industry will be hit hard, the live music sector will suffer the greatest short- and long-term consequences.
- Even once large gatherings are permitted, the psychological impact of the pandemic may mean that audiences are more reluctant to attend concerts and other festivals where large numbers of people gather.
- Music recording activities may be able to resume earlier than other activities, but without revenues from touring and concerts, recording may not be financially feasible for labels and artists.
- Development of new artists and talent to drive future revenues may suffer, as companies prioritize their limited resources towards keeping their doors open.

## **RECOVERY AND GROWTH**

- Canadians report they are consuming more music than ever during the pandemic. While the music industry has been greatly impacted there are artists that have found innovative ways to reach fans via social media live concerts and other live video experiences where consumers can purchase tickets.
- Music experiences Canadians are consuming more since lockdown include listening to music (35%) watching more video content from musicians online (31%) and watching more recorded live concerts (24%).<sup>30</sup>
- Despite being generally satisfied with the digital content, most (79%) admit that digital experiences are a good stand-in for live music, but cannot replace the real thing. This is especially true among “live music lovers” who are far more likely to have consumed a live music event online but also overwhelmingly agree (84%) that digital content cannot replace the feeling of seeing live music.<sup>31</sup>
- Music companies and organizations in Ontario may be able to use the anticipated furlough time to strengthen their infrastructure and engage in more online professional development, capacity building, marketing and B2B activities to be well-positioned for recovery.
- Some music companies that are small, nimble and fulfill multiple roles, such as label, manager, publisher hybrids may be able to recover more easily due to diverse revenue streams and lower operating costs – which may enable them to adapt to an evolving economic environment.
- The music industry has asked the government to aid in ensuring the live music sector in its entirety is positioned to survive the immediate crisis and be positioned for success when it ends.
- The industry is asking for short- and medium-term support that includes venues, promoters, booking agents, managers, live music production companies, suppliers, ticketing companies, and live music support organizations to offset low consumer confidence.

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<sup>30</sup> Music Canada, The Locked-Down Blues: Canadians, Live Music, and the Pandemic, May 12, 2020.

<sup>31</sup> *ibid.*

## CREATIVE INDUSTRIES: GROWTH FORECAST AND RECOVERY

- Even after the province re-opens, longer-term shifts in consumption habits and ongoing barriers to reaching audiences (due to a general economic downturn and people’s reluctance to attend events) may affect the creative industries.
- According to a recent survey, 44% of those who plan to wait six months or more after lifting of COVID-19 restrictions want a vaccine before they attend an indoor cultural event, and 47% will feel comfortable attending an outdoor cultural event if there is physical distancing once restrictions are lifted.<sup>32</sup>
- Creative industries and retailers have already and may continue to pursue alternative forms of promotion, marketing and sales to capture audiences and to move towards economic recovery.

## RELIEF MEASURES IN ONTARIO AND OTHER JURISDICTIONS

This section has been updated to reflect various relief measures implemented in Ontario and other jurisdictions to aid the creative sectors in recovering from the economic impact of the health measures to contain the spread of COVID-19.

### GENERAL RELIEF MEASURES

- The federal government has implemented measures to provide economic relief to individuals and businesses, including the following<sup>33</sup>:
  - Canada Emergency Response Benefit (CERB): Taxable benefit of \$2,000 for individuals who must stop working due to COVID-19 and do not have access to paid leave; includes workers who are sick or quarantined, caring for someone, those without sufficient work, and wage earners who are self-employed,
  - Businesses Filing Taxes: Allow businesses to defer until September 2020 payment of income taxes,
  - Help for small and medium Businesses: \$675 million in financing support for businesses unable to access other support measures,
  - Canada Emergency Wage Subsidy (CEWS) - Helping Business Keep Workers: Temporary wage subsidy for three months, up to 75% for qualifying businesses; and
  - Tax Flexibility: Return filing due date was deferred.<sup>34</sup>

### ONTARIO CREATIVE SECTOR RELIEF MEASURES

- The creative sectors, including firms, entrepreneurs and creators have been especially impacted by the halting of productions, shutting down of brick and mortar retail spaces, and the cancelling and postponement of large gatherings and industry events.
- Various emergency funds and programs have been launched to mitigate the damage of the economic downturn due to pandemic and to ensure creative sectors will continue and recover.
- Canadian Writers' Emergency Relief Fund: \$250,000 relief fund awarding \$1,500 to each successful applicant that includes writers and visual artists.<sup>35</sup>

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<sup>32</sup> National Arts Center, [“Given the scarcity of in-person experiences during the COVID-19 pandemic, culture-goers turn to digital experiences in the short term,”](#) May 2020.

<sup>33</sup> [Government of Canada, “Canada’s COVID-19 Economic Response Plan, COVID-19 Individuals.”](#)

<sup>34</sup> *ibid.*

<sup>35</sup> Writers’ Trust of Canada, [“For Canadian Writers and Visual Artists facing lost income due to the Pandemic..”](#)

- CBC Creative Relief Fund: 119 original Canadian projects have been selected to receive immediate support through the fund, exceeding the initial commitment with \$2.2 million in development and production funding confirmed across three programming streams.<sup>36</sup>
- SOCAN Emergency Relief Fund: \$2 million royalty advance fund to support SOCAN members affected by COVID-19.<sup>37</sup>
- Hot Docs-Slaight Family Fund: \$15,000-\$60,000 for 3-5 documentary projects telling stories about music artists.<sup>38</sup>
- Netflix Hardship Fund: \$150 million fund to support workers on productions that ceased filming due to COVID-19.<sup>39</sup>
- Sony Creative Funding: \$10 million fund to support independent game developers.<sup>40</sup>
- TOArtist COVID Response Fund: For Toronto artists who are self-employed and not eligible for Employment Insurance, provides reimbursement for lost income as a result of cancellations and closures, up to \$1,000.<sup>41</sup>
- Emergency Survival Fund for LGBTQ2S artists, performers, and tip-based workers: Glad Day Bookshop started a donation-based fund to be paid out between artists and performers for basic needs, as well as keeping the Glad Day Bookstore in Toronto open.<sup>42</sup>

#### **TORONTO RELIEF MEASURES FOR MUSIC VENUES**

- In June, Toronto City Council passed a proposal enabling property owner to claim a 50 percent reduction in property tax for live music venues.<sup>43</sup>

#### **FEDERAL GOVERNMENT AID TO CULTURE SECTORS**

- On April 17, the Minister of Canadian Heritage announced temporary relief measures to support the culture, heritage and sport sectors as they manage the challenges and impacts of the COVID-19 pandemic, and plan for the future. A total of up to \$500 million has been set aside to help alleviate the financial pressures of affected organizations, protecting jobs and supporting business continuity.<sup>44</sup>
- Support of \$198.3 million will be allocated to the arts and culture sector through existing funding programs at Canadian Heritage and \$55 million will be distributed through The Canada Council of the Arts in order to help artistic organizations that support artists.
- Phase 2 of federal relief funding, \$20 million, is specifically designed to support parts of the live music sector (venues, promoters, presenters and managers) that have not historically been eligible for federal funding programs. Additionally, book, magazine, film/TV and IDM companies not eligible for Phase 1 support (as they have not been eligible for or received government support in the past) are eligible for Phase 2 support.

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<sup>36</sup> CBC, "[Recipients of the CBC Creative Relief Fund](#)."

<sup>37</sup> SOCAN, "[SOCAN Announces \\$2 Million Enhanced Emergency Program for Struggling SOCAN Members](#)," April 2, 2020.

<sup>38</sup> Hot Docs, "[Hot Docs-Slaight Family Fund](#)."

<sup>39</sup> Netflix, "[Emergency Support for Workers in the Creative Community](#)," March 20, 2020.

<sup>40</sup> Dring, Christopher, "[PlayStation reveals \\$10m fund to support indie developers during COVID-19](#)," April 14, 2020.

<sup>41</sup> Toronto Arts Foundation, "[COVID-19 Response Effort Initiatives](#)."

<sup>42</sup> Glad Day Lit, "[Emergency Survival Fund for LGBTQ2S artists, performers, tip-based workers and Glad Day](#)."

<sup>43</sup> Toronto Star, "[City extends 'lifeline' to Toronto music venue owners](#)," June 5, 2020.

<sup>44</sup> Government of Canada, "[Emergency Support Fund for Cultural, Heritage and Sport Organizations: next steps to support the industry impacted by the global COVID-19 pandemic](#)," News release, May 8, 2020.

- On September 25, the Minister of Canadian Heritage announced the Short-Term Compensation Fund, a new initiative meant to compensate for the lack of COVID-19-related insurance coverage for the audiovisual sector. The Fund will provide up to \$50 million to the industry, and be administered by Telefilm Canada and the Canada Media Fund.

#### **TELEFILM ALLOCATION OF EMERGENCY RELIEF**

- Telefilm Canada will be responsible for allocating part of the Government of Canada’s COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations.<sup>45</sup>
- The emergency funding announced by the federal government is part of a multifaceted funding ecosystem and will be complementary with other support available to screen industry workers and companies.
- These new funds will help companies in Canada’s film, sectors to ensure continuity of operations and safeguard jobs (funding to support television and interactive digital media will be delivered through the Canada Media Fund).

