

News Release Communiqué



Ministry of Finance **Ministère des Finances**
Queen's Park Queen's Park
Toronto ON M7A 1Y7 Toronto ON M7A 1Y7

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MCGUINTY GOVERNMENT MOVES TO SUPPORT FILM AND TV INDUSTRY

Enhanced Tax Credits Will Help Retain And Attract Jobs

TORONTO - The McGuinty government is giving a boost to Ontario's film and television industry with an investment that would sustain and strengthen both the domestic and foreign production sectors.

"We are committed to creating a supportive business environment in which our film and television industry can not only survive, but thrive," said Culture Minister Madeleine Meilleur. "The sector generates \$2 billion annually for Ontario's economy and is a major contributor to our quality of life. All Ontarians have a stake in the success and sustainability of this important industry."

If passed by the legislature, the government would invest \$48 million in two tax credits that would be effective January 1, 2005. Specifically, the investment would:

- Increase the Ontario Film and Television Tax Credit for domestic productions from 20 to 30 per cent for five years, and maintain the 10 per cent regional bonus credit
- Increase the Ontario Production Services Tax Credit for foreign productions from 11 to 18 per cent, subject to review before the end of 2005.

"I applaud Minister Meilleur's hard work in building a more competitive tax credit to support this important industry," Finance Minister Greg Sorbara said. "We see this investment as a way to stimulate economic growth and job creation. Working with the industry, we have developed some performance measures that they will need to meet to maximize the value of this tax credit for their members."

"The more than 20,000 people who work in Ontario's film and television business were given their future back today," said Brian Topp, Executive Director of ACTRA Toronto and co-chair of Film Ontario. "We're very grateful that the McGuinty government is stepping up to reinvest in our industry. Today's announcement will pay off in greater stability; in strengthening and building Ontario's role as Canada's domestic film and television centre; and in greater competitiveness in the global production industry. That's excellent news for working people in the film and television industry."

The enhancements would be effective for labour expenditures incurred on or after January 1, 2005, and would be subject to performance reviews to ensure that they are meeting their objective of sustaining and strengthening film and television production activity in Ontario. The Ontario Production Services Tax Credit would be subject to an annual review and the Ontario Film and Television Tax Credit would be subject to a performance review before January 1, 2010.

- 30 -

Contact:

Ministry of Finance

Sean Hamilton
Minister's Office
(416) 325-8679

Manuel Alas-Sevillano
Communications Branch
(416) 212-2155

Ministry of Culture

Guy Lepage
Minister's Office
(416) 325-1689

Lisa Robart
Communications Branch
(416) 314-3497

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Notes on the Tax Incentives

The regional bonus still exists:

- The anti-Toronto aspect of the regional bonus remains a sore point with the film industry, and in particular the unions. This bonus allows the producer an additional 3% tax incentive if 85% of the location days of a project are filmed outside of the GTA (hence the parade to Hamilton). A usual accompaniment to filming outside the GTA are requests for concessions on travel time, turnaround and per diems.

The service production incentives are not set in stone:

- The production service tax incentives (i.e. for foreign productions) will be reviewed at the end of each year to determine their efficacy. So, should the value of the Canadian dollar continue to increase against the greenback and as a result the local industry does not pick up as projected today (10%), the longevity of the 18% incentive comes into question...

All in all, today's announcement is very positive, and we feel it will have a rejuvenating effect on production levels in the city.

Happy Holidays, and we'll see you at the
General Meeting on January 9th!