#### **CANADA COUNCIL ALLOCATION OF EMERGENCY RELIEF**

- Canada Council will distribute \$55 million to eligible arts organizations as part of the Government of Canada’s COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations. Canadian Heritage and its portfolio organizations are responsible for the distribution of these funds.<sup>46</sup>

#### **CANADA MEDIA FUND ALLOCATION OF EMERGENCY RELIEF**

- Canada Media Fund will distribute \$88.8 million of the Government of Canada’s COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations.<sup>47</sup>
- There are three primary objectives for the CMF allocation:
  - Help Canadian businesses and organizations in Canada’s television and digital media sectors keep their doors open, keep their employees on the payroll, and be in a better position to recover once the pandemic subsides.
  - Address financial needs of these businesses and organizations so they can continue to support writers, directors, crew, cast and other employees in the screen industry.
  - Complement other measures announced by the Government of Canada, recognizing that many companies in Canada’s screen industries may not be eligible for previously released support due to structure of their business.
- Fifteen percent of the funding (\$13.3 million) will be directed to underrepresented groups and to support regional diversity in the screen-based industry through targeted initiatives to ensure equity, including by region, language and for underrepresented groups.<sup>48</sup>

#### **QUEBEC RELIEF MEASURES**

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<sup>45</sup> Telefilm Canada, “[COVID-19 Emergency Relief Fund Telefilm Allocation.](#)”

<sup>46</sup> Canada Council for the Arts, “[The Canada Council for the Arts' emergency support.](#)”

<sup>47</sup> Canada Media Fund, “[COVID-19 Emergency Relief Funds - CMF Allocation.](#)”

<sup>48</sup> Canada Media Fund, “[CMF releases details of COVID-19 \\$13.3M emergency relief funding for underrepresented groups.](#)” July 3, 2020.

- On June 1, 2020, Minister of Culture and Communications Nathalie Roy announced a plan for the recovery of Québec’s culture sector.<sup>49</sup>
- The plan includes new money for emergency support to approximately 1,000 cultural organizations.<sup>50</sup>
- Government agency Société de développement des entreprises culturelles (SODEC) has created a new fund for the screen sector that will include:<sup>51</sup>
  - Aid for maintaining production capacities in the audiovisual sector, which provides temporary financial support for the maintenance of production capacities in cinema and television. The goal is to improve production support during the resumption of filming activities for Quebec audiovisual productions and film dubbing activities.
  - A temporary pilot component to assist producers in covering expenses related to interruptions in filming that are a result of actors or directors contracting COVID-19, if not covered by general insurance of the production.

### **BRITISH COLUMBIA RELIEF MEASURES**

- Provincial agency Creative BC is allowing flexibility regarding cancellations of events and activities due to the pandemic, and has extended program deadlines.<sup>52</sup>
- The Province announced a new Domestic Motion Picture Fund in September. The fund will be used to support the support both development and production stage activity within the province’s domestic industry.<sup>53</sup>
- The Music Company Development program supports the sustainability, growth, and capacity of BC's music companies. In 2020-21, this program will provide one-time operational support for music companies affected by the COVID-19 pandemic to protect existing infrastructure and jobs.

### **MANITOBA RELIEF MEASURES**

- Provincial agency Manitoba Film and Music updated its recording program to include pre-production. The agency also added funding for online concerts through the Recording Artists Touring Support Program, and changed its Music Business Development Program to expand the types of companies eligible.

### **LOS ANGELES RELIEF MEASURES**

- Netflix established a relief fund for workers in the worldwide creative community affected by the halt of most film and television production. Fifteen million dollars will be distributed to third parties and non-profits providing emergency relief to out-of-work cast and crew in countries where there is a large production base.<sup>54</sup>
- Since March 18, 2020, The Actors Fund has distributed more than \$13.8 million in emergency financial assistance to 11,682 people in film and to industry. This money is helping people cover basic living expenses.<sup>55</sup>

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<sup>49</sup> The Review, [“Québec announces major funding for cultural sector reeling from COVID-19, more venues to reopen,”](#) June 1, 2020.

<sup>50</sup> *ibid.*

<sup>51</sup> Playback, [“Quebec invests \\$51M to offset COVID production insurance costs,”](#) July 2020.

<sup>52</sup> Creative BC, [“COVID-19 Information + Resources.”](#)

<sup>53</sup> Creative BC, [“Domestic Motion Picture Fund.”](#)

<sup>54</sup> Elber, Lynn, [“Netflix establishes US\\$100 million virus relief fund,”](#) March 20, 2020.

<sup>55</sup> Associated Press, [“Help for our Entertainment Community COVID-19 Emergency Relief,”](#) March 2020.

- The County of Los Angeles established a COVID-19 Relief Fund for artists and arts organizations whose work was cancelled due to the pandemic.<sup>56</sup>

#### **NEW YORK RELIEF MEASURES**

- The NYC COVID-19 Response and Impact Fund was launched to help non-profit service providers in all areas including arts and culture. The fund will support social services and cultural organizations in New York during the COVID-19 pandemic.<sup>57</sup>

#### **UK RELIEF MEASURES**

- The BFI and The Film and TV Charity partnered to launch a COVID-19 Film and TV Emergency Fund in order to help the creative industries which includes a donation from Netflix. This fund will help provide short-term relief to various workers in the creative industries who have been impacted by the halt of productions in the UK.<sup>58</sup>
- The UK government announced that cultural and heritage organizations will be protected with additional support funds to help weather the impact of coronavirus.
- On the 29 July 2020 the Government announced the launch of a Government-backed Film & TV Production Restart Scheme for UK film and TV productions to kickstart domestic TV and film productions that have been struggling to obtain insurance for COVID-19 related losses for cast and crew illnesses and filming delays or disruptions.<sup>59</sup>
- Arts Council England and Art Council of Wales have both created emergency response funds for individuals and organizations impacted by COVID-19.<sup>60</sup>

#### **EU RELIEF MEASURES**

- EU members have undertaken various strategies to support artists and cultural workers during the pandemic and to aid in the recovery of creative sectors.
- The European Culture of Solidarity Fund has been created to help support cultural initiatives all over Europe.<sup>61</sup>
- Several programs have been rolled out in countries across Europe to support screen-based industry re-entry into the market-place and to mitigate the impact of COVID-19 that include the following:
  - A program by the Austrian Film Institute<sup>62</sup> compensates producers and distributors that have been impacted by shutdowns and cinema closures.<sup>63</sup>
  - Germany's Federal Film Board set up a \$ fund to support previously approved projects forced to shut down and put a halt on loan repayments.

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<sup>56</sup> County of Los Angeles, "[Coronavirus \(COVID-19\) Economic Resiliency Task Force Arts and Culture Sector Recommendation Report](#)."

<sup>57</sup> PR Newswire, "[NYC COVID-19 Response & Impact Fund Launched To Support New York City Nonprofit Organizations](#)," Mar 20, 2020.

<sup>58</sup> BFI, "[New COVID-19 Film and TV Emergency Relief Fund set up](#)," April 9, 2020.

<sup>59</sup> Althoff, Juliane, "[Government Backed Film and TV Production Restart Scheme – Details So Far](#)," Simkins, July 31, 2020.

<sup>60</sup> Arts Council England, "[Covid-19 support](#)."

<sup>61</sup> European Cultural Foundation, "[Culture of Solidarity Fund](#)."

<sup>62</sup> European Film Agencies, "[Measures taken by EFAD members to mitigate the consequences of the COVID-19 outbreak](#)," March 24, 2020.

<sup>63</sup> Hollywood Reporter, Scott Roxborough "[A comprehensive look at what measures European countries have introduced to help film and TV companies and their employees hit by the virus crisis and lockdown regulations](#)," March 9, 2020.

- Italy has provided a package of emergency aid for entertainment industry which includes tax subsidies for cinemas.<sup>64</sup>
- The Austrian Government will provide support to compensate film productions halted during the pandemic.<sup>65</sup> Austria was also the first jurisdiction in the world to establish a fund to compensate local and international productions if shoots have to be delayed or interrupted because of coronavirus infections.<sup>66</sup>
- Slovakia will be using the EU Social Fund to fund self-employed people such as artists and cultural workers during the pandemic.<sup>67</sup>
- The French Government has taken measures to help people working in the arts and cultural sectors through following measures:
  - Performers and other employees of the cultural sectors whose work has halted due to pandemic will continue to be compensated.<sup>68</sup>
  - The Municipality of Paris announced a financial contribution to support the culture sector.<sup>69</sup>
  - France launched a public/private indemnity fund in partnership with insurance companies.<sup>70</sup>
- France's National Book Centre has committed to providing support to help the sector flourish during the pandemic.<sup>71</sup>
- The German government will provide support to freelance artists and small and medium culture and creative businesses. They will also provide help for activities sponsored by the state such as theatres, concert halls, opera houses, and exhibitions.<sup>72</sup>
- Belgium is providing reimbursements for any events that had to be postponed due to the pandemic.<sup>73</sup>
- Belgium has also established a grant for self-employed individuals whose work has been interrupted due to the COVID-19 pandemic.<sup>74</sup>
- Greece's Ministry of Culture will provide support to the culture sector during the pandemic.<sup>75</sup>
- The Municipality of Amsterdam created an emergency fund to help the local arts and culture sectors.<sup>76</sup>

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<sup>64</sup> Ministry of Cultural Heritage and Activities and Tourism, "[Coronavirus, Franceschini: Concrete Aid for Tourism and Culture from CDM](#)," March 16, 2020.

<sup>65</sup> Opera Wire, "[Austrian Government Establishes 90 Million Euro Fund for Freelance Artists](#)," June 2, 2020.

<sup>66</sup> Roxborough, Scott. "[Austria to Cover Costs for Productions Delayed or Shut Down Due to COVID-19](#)," Hollywood Reporter, June 16, 2020.

<sup>67</sup> European Parliamentary Research Service, "[EU Support for artists and the cultural and creative sector during the coronavirus crisis](#)," May 2020.

<sup>68</sup> Ministère de la Culture, "[Exceptional measures to support intermittent and employees in the cultural sector in the context of the health crisis](#)," March 19, 2020.

<sup>69</sup> The Mayor, "[Paris announces a 15-million euros plan to support culture](#)," May 26, 2020.

<sup>70</sup> Ravindran, Manori. "[Canada's Film & TV Industry Presents Unique Insurance Solution with Government Support](#)," Variety, June 2, 2020.

<sup>71</sup> Centre National Du Livre, "[The CNL emergency plan for the book sector](#)," April 3, 2020.

<sup>72</sup> European Parliamentary Research Service, "[EU Support for artists and the cultural and creative sector during the coronavirus crisis](#)," May 2020.

<sup>73</sup> Wallonie-Bruxelles International, "[Covid-19: Information on mobility aids for cultural actors](#)."

<sup>74</sup> Agentschap Innoveren and Ondermen, "[Right of bridging for the self-employed \(coronavirus\)](#)," July 16, 2020.

<sup>75</sup> SKAI, "[Coronavirus: Measures of 15 million euros to enhance culture](#)," April 3, 2020.

<sup>76</sup> The Mayor, "[Amsterdam: a 17-million euro financial injection for the arts and culture sector](#)," May 12, 2020.

- The Ministry of Culture in Poland launched the Anti-Crisis Shield in order to support creators, artists and cultural institutions. This program will support a portion of salaries of employees in the cultural sector and self-employed people.<sup>77</sup>
- The government of Slovenia will provide financial assistance to self-employed people in the cultural sectors. The self-employed cultural workers are eligible to receive a three-month basic income.<sup>78</sup>
- The Ministry of Culture and Sports in Spain has announced that they will contribute to help small and medium businesses and freelancers in the cultural and sports sector.<sup>79</sup>

#### AUSTRALIA RELIEF MEASURES

- Screen Australia has announced two new programs to support production sector recovery.
  - The Temporary Interruption Fund will provide assistance for new local productions which have been unable to start production due to production insurance exclusions relating to COVID-19. The TIF is made available by the Australian Government and administered by Screen Australia.
  - The COVID-19 Budget Support Fund is a fund to cover additional costs for green-lit productions to implement their COVID-Safe and Risk Assessment Plans to allow them to go into production safely<sup>80</sup>.

## STRATEGIC DIRECTIONS

- Ontario Creates' five-year Strategic Plan, launched in 2017, provides an updated vision for the province's creative industries and a mission that articulates how the agency will contribute to fulfilling this vision.
- The mission and vision outlined in the Plan focus the agency's strategic direction on building globally leading and competitive creative industries that benefit and engage all Ontarians through high value jobs, compelling cultural content and significant economic activity.
- There are three primary strategic goals:
  1. Stimulate Economic Growth and Employment
  2. Promote the Industries
  3. Encourage Collaboration and Innovation
- The current strategic goals are well aligned with the agency's efforts to respond to COVID-19. The measures to provide relief and support recovery and rebuilding outlined in this Business Plan Addendum support the core values and strategic directions of our plan.
- The activities and anticipated outcomes related to each of these overarching goals will differ depending on impact and needs by sector, as the different industries work to recover from the impacts of COVID-19 and adapt to new business realities.
- The current Strategic Plan concludes in 2021-22. Given the timeline, longer-term impacts of COVID-19 will be clearer when the new plan is written.

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<sup>77</sup> Ministry of Culture and National Heritage, "[MKIDN: The Anti-Crisis Shield will cover people and cultural institutions](#)," March 22, 2020.

<sup>78</sup> Republika Slovenija, "[Minister Simoniti presented measures to help in the field of culture](#)," March 31, 2020.

<sup>79</sup> Ministry of Culture and Sports - Government of Spain, "[SMEs and freelancers in the cultural and sports sector can take advantage of the line of guarantees approved by the Government](#)," March 25, 2020.

<sup>80</sup> Screen Australia. "[COVID-19 Update](#)," July 22, 2020.

## UPDATE TO THE AGENCY'S CURRENT AND FUTURE PROGRAMS AND ACTIVITIES

Ontario Creates programs and services support content creation, business development, international market development, broad industry development, and marketing and promotion. When COVID-19 emerged, the agency responded with immediate changes to current plans and programs to provide support. However, there is much more still to do to help the province's creative industries recover and rebuild. While some measures can be implemented within the agency mandate, others – especially those that will have a significant and meaningful impact – will require additional resources and government partnership to accomplish. The sections below outline the agency response in the last six months, and provides recommendations for aiding the recovery and rebuilding of the sector.

### ONTARIO CREATES PROGRAM RELIEF MEASURES

When it became clear that the pandemic was going to impact Ontario's creative industries, the agency quickly implemented the following measures intended to provide immediate relief to companies:

- Increased program flexibility, including shifting delivery dates where events, projects or initiatives were postponed, allowing activity changes where markets or planned travel was cancelled, allowing non-refundable costs, and adding a second application deadline for the Export Fund.
- Fast-tracked milestone payments to clients to provide immediate cash flow.
- Considered and approved time sensitive industry initiatives in response to COVID-19, within parameters of current investment programs.
- Allowed applicants to defer payment of tax credit admin fees.
- Implemented electronic notification of tax credit certification in lieu of physical certificates.
- Expedited tax credit reviews where possible.
- Made significant changes to the Export and Global Market Development Funds to extend eligibility for costs related to participating in virtual activities and events that facilitate international business and audience development. Eligible costs extended to include staff and operational costs associated with the preparation of marketing materials and virtual meetings.
- Adjusted the Film Fund Development program to fast-track launch and increased the funding available to support development of new intellectual property while shooting was suspended.
- Amended application deadlines, moving to continuous application intake or adding additional application rounds.
- Assisted companies to register for electronic direct deposit.
- Film Commission:
  - Quickly changed focus of activities to monitoring and reporting on the impact of the pandemic and securing additional large filming locations and sound stages, expected to be in higher demand when production reopens.
  - In partnership with industry stakeholders and the Ministry of Labour, contributed to drafting health and safety guidelines
  - Launched the *Ready to Roll* campaign, including a website housing key government and safety information as well as a marketing strategy to showcase Ontario talent.
  - Worked closely with MHSTCI and Ministry of Health to clarify the mechanics of asymptomatic COVID-19 testing on location and in studio.

## IMPACT OF IMMEDIATE RELIEF MEASURES

### BOOK PUBLISHING

- Between March 1st and April 20th, flowed \$813,000 to book publishers, including \$330,000 in fast-tracked investments outside the normal payment schedule.
- Issued Tax Credit certificates valued at \$560,000 to book publishers.

### MAGAZINE

- Between March 1st and April 20th, flowed \$287,000 to magazine publishers, including \$215,000 in fast-tracked investments outside the normal payment schedule.

### FILM AND TELEVISION PRODUCTION

- Between March 1st and April 20th, flowed \$1.3 million to film producers, including \$808,000 in fast-tracked payments outside the normal payment schedule.
- Issued Tax Credit certificates valued at \$78.2 million to companies in the film and TV sector.

### INTERACTIVE DIGITAL MEDIA

- Between March 1st and April 20th, flowed \$3 million to IDM companies, including \$940,000 in fast-tracked investments outside the normal payment schedule.
- Issued Tax Credit certificates valued at \$11.1 million to IDM companies.

### MUSIC

- Since January 1st, committed \$2.4 million in investments
- Fast-tracked payments of \$1.5 million.
- Over half of the \$1.9 million committed to the live music sector was flowed to 2019-20 OMF recipients by May 2020.

## OTHER INITIATIVES

The agency transformed its delivery of services and events to adapt to a virtual environment:

- **Trillium Book Award:** This year's Trillium Book Awards were delivered entirely virtually, including using Facebook Live to deliver the awards ceremony, replacing the author in-person readings with author videos, and augmenting the program with live winner interviews. Between the shortlist and the winner announcement, the agency's promotional work generated 471 stories, which in turn achieved more than 59 million impressions.
- **Breakfast Panel Sessions:** Ontario Creates moved its series of breakfast panel sessions to a virtual format and changed the programming to be relevant to the new environment. The first panel featured content creators from across the sectors discussing strategies to successfully market content and find audiences despite the challenges of COVID-19. The second session focused on approaches to longer-term recovery. Both sessions included an opportunity for virtual networking.
- **Shop. Stream. Support:** After months of marketplace closures and the cancellation of live events and festivals, Ontario-owned companies and artists are facing an uphill climb to get back on track. *Shop. Stream. Support* is an advertising and online marketing campaign geared at building awareness and pride and connecting consumers to great made-in-Ontario content. The campaign provides easy ways to support and consume Ontario content online.
- **Music Together:** Ontario Creates participated in a 50/50 partnership with industry to support artists to perform in an online concert series, safely, from their own homes.

- **Virtual Cannes Film Festival:** Ontario Creates collaborated with the New Zealand Film Commission, Screen Australia, the British Film Institute, Screen Ireland and Screen Scotland on a virtual alumni CoCreate initiative including B2B information sharing and a live panel discussion.
- **Virtual TIFF:** Planning is underway to deliver the International Financing Forum (IFF) virtually at this year's festival, to offer online industry programming and to host an Ontario "stand" at the virtual industry marketplace.
- **Ready to Roll:** Ontario Creates partnered with ACTRA to create a comprehensive online resource and promotional campaign to support the re-opening of the production industry in Ontario.
- The agency also supported work to better understand the impacts of COVID-19 on the sectors and the road to recovery:
  - **Business Intelligence Program:** Application reviews and decisions were fast-tracked so that recipients could quickly start work on COVID-19-related research. Projects funded included: a survey assessing the impact of COVID-19 on the computer animation and special effects sector; a project examining experiences of Ontario's women digital media entrepreneurs during the pandemic; and a project that will create resources to help IDM companies pursuing international market opportunities while unable to travel.
  - **Industry Advisory Committees:** An extra round of Industry Advisory Committee meetings was held in order to communicate directly with stakeholders about how they were being impacted by the pandemic.
  - **Participation in Committees:** Agency staff have been participating in a number of industry committees and roundtables related to the pandemic and industry recovery, including the Minister's sector-based roundtables, industry trade association town halls, a COVID-19 production industry task force, and a national film commission roundtable.

## SECTOR RECOVERY MEASURES

There is a critical need to support the recovery of Ontario's creative industries. This section outlines measures the agency has taken, or will take, to support recovery efforts in the current fiscal year. These measures are either no cost or cost neutral, made by redeploying existing agency resources.

There are additional short-term opportunities in 2020-21 that would greatly aid sector recovery; however, these measures cannot be implemented with the agency's existing budget. These include recommendations for recovery aid made in conjunction with industry partners and the Minister's roundtables. They would require modest additional funding to support, and could be delivered through Ontario Creates' existing programs.

### BOOK PUBLISHING RECOVERY MEASURES

- **Implemented for 2020-21:** Deliver Book Fund with continued flexibility for COVID-19 related costs, including a greater emphasis on operational costs. The 2020-21 Book Fund is oversubscribed, and as a result Ontario Creates will not be able to support all high-value projects. To ensure programs support activities that lead to industry growth and are feasible throughout the pandemic, broaden the range of eligible activities in the Canadian Books in Ontario Schools program to include marketing initiatives for school and public libraries and bookstores, geared towards parents borrowing and buying educational materials; and broaden the range of eligible activities of Ontario Author Tour Support to include direct-marketing and virtual events promoting sale of Ontario-published titles.

- **Consider for 2020-21:** Should additional funds become available , mitigate unrecoverable revenue losses and increase cash-flow for book publishers by further supporting the planning and implementation of marketing activities and initiatives to sell books directly to consumers and offer promotional incentives for bookstore purchases, increasing support for book publishers to re-engage in international business activities and increase capacity in the Book Fund to support publisher’s business recovery priorities.
- Research, plan, and implement longer-term support towards exponential industry growth, made possible as a result of mitigation strategies, with a focus on innovative marketing strategies and development of diversified digital content streams.
- The 2020 Frankfurt Book Fair, the largest international trade show for book publishing has been postponed until 2021 due to travel and gathering restrictions. As had been planned for 2020, Canada will be the Guest of Honour at Frankfurt in 2021. Ontario Creates will provide Ontario publishers with in-market and industry development opportunities for the 2021 event.
- The agency has also put forward tax credit proposals that may ensure more book publishers will have easier access to tax credits which will aid in both short- and long-term recovery efforts.
- Work with MHSTCI and MOF to implement proposals to tax credit legislation that would modify or exempt certain eligibility requirements that may be barriers during COVID-19 to facilitate easier access to credits.
- Implement additional modernizing proposals that would exempt certain requirements (such as the requirement to print books) to reflect the “new normal” or consumption and distribution practices.

#### **MAGAZINE RECOVERY MEASURES**

- **Implemented for 2020-21:** Deliver Magazine Fund with continued flexibility for COVID-19 related costs, including a greater emphasis on operational costs. The 2020-21 Magazine Fund is oversubscribed, and as a result Ontario Creates will not be able to support all high-value projects. To ensure that Ontario Creates supports initiatives that lead to industry growth and are feasible throughout the pandemic, broaden the range of eligible activities within International Business Development strategic support to include digital initiatives that cross borders and grow audience for magazine media.
- **Consider for 2020-21:** Should additional recovery support become available, mitigate unrecoverable revenue losses and increase cash-flow by further supporting the planning and implementation of innovative marketing activities (e.g., virtual events, digital platforms, podcasts, video, webinars, research towards lead generation), and promotional incentives to generate subscriptions. Support would help build innovative strategies to position Ontario magazine publishers as industry leaders with accessible and relevant content across print, in-person, and digital platforms and increase capacity in the Magazine Fund to support publisher’s business recovery priorities.

#### **FILM AND TELEVISION PRODUCTION RECOVERY MEASURES**

- **Implemented for 2020-21:** Deliver Film Fund and Export Fund with continued flexibility for COVID-19 related impacts and enhanced support for development activities. The 2020 Film Fund is oversubscribed, and as a result Ontario Creates will not be able to support all high-value projects. To ensure that Ontario Creates supports initiatives that lead to industry growth and are feasible throughout the pandemic the agency implemented an updated and expanded Film Fund Development program, continuous monitoring of feasibility for film production while being flexible on delivery dates for previously committed projects, broadening the range of eligible activities within International Business Development strategic support to include digital initiatives that cross borders and facilitate co-production and business partnerships.

- Actively promote Ontario as a safe jurisdiction to restart production, emphasizing the deep capacity of local talent for creative, performer and crew roles to mitigate the need for cross-border travel and to increase employment opportunities for the Ontario-based workforce.
- **Consider for 2020-21:** Should additional support become available, increase investments in content development activities, and increase production investments to mitigate higher costs due to COVID-19 precautions.
- Research, plan, and implement long-term strategies to increase regional production volume; enhancing economic and employment opportunities across the province.
- Work with MHSTCI and MOF to implement proposals to tax credit legislation that would modify or exempt certain eligibility requirements that may be barriers during COVID-19 to facilitate easier access to credits.
- Implement additional modernizing proposals that would exempt certain requirements to reflect the “new normal” or consumption and distribution practices.

#### **IDM RECOVERY MEASURES**

- **Implemented for 2020-21:** Deliver IDM Fund with continued flexibility for COVID-19 related costs, including a greater emphasis on operational costs. The 2020-21 IDM Fund is oversubscribed, and as a result Ontario Creates will not be able to support all high-value projects. An adapted Global Market Development Program to provide support for virtual or otherwise altered international business development events.
- **Consider for 2020-21:** Should additional support become available, increase number of production projects supported in IDM Fund, and invest in marketing and community management to prioritize positioning of Ontario projects in the digital marketplace. Increased support of innovative digital content will lead to increased partnership and sales opportunities in international markets, as well as increased private investment in Ontario companies and projects.
- Research, plan, and implement long-term sustainability opportunities for industry growth, and adapt necessary recommendations from the 2020-21 IDM Fund Program Evaluation for improved program administration.
- Work with MHSTCI and MOF to implement proposals to tax credit legislation that would temporarily modify or exempt certain eligibility requirements that may be barriers during COVID-19 so that more IDM firms can access the credit, as well as proposals to reduce red tape and modernize the Ontario Interactive Digital Media Tax Credit (OIDMTC).

#### **MUSIC RECOVERY MEASURES**

- **Implemented for 2020-21** Deliver the new Ontario Music Investment Fund with continued flexibility for COVID-19 related impacts and disproportionately affected elements of the sector. The 2020-21 OMIF is likely to be oversubscribed, and as a result Ontario Creates may be unable to support some high-potential companies. To ensure that Ontario Creates supports initiatives that lead to industry growth and are feasible throughout the pandemic, adjust program stream allocations and broaden the range of eligible activities to facilitate business priorities in the context of ongoing health restrictions.
- Measures being proposed by the agency include emergency recovery funding to mitigate devastating revenue losses from cancelled or postponed touring, concerts, festivals and other live music events that include the following activities: a dedicated envelope for live music to aid in transition to socially distanced live music events, transitional support for booking agents and artist-entrepreneurs (newly ineligible) and music managers (reduced eligibility), live music industry support to research and identify new business models.

- Short-term measures may include continuing flexibility in the Ontario Music Investment Fund to respond to travel restrictions and social distancing requirements, to allow alternate expenses, and to allocate current budget to support costs related to transitioning to an online marketplace and innovative models for performance.
- Other measures include an advertising campaign, Shop. Stream. Support., to target public awareness of Ontario-made content available in the marketplace to mitigate lost physical and streaming sales and live music revenue.
- **Consider for 2020-21:** Should additional support become available, Ontario Creates would provide increased funding to support the incremental resurgence of live music events, opening of markets and other opportunities that would position Ontario music companies as global leaders such as marketing activities for new potential live music models, post COVID celebrations, utilizing new models of online and live performance, and support for traditional recording and publishing.
- The agency would also extend funding eligibility to the segments of the music ecosystem that are no longer eligible under the parameters of the new Ontario Music Investment Fund (OMIF), e.g. provide transitional support for booking agents and artist-entrepreneurs (newly ineligible under OMIF) and music managers (reduced eligibility under OMIF).
- The agency would also implement new measures to ensure ongoing sustainability and growth of music industry such as funding the exploration of new business and revenue models, and dedicated funding for high-potential BIPOC music companies and industry organizations.

## REBUILDING

For Ontario's creative industries to emerge from the pandemic in a strong position, it will be necessary to support the long-term rebuilding of the sector. This section offers ideas for rebuilding and strengthening Ontario's creative businesses. In some cases, these initiatives would require support from across government and/or other private sector partners to implement, but ultimately would provide significant benefit to the Province and would help ensure the long-term stability of Ontario's creative industries.

Ensuring that companies have access to capital remains integral to the survival and rebuilding of Ontario's creative industries. The better-capitalized companies are, the greater their ability to create new intellectual property, facilitating economic activity and employment in Ontario. Supporting the creation of content from diverse voices is also key to future success and economic strength. The ideas described in this section focus primarily on ways to facilitate access to capital, secure Ontario's competitive position, and encourage the creation and production of content by under-represented groups.

### ONGOING SUSTAINABILITY FUNDING

- Key to the sustainability and successful recovery of Ontario's creative industry companies is access to the capital needed to remain operational, invest in the development of new content, and adapt their businesses to the new realities of living with COVID-19. The Minister's industry roundtables have identified a number of specific tools and strategies in this regard. If additional funding is available for this purpose, it could be delivered through Ontario Creates' existing funds and support mechanisms to minimize added administrative complexity and burden. Based on discussions held at the slate of Minister's roundtables that convened over the spring and summer, \$20M per year over three years would help ensure that Ontario companies can survive and thrive post-pandemic.

## **NEW/ENHANCED PROGRAMS TO RE-ESTABLISH COMPETITIVE ADVANTAGE OF ONTARIO CREATIVE INDUSTRIES AND COMPANIES**

- Given the high value proposition of a thriving creative economy, many jurisdictions have implemented competitive incentives to grow and attract business. Ontario could consider reviewing and modernizing incentives in order to establish a leadership position among creative economy hubs, including the following:
  - **Tax Credits:**
    - Significantly modernize tax credits to reflect the current environment (e.g., removing requirements for a broadcast license or traditional distribution agreement in an environment where streaming services are flourishing and cinemas may remain closed for the long term due to health restrictions).
    - Ensure rates and eligible activities are comparable to, or better than, other jurisdictions
    - Establish new eligible activities to extend the value chain to attract increased economic development and employment (e.g., recording the soundtrack to a film or videogame in Ontario).
  - **Support for Green Initiatives:**
    - Offer sustainable and environmentally friendly film and television services to attract ecologically and socially conscious producers who are actively looking for these opportunities and help companies meet their corporate social responsibility mandates.
  - **Diversity and Inclusion Initiatives:**
    - The creative industries tell Ontario stories to Ontario and to the world. One in two Gen Z Ontarians think that the industry has not caught up with the audience yet in terms of diverse representation. Persons of Colour account for 37% of Gen Z, and by 2031 nearly half (46%) of Canadians aged 15 and older could be foreign-born, or could have at least one foreign-born parent (Canada Census). Audiences are multicultural and they want content made by and reflective of a diverse world.
      - Consider embedding a bonus in tax credit legislation for products made by diverse teams
      - Provide additional funding via the Diversity Enhancement Program, or other mechanisms, specifically to support content made by diverse teams, towards investment/funding partnerships with diverse organizations, and business development and capacity building activities lead by industry trade organizations
      - Support workforce development and pathways to employment in the creative industries specifically focused on underrepresented groups
      - In the IDM space, help connect content creators from underrepresented groups with venture capitalists or other private sector financing sources by establishing an event similar to From Page to Screen that would provide an opportunity for Ontario companies to pitch the products they are developing to private financiers. Provide an incentive for venture capital investment in these companies and their products.
      - Prioritize and advantage projects from diverse creators and about diverse content by embedding diversity in the evaluation matrix for all programs, ensuring balanced representation on juries, panels and programming, showcasing the success of diverse creators and companies, and establishing new workforce development and outreach strategies to target BIPOC, LGBTQ2S+, and creators with disabilities.

## **WORKFORCE DEVELOPMENT SUPPORTS**

- The culture sector contributes 65,000 jobs to Ontario's economy. As Ontario emerges from COVID-19 and work can begin resuming ahead of many other jurisdictions (particularly the US), there are significant opportunities to grow Ontario's creative enterprises, but a skilled labour base must be available to support and participate in these new opportunities.
- While not central to the agency's mandate, there is an opportunity for Ontario Creates to play a greater role in supporting industry-led training initiatives, partnering with educational institutions to ensure that the programs they offer graduate students with the skills required by industry, and in defining career pathways across all aspects of the creative content value chain. Some of this work is already underway in the Film Commission.

## **LOAN AND LOAN GUARANTEE PROGRAMS**

- Established film and television companies often rely on borrowing capital from traditional financing institutions. For Ontario's other creative enterprises, it's more challenging and they are often shut out from traditional borrowing mechanisms, where companies and borrowing amounts may be smaller (and less attractive to financial institutions) or business models less well understood by banks (and are therefore appear to be more risky investments). Government-sponsored loan guarantees are a widely used financing mechanism throughout the world (including in the Ontario government). A loan guarantee for Ontario's creative industries would enable small businesses to obtain term loans or lines of credit to help them grow and expand their businesses. The program would provide a lender with the necessary security, in the form of a partial guarantee from the government, for the lender to approve a loan or line-of-credit. While such a program would be challenging to establish, it would assist Ontario companies unable to access traditional loans. This infusion of capital would bolster company rebuilding efforts in the short- and long-term.
- While some companies have trouble borrowing from a typical financial institution because the amount of capital a small company needs may not be lucrative to a financial institution, those that can borrow through traditional means are often burdened with extremely high interest payments while they await their tax credit rebate. Though the agency is working to clear the backlog of tax credit applications, a government loan program could solve both problems by lending to the smaller, less traditionally attractive companies, and by charging a more reasonable interest rate across the board. In this scenario, the government itself would be the lender. Over time, interest collected on funds borrowed could be reinvested back into the creative sector, lessening the government's overall contribution and better leveraging the dollars invested by the Province.

## **OTHER CHANGES TO PROGRAMS AND INITIATIVES**

### **ONTARIO MUSIC INVESTMENT FUND**

- Since the original 2020-21 Business Plan was submitted, Ontario Creates has launched the new Ontario Music Investment Fund (OMIF). OMIF is designed to provide targeted economic development investment to the province's vibrant and diverse music industry.

#### **Program Objectives:**

- Support Ontario music companies with strong growth potential to maximize return on investment (ROI), and

- Create more opportunities for emerging artists to record and perform in Ontario.

#### **Key Program Goals:**

- Focus resources on music companies with strong growth potential by:
  - Provide investment to high-potential companies to drive long-term growth;
  - Maximize ROI and enhancing opportunities for emerging talent; and,
- Strengthen support at critical stages in the careers of artists.

#### **Program Streams:**

- There are three program streams, tailored for different parts of the industry:

##### **Music Creation**

Supporting businesses that take risks discovering and developing talent – particularly emerging artists – and bringing it to market through recording and production, marketing and promotion, touring and showcasing, and publishing.

- Eligible applicants include domestic and multinational record labels, and domestic music publishers.

##### **Music Industry Initiatives**

Supporting collective industry initiatives to undertake professional development/training and export activities, conduct industry analysis/data gathering and build regional capacity.

- Eligible applicants include music industry trade associations and music service organizations.
- Export/market development funding available for music managers.

##### **Live Music**

Supporting businesses and organizations that produce or promote live music events featuring Canadian artists including eligible music festivals and concert series.

- Eligible applicants include live music promoters and presenters.

## **OTHER CHANGES**

#### **Green Screen Committee:**

- Prior to the pandemic, film and television levels in Ontario were rising steadily, with a record-breaking year in 2019 and studio space infrastructure set to double in coming years. While the pandemic temporarily halted production, Ontario's quick recovery has meant even more interest in the Province as a future filming location.
- There is a need to establish a sustainability plan for Ontario's film industry, to help reduce global GHG emissions and to support Ontario's competitive position, as global production teams are increasingly looking for environmentally friendly filming jurisdictions.
- The Ontario Green Screen Committee will be co-chaired by the Ontario Creates Film Commissioner and an industry co-chair. The co-chairs will work with a committee of partners to prioritize and deliver project initiatives that would provide the tools necessary to empower the motion picture industry in Ontario to incorporate and scale environmentally sustainable best practices that lead to the well-being of the environment.

#### **Workforce Study Postponed:**

- An internal research study on the creative industry workforce is postponed until next year, when the longer-term impacts of COVID-19 will be clearer.

## RESOURCES NEEDED TO MEET GOALS AND OBJECTIVES

- Before COVID-19, Ontario Creates' Business Plan represented a *status quo* budget with no requested increases for additional financial or human resources for programs and services. As a direct result of COVID-19 the agency is anticipating revenue shortfalls in tax credit administration fees and investment income totaling \$1.7 million. After reallocating certain expenses to address unplanned costs and program priorities related to COVID-19, Ontario Creates has identified net savings of \$274 thousand to help offset the revenue shortfall. However, the agency is still projecting a \$1.4 million deficit in 2020-21.
- This addendum includes a revised slate of programs and services adapted to provide relief and assist in the recovery of Ontario's creative industries within the current agency budget and capacity. While agency support has been critical to helping Ontario businesses through the pandemic, increased support from the Province would bolster recovery efforts.
- For that reason, this addendum also describes a suite of investments for consideration, supported by industry and the work done by the Minister's roundtables that would bolster recovery efforts across all six sectors. Although the agency has the capacity and ability to deliver this support, Ontario Creates' does not have sufficient budget.
- Finally, this addendum also includes some big picture ideas that, while outside of Ontario Creates' budget and/or current program parameters, would nevertheless be instrumental to rebuilding and future-proofing the province's creative industries. Ontario Creates would enthusiastically support and/or lead wider government efforts to implement forward-thinking projects like loan guarantee programs, increased support for under-represented groups, or a creative industry venture capitalist incentive to help with sector rebuilding efforts.
- Access to insurance remains a significant barrier to the Province's ability to retain film and television production activity. Insurance companies are presently not issuing policies covering communicable diseases. As Ontario reopens its economy, and film, television and live music events are restarting, new productions are unable to proceed without adequate insurance in place. While the federal government has recently announced a Short-Term Compensation Fund for Canadian Audiovisual Productions which will address insurance issues<sup>81</sup>, details are not yet known and that there will be a need to assess whether the needs of Ontario production companies are fully addressed with this solution or whether an Ontario-led strategy may also be necessary for Ontario to maintain its competitive position as a leading jurisdiction for film and television production, or alternatively if the province could augment the federal support for Ontario projects, thereby minimizing the administrative complexity of establishing a unique solution. In September, CMPA released data from two surveys indicating 214 camera-ready projects – the equivalent of \$1.09 billion in potential production spending – are stalled across

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<sup>81</sup> Playback, « [Producers fear they could lose entire 2020 slate if insurance solution doesn't arrive soon](#) », September, 2020.

the country. The CMPA survey said 121 productions are in jeopardy, equating to \$842.2 million and 12,207 jobs. The surveys were conducted between Aug. 31 and Sept. 9.<sup>82</sup>

Governments of Canada's other two significant production centres (B.C. and Quebec) have enacted solutions at the provincial level: Quebec has provided a \$51 million backstop for insurance claims while B.C. has enacted a new regulation that provides protection from civil liability for damages related to COVID. An Ontario solution will be an important tool to recover and retain activity in Ontario's production sector as the Province emerges from the pandemic and to support its continued growth.

- Members of Ontario Creates' Board of Directors are appointed by the Lieutenant Governor-in-Council and are important to effectively guiding the agency's strategic directions and meeting operational requirements. While the Board may consist of up to 17 members, at present it has only seven. The small size makes it challenging to constitute the various committees of the Board and places a significant workload on the existing members. The appointment of additional Board members, whose skills and expertise complement those of current Board members is key to ensuring continued good governance and guidance. A Board skills matrix has been provided to support the appointments process.

## RISK IDENTIFICATION AND MITIGATION STRATEGIES

COVID-19 has meant new and unexpected risks facing the agency and creative industries. New high- and medium-impact risks and their associated mitigation strategies, to the extent that these have been developed, include:

### **INSUFFICIENT FUNDS (HIGH)**

- Many Ontario companies in the creative sector are struggling with work stoppages and serious revenue losses as a result of COVID-19 and are looking to Ontario Creates for help. Ontario Creates may not have sufficient funding to support companies.
- Ontario Creates' selective funding program are much more oversubscribed than usual as a result of the pandemic; current program allocations will not provide the necessary industry support for essential business, marketing, and content development activities.
- Ontario Creates has implemented several strategies to advance milestone payments, provide flexibility to grant recipients as well as to expedite tax credit processing in order to help clients access support quickly. Given the breadth of the impact from the pandemic, unless additional resources are provided, the agency will not be able to sufficiently provide support to all companies that need it.

### **SHIFTS IN PROGRAM AND SERVICE NEEDS (HIGH)**

- Shifts in program and service may be required as Ontario Creates' existing programs and services may not be geared towards delivering the type of support most needed by companies as a result of the pandemic.

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<sup>82</sup> Playback, "[Producers fear they could lose entire 2020 slate if insurance solution doesn't arrive soon](#)," September, 2020.

- Clients and industry stakeholders have had to pivot their business models due to the health restrictions of COVID-19, which has meant the cancellation of live concert events, production shoots, industry events and the temporary shutdown of many businesses.
- Ontario Creates has managed to adapt quickly by implementing measures that include: flexibility on delivery dates of products or events that may need to be postponed, supporting a shift in activities that have had to be cancelled, accommodating non-refundable costs, and supporting time-sensitive industry initiatives that respond to COVID-19. Programs will continue to shift as needed.
- Ontario Creates continues to propose and develop medium and long-term strategies in order to aid in both the recovery and sustainability of creative sectors.

#### **LACK OF CONTROL OVER FACTORS IMPACTING RECOVERY (HIGH)**

- While the agency has moved quickly to shift programs and services to accommodate current economic crisis caused by pandemic there may be uncontrollable factors such as a second wave of virus and a return to restrictions that could hamper sector recovery and rebuilding plans.
- Ontario Creates will have to remain nimble to shift programs due delivery dates of products or events that may need to be postponed, supporting a shift in activities that have had to be cancelled, accommodating non-refundable costs, and supporting time-sensitive industry initiatives that respond to COVID-19 further health restriction closures.
- Recipients of Ontario Creates investment in feature film may be unable to proceed with production until an insurance solution is in place; as insurers have exempted pandemic costs from coverage, an illness on set could result in an unrecoverable loss of funds and the termination of the production.
- The agency will have to remain in ongoing discussions with government ministries, and industry associations and firms to respond to any ongoing economic impacts from restrictions caused by global pandemic, and any unforeseeable economic downturns due to future lockdowns.

#### **APPLICANTS UNABLE TO FULFILL TAX CREDIT REQUIREMENTS (HIGH)**

- Due to pandemic health restrictions applicants may be unable to fulfill requirements to receive tax credits.
- As production companies have had to halt due to health restrictions it is difficult to fulfill certain requirements to flow cash into production companies such as starting principal photography before submitting an application.
- This could jeopardize the ability of Ontario remaining a leading jurisdiction for film and television production once restrictions lessen.
- The Agency has already made an agreement with CRA for allowing electronic notification of certification without the need for hard copy certificates which has allowed money to be flowed to companies that need it more quickly.
- Tax credit administration fees have been deferred for applications where necessary, such that reviews will proceed and certificates will be issued without advance payment of fees.
- With support from MHSTCI and MOF tax credit reviews are being expedited by streamlining processes and fast-tracking applications based on risk rating.
- In the first Quarter of 2020-21, Ontario Creates issued tax credit certificates with an estimated value of \$240 million to companies in the film, television, book publishing and IDM sectors.
- Legislative changes may be needed, such as allowing applications to be submitted before principal photography to reflect new realities due to pandemic. Other modernizing and

legislative change proposals for tax credits related to COVID-19 have been put forward to MHSTCI and MOF to ensure applicants can fulfill requirements.

#### **OTHER JURISDICTIONS RETURN SOONER OR PROVIDE BETTER SUPPORT (HIGH)**

- Other jurisdictions that are able to restart live events or return production workers to sets and studios sooner may have a competitive advantage over Ontario. In addition, jurisdictions that provide better support and incentives, may entice productions to move out of Ontario in favour of better or safer opportunities.
- The Film Commission is working to provide the film and television sector with the information and tools they need to return to set. A key strategy is the agency's Ready to Roll campaign that includes:
  - website with up-to-date resources to the Health & Safety Protocols, key information about locations and studios (including newly available properties), international travel restrictions, government supports, and film commission services; and
  - a marketing campaign timed with Stage Two re-opening – promoting that Ontario is open for business and showcasing the depth of talent and services the province offers.
- The agency is also working with government and industry partners on tools and guidelines for re-opening safely. Where possible, the agency is also supporting alternative ways for live events to happen virtually or by other means.

#### **INABILITY TO PURSUE EXPORT OPPORTUNITIES (HIGH)**

- Due to health restrictions many industry market events are cancelled or postponed. Ontario companies who rely on these markets may have challenges securing financing, developing partnerships and developing audiences and export sales for products.
- The agency continues to support Ontario content producers through International Business Development activities, and has shifted programs to accommodate new activities that may include moving events online, and other ways creators have pivoted business model. The program has also added additional program dates to help get money to companies faster to ensure they survive once restrictions are lifted.

#### **INSUFFICIENT STUDIO SPACE (HIGH)**

- Ontario had reached production capacity in terms of both studio space and crews before productions were halted due to COVID-19. It is anticipated that the full restart of postponed projects, along with the catch-up of project that had been schedule for April – August and the potential for Ontario to be an attractive jurisdiction to productions relocating from elsewhere, will create a log-jam of activity and an increased demand for studio space.
- Without adequate purpose-built studio space for film and television productions may relocate, and, once it's possible for cross-border travel, current studio space may be too costly for domestic productions.
- A shortage in purpose-built studio space is largest impedance in attracting high-end, blockbuster, production to the province, which could result in loss of jobs and GDP.
- Private sectors studios have announced in excess of 1.2 million square-feet of soundstage space throughout the GTHA and Ottawa, which will increase Ontario's infrastructure.
- However, construction was halted during COVID-19 which will delay this new space coming on line. Even if some space becomes operational in 2021, it may not keep pace with industry demand.

- Due to COVID-19 related health and safety measures it will be crucial to have large, controllable spaces in which to shoot. Studio spaces provide a more controllable environment making it easier to maintain safety protocols
- Ontario Creates' Film Commission has begun to implement strategies to ensure the film and TV sector can return to work which includes securing additional shooting locations and warehouse spaces which can be used as temporary studios.

#### **WORKFORCE SHORTAGE (MEDIUM)**

- The lifting of health restrictions may lead to a sudden onslaught of film and TV productions, making it difficult for both domestic and foreign productions to secure key crew positions. It may also be challenging for talent to travel across the border.
- Training of new talent will ensure that Ontario does not miss out on opportunities to attract foreign and domestic projects. Even before COVID-19 known labour shortages included production accountants and animation talent.
- Ontario Creates' Industry Development team created a Workforce Development Group with representatives of unions and industry associations to map career pathways and identify and implement strategies to develop film and television talent.

#### **VULNERABILITY OF IT INFRASTRUCTURE (MEDIUM)**

- As many workers move to work-from-home, there has been an overall increase in phishing and spam attempts in order to take advantage of potential system vulnerabilities in home networks and devices. The security of Ontario Creates' IT infrastructure may be jeopardized by increased cyber-attacks.
- Ontario Creates has implemented many safety protocols including ensuring that all work-from-home devices have the latest security software installed and that staff are accessing work through a secure VPN, remote desktops and/or agency devices in order to maintain access to computer systems.
- Various protocols are in place, including educating staff about spam, flagging and sharing suspected emails, and evaluating software and other applications (e.g. Zoom) before allowing staff to use them for work purposes.

## **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.

As a result of COVID-19 impacts, Ontario Creates has revised 2020-21 key performance indicator targets based on the best data and information currently available. These targets are cautiously ambitious and reflect the assumptions built into this Addendum, primarily that COVID-19 will remain a factor throughout the 2020-21 fiscal year and that Ontario's will manage the virus effectively, allowing the province to remain in Phase 2 or Phase 3 for the duration of the fiscal year.

New measures for COVID-19 have also been developed to capture and report on the new activities and actions that the agency has put in place to respond to the pandemic. The table below provides details on the agency's previous and revised targets and well as Q1 results for 2020-21.

Key Performance Indicator	Q1 2020-21 Results	COVID-19 Revised Target	2020-21 Original Target	2019- 20 Actual	2018-19 Actual	2017-18 Actual	Notes
<b>Strategic Goal #1: STIMULATE ECONOMIC GROWTH AND EMPLOYMENT</b>							
<b>1. Estimated value of Tax Credits (millions)</b>	\$240	\$600	\$600	\$621	\$840	\$747	Results not final
<b>2. Leverage Value</b> (additional amount of financing generated for each dollar invested by Ontario Creates)							
a) Investment through all six <b>Tax Credits</b>	\$12.94	\$10.00	\$15.00	\$13.59	\$20.64	\$17.80	Results not final
b) Investment through <b>Book Fund</b>	N/A	\$0.60	\$0.57	\$0.60	\$0.57	\$0.72	Results not yet available
c) Investment through <b>Film Fund</b> (Production)	\$17.27	\$18.00	\$20.00	\$18.49	\$20.66	\$17.82	Results not final
d) Investment <b>IDM Fund</b> (Production)	N/A	\$2.00	\$1.85	\$2.17	\$1.96	\$2.21	Results not yet available
e) Investment through <b>Magazine Fund</b>	N/A	\$0.70	\$0.75	\$0.70	\$1.01	\$0.72	Results not yet available
f) Investment through <b>Ontario Music Fund (OMF)</b>	N/A	\$4.50	Note 10	\$5.84	\$4.18	\$4.83	Results not yet available
g) Investment through <b>Business Intelligence Program</b>	\$1.01	\$0.90	\$1.50	\$0.91	\$1.75	\$1.73	Results not final
<b>3. Return on Investment</b> (sales earned for every dollar invested by Ontario Creates)							
a) <b>Book Fund</b>	N/A	\$2.00	\$3.50	N/A	\$7.10 NF	\$4.79	Results not yet available
b) <b>Export Funding</b> (Export Fund and IDM Fund: Global Market Development)	N/A	\$100	\$175.00	N/A	\$169.05	\$177.86	Results not yet available
c) <b>IDM Fund: Marketing Support</b>	N/A	\$2.00	\$2.00	N/A	\$3.69 NF	\$1.55	Results not yet available
d) <b>Magazine Fund</b>	N/A	\$0.75	\$1.20	N/A	\$0.93 NF	\$1.19	Results not yet available
<b>4. Ontario Music Fund Economic Growth and Employment Indicators</b>							
a) Increased company gross revenue as a result of the <b>OMF</b> (millions)	N/A	\$45.00	NEW	N/A	\$30.23	\$97.77	Results not yet available
b) Private sector investment and equity secured as a result of the <b>OMF</b> support (millions)	N/A	\$12.75	NEW	N/A	\$13.56	\$12.00	Results not yet available
c) Jobs created and/or retained through <b>OMF</b> projects (FTEs)	N/A	298	NEW	N/A	611	551	Results not yet available

<b>5. Other Economic Growth and Employment Indicators</b>							
a) Weeks of work created and/or retained through <b>IDM Fund</b> and <b>Film Fund</b> projects	3,929	14,000	22,000	32,625	35,280	22,962	Results not final
<b>Strategic Goal #2: PROMOTE THE INDUSTRIES</b>							
<b>1. Film and Television Production</b>							
a) Number of <b>film and television productions</b> that shoot in Ontario	0	36	145	170	152	137	Results not final
Domestic	0	21	85	102	92	74	Results not final
Service	0	15	60	68	60	63	Results not final
b) Value of <b>film and television productions</b> that shoot in Ontario (millions)	\$0	\$330	\$1,320	\$1,638	\$1,316	\$1,480	Results not final
Domestic	\$0	\$130	\$520	\$674	\$512	\$525	Results not final
Service	\$0	\$200	\$800	\$964	\$803	\$955	Results not final
c) Number of actively scouting domestic and service productions accessing Ontario Creates scouting services	24	38	150	140	154	150	Results not final
<b>2. Los Angeles Office</b>							
a) Number of leads developed by <b>L.A. Office</b>	9	60	120	110	120	216	Results not final
b) Proportion of <b>L.A. Office-assisted projects</b> that shoot in Ontario	0%	60%	30%	60%	32%	34%	Results not final
c) Value of <b>L.A. Office-assisted projects</b> that shoot in Ontario (millions)	\$226	\$125	\$500	\$654	\$343	\$953	Results not final
<b>3. Social Media Influence</b>							
a) Sysmos score	8/10	8/10	8/10	8/10	8/10	58.4	Results not final
b) Number of new subscribers to Ontario Creates social media channels	1,363	1,500	1,500	2,822	3,996	1,443	Results not final
<b>4. Media Impressions</b>							
a) Number of media impressions (millions)	0.3	50.0	50.0	71.7	184.6	31.7	Results not final
b) Number of <b>Trillium Book Award</b> media impressions (millions)	59.5	60.0	60.0	126.5	4.5	172.0	Final
c) Pick up on news releases ( <b>Trillium Book Award</b> only)	471	NEW	NEW	N/A	N/A	N/A	NEW MEASURE for 2020-21

<b>Strategic Goal #3: ENCOURAGE COLLABORATION AND INNOVATION</b>							
<b>1. Industry Development Support</b> (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	21	60	60	76	64	69	Results not final
b) Number of business connections/leads made by participants at Ontario Creates-led or supported initiatives	N/A	10,000	20,000	12,375 NF	35,359	24,436	Results not yet available
c) Number of business connections and/or leads made as a result of <b>OMF Music Industry Development Support</b>	N/A	6,000	NEW	N/A	N/A	12,111	Results not yet available
<b>2. International Business Development</b>							
a) Number of markets at which Ontario Creates has organized a strategic presence (virtual included)	1	11	9	7	6	17	Results not final
b) Number of foreign markets at which Ontario participants are supported through export activity support (virtual included)	44	150	200	181	241	346	Results not final
<b>3. Collaboration Initiatives</b>							
a) Number of Collaboration events led by Ontario Creates	0	4	5	5	4	7	Results not final
b) Number of business connections made through meetings at Collaboration events	0	900	1,200	772 NF	1,167	1,757	Results not final
c) Number of deals/options arising from Collaboration events after 12 months	3	4	6	4	6	6	Results not final
d) Value (when applicable) of deals/options arising from Collaboration events after 12 months	\$15,250	\$5,000	\$20,000	\$13,750	\$23,000	\$29,100	Results not final
<b>3. Business Intelligence</b>							
a) Number of <b>Business Intelligence</b> projects released	1	8	8	10	10	9	Results not final
b) Number of <b>Industry Profiles</b> updated	1	8	8	8	8	7	Results not final
c) Number of unique views of <b>Industry Profiles</b> on corporate website	2,698	15,000	15,000	N/A	14,816	15,128	Results not final
d) Number of new documents added to the <b>Online Research Library</b>	21	150	80	N/A	92	116	Results not final

e) Number of unique visitors to the <b>Online Research Library</b>	880	3,000	2,500	N/A	2,094	3,662	Results not final
f) Number of <b>Business Intelligence Bulletin</b> unique views	558	1,500	1,500	1,457	1,297	N/A	Results not final
<b>Strategic Enabler #1: ENSURE SERVICE AND OPERATIONAL EXCELLENCE</b>							
<b>1. Program Delivery</b>							
a) Number of applications received (funds and tax credits)	782	1,800	2,300	2,588	2,464	2,287	Results not final
b) Average turnaround time across all tax credits (weeks)	33.6	30.0	34.0	35.1	33.8	41.9	Results not final
c) Average time tax credit files spend in analysis (weeks)	3.2	4.0	4.0	5.2	3.9	5.3	Results not final
d) Total number of tax credit products reviewed	1,263	2,700	2,700	2,947	3,183	3,047	Results not final
<b>2. Service</b>							
a) Number of service calls and emails	1,382	4,600	4,600	3,055 NF	4,521	4,779	Results not final
b) Number of ministry inquiries	11	100	60	144	97	136	Results not final
c) Client satisfaction survey (approximately every 5 years)	N/A			N/A	N/A	Completed	
<b>Strategic Enabler #2: EMPOWER PEOPLE AND TEAMS</b>							
1. Percentage of staff that have been at organization 5+ years	N/A	55%	55%	N/A	62.9%	62.5%	Results not yet available
2. Percentage of staff with Performance Development and Learning Plans	N/A	95%	95%	N/A	94.3%	94.4%	Results not yet available
3. Percentage of staff who engaged in 1+ professional development activities within the year	N/A	95%	95%	N/A	98.6%	94.4%	Results not yet available
<b>4. OPS Employee Survey</b> (positive or negative variance between Ontario Creates and OPS results on Employee Engagement Survey - when issued) Note 9							
a) Engagement Index	N/A	+9.0	+4.0	+9.6	+7.7	+4.4	Results not yet available
b) Inclusion Index	N/A	+5	+4.0	+5.2	+5.3	+4.1	Results not yet available
c) Performance Barriers	N/A	+3.5	+12.0	+3.4	+12.4	N/A	Results not yet available
d) Independence & Innovation	N/A	+2	0.0	+1.7	-2.5	N/A	Results not yet available

e) Learning & Development	N/A	+9	+11.0	+9.1	+11.6	N/A	Results not yet available
f) Leadership Practices - Directors/Senior Managers	N/A	+12	+2.0	+11.6	+2.3	N/A	Results not yet available
g) Quality of Service	N/A	+14	+10.0	+14.2	+10.6	N/A	Results not yet available
h) Organizational Communication	N/A	+19	+14.0	+19.0	+14.4	N/A	Results not yet available
i) Survey Response Rate	N/A	+15	+12.0	+29.8	+12.0	N/A	Results not yet available

Note: "NF" means "Not Final".

Key Performance Indicator	Q1 2020-21 Results	2020-21 Target	Notes
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COVID-19 PERFORMANCE METRICS			
a) Number of investment commitments that were modified to reflect new COVID-19 related priorities	N/A	NEW	New Measure – collected annually
b) Amount of funding that was flowed ahead of schedule to provide COVID-19 support	N/A	NEW	New Measure – collected annually
c) Percentage improvement in quarterly total analysis time averaged for all six tax credits, over the annual average in the prior year	40%	NEW	New Measure – collected quarterly
e) Amount of new warehouse/studio space OC helps facilitate for film production	235,000	NEW	New Measure – collected quarterly
f) Importance of Ontario Creates' COVID-19 support strategies to sustaining client organizations	N/A	NEW	New Measure (results to come from economic benefits survey currently underway)
g) Enabling People and Teams: level of engagement with staff, work from home	N/A	NEW	New Measure (results to come from internal employee engagement survey)

## FINANCIAL BUDGET

The revised budget reflects the assumptions built into this addendum: primarily that COVID-19 will remain a factor throughout the 2020-21 fiscal year and that Ontario will manage the virus effectively, allowing the province to remain in Phase 2 or Phase 3 for the duration of the fiscal year.

The core plans and activities described in the business plan and this addendum are anticipated to cost \$39.4 million plus an additional \$2.3 million in time-limited strategic initiatives to deliver critical industry supports without an additional burden on the government/Ministry. The agency is anticipating revenues of \$37.4 million and will rely on \$2.7 million in internally restricted funds and reserves to further offset expenses. Although strategic reallocation and savings will partially offset the shortfall in tax credit and investment revenues, the agency is projecting a net budget deficit of \$1.4 million.

Contributing to the shortfall, the revised 2020-21 budget includes a revenue decrease of \$1.7 million over the original budget in the Business Plan. The decline in revenue is related to dramatically lower interest rates and an anticipated decline in tax credit applications fees as a result of the complete shutdown of film and television production for the first five months of 2020-21, followed by a slow and careful restart. It is anticipated that tax credit applications across all sectors will be reduced by approximately 50%, with the biggest impact in the three film and TV credits.

The agency has strategically reallocated funds to support new COVID-19-related relief and recovery initiatives such as the *Shop. Stream. Support* and *Ready to Roll* marketing campaigns and additional diversity and inclusion initiatives. Funds have also been reallocated to offset the increased costs the agency is facing because of the pandemic including costs related IT hardware required to facilitate remote work and health and safety measures.

The agency identified net savings of \$274 thousand to help offset the revenue shortfall savings due to activities that had to be cancelled or altered due to COVID-19. These include savings related to travel and event cancellations, ad buys and promotional items, office supplies and some operational costs.

## DRAFT FINANCIAL FORECAST SUMMARY

AGENCY: ONTARIO CREATES (\$ Thousands)	DRAFT FINANCIAL FORECAST SUMMARY		
	2020-21 <i>OC Business Plan Addendum Budget (August 2020)</i>	2021-22 <i>FORECAST</i>	2022-23
<b>REVENUE</b>			
MHSTCI Funding (Note 1)	35,421.6	35,412.3	35,412.3
Self-generated (Note 2)	2,015.5	3,377.8	3,377.8
<b>TOTAL REVENUE</b>	<b>37,437.1</b>	<b>38,790.1</b>	<b>38,790.1</b>
<b>EXPENDITURES</b>			
Salaries & Benefits (Note 3)	8,087.0	8,208.0	8,330.7
Operations (Note 4)	2,180.2	2,328.8	2,342.0
Grants	27,961.2	27,728.0	27,728.0
Program Delivery	1,127.8	1,183.9	1,174.2
<b>TOTAL EXPENDITURES</b>	<b>39,356.2</b>	<b>39,448.7</b>	<b>39,574.9</b>
<b>Net Surplus/(Deficit) before Other Items</b>	<b>-1,919.1</b>	<b>-658.6</b>	<b>-784.8</b>
<b>Other Items (funded from cash reserves):</b>			
- Time-limited Strategic Initiatives	2,250.0	0.0	0.0
<b>Net Deficit Before Cash Reserves</b>	<b>-4,169.1</b>	<b>-658.6</b>	<b>-784.8</b>
- Utilization of Internally-restricted Net Assets	465.5	0.0	0.0
- Draw from (Return to) Cash Reserves	2,250.0	0.0	0.0
<b>Effective Deficit</b>	<b>-1,453.6</b>	<b>-658.6</b>	<b>-784.8</b>
<b>Closing Unrestricted Net Assets</b>	<b>1,752.5</b>	<b>1,093.9</b>	<b>309.1</b>

### Notes:

(1) Two three-year funding sources - Diversity Fund (\$1.5 million) and Canadian Books in Ontario Schools (\$0.3 million) - expired in 2019-20.

(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

## IT AND ELECTRONIC SERVICE DELIVERY PLAN

The agency's IT Team has been instrumental in enabling staff to work remotely and deliver programs on time during the pandemic. Major projects underway or completed include:

- **Remote Work:** In early March Ontario Creates' IT Team quickly mobilized to make remote work possible for the 78 FTEs at the agency. Significant time and resources were required to ensure that staff were able to access IT networks safely and securely in order to keep the agency business operations, programs and services running and responsive to clients. New devices and hardware were purchased to support work-from-home protocols. These devices will be substituted for regularly scheduled replacements in the coming years. The agency's IT Team continues to monitor and support staff while they work remotely.
- **Ready to Roll Campaign:** In June the agency's Film Commission launched the *Ready to Roll* website. The site contains comprehensive COVID-19 reopening guidelines and resources for the film and television production sector.
- **Electronic Signatures:** The agency is expediting a project to enable secure and trusted electronic signatures for tax credit certificates and transfer payment agreements.
- **Corporate Website:** A refresh of the agency's corporate website launched in July. The new site has a fresh, modern design that is user-friendly and functional on all devices and fully compliant with the *Accessibility for Ontarians with Disabilities Act* that comes into force January 2021. The site includes new tools to assist tax credit applicants including an online 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.
- **CRM Upgrades:** The diversion of IT resources to support remote work has delayed the implementation of two significant upgrades to the CRM. These upgrades are now planned for the summer and early fall.

## NEW INITIATIVES INVOLVING THIRD PARTIES

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. New or revised partnerships as a result of COVID-19 include:

- **Alliance of Canadian Cinema, Television and Radio Artists (ACTRA):** To support the work that Ontario Creates is doing to assist the film and television sector with reopening, the agency has partnered with ACTRA Toronto to help develop the *Ready to Roll* Campaign and Website.
- **VICE Media Group:** Ontario Creates has partnered with VICE on research that leverages VICE'S proprietary VICE Voices Panel. This partnership provides the agency with vital market intelligence to assist the agency and Ontario's creative sector businesses to future trends in content creation and audience consumption.
- **Toronto International Film Festival (TIFF):** The agency provides \$300,000 in annual operating support to TIFF. Given the impacts of COVID-19, this year's film festival will be delivered virtually.
- **Strategic Partnerships:** Ontario Creates will continue to pursue strategic opportunities with other federal and provincial partners on branded stands and initiatives at key international markets, where those markets are delivered virtually.

## COMMUNICATIONS PLAN

During the period of COVID-19 response, Ontario Creates' usual PR Plan and Social Media Strategy has been put on hold. A temporary plan which is sensitive to the ongoing public health crisis and devastating impact to Ontario's creative industries, and which aligns with the Government and MHSTCI's public messaging has been adopted and is described below. This plan is reviewed regularly and amended as needed as the province, agency, and Ontario's creative industries navigate through recovery phases and challenges

### OBJECTIVES

- Demonstrate that Ontario Creates is maintaining the delivery of programs and services;
- Position Ontario as being ready for business and a preferred jurisdiction once the public health crisis abates;
- Showcase great Ontario content and creators; and
- Generate pride among industry and consumers about Ontario's creative industries and their response to a challenging situation.

### PR STRATEGY

- Ontario Creates is playing a leadership role in keeping its various key audiences apprised and up-to-date as to the latest implications of the COVID-19 pandemic on their particular creative industry, and any support measures being offered.
- Demonstrate Resilience: Support a narrative about safety, reopening and recovery. Ontario Creates continues to be a leader in amplifying and celebrating the innovative strategies being mounted by our sector partners as they adapt and get back to work in "the new normal."
- Demonstrate Promise: Ontario Creates is using its established voice to articulate the phases and steps in this layered recovery process, and rebuilding efforts which will ultimately benefit Ontario's economy and the creation of jobs.
- Focus on recovery and success stories.