



Hamilton

Planning and Economic
Development Department

Memorandum

Date: October 21, 2019

To: Chair and Members
Open for Business Sub-Committee

From: Carrie Brooks-Joiner
Director, Tourism and Culture Division
Planning and Economic Development Department

Subject: **Responding to Increased Demand & Growth in Film Sector to Increase Economic Impacts & Implement Continuous Improvements - Case Study 27**

The role of the Planning and Economic Development Department Continuous Improvement Team (CIT) is to review select case studies to identify opportunities for process improvements that advance the City's "Open for Business" agenda.

BACKGROUND

The Tourism and Culture Division in the Planning and Economic Development Department has undertaken a review of the growth of film production and film businesses in the City; the nature of the film industry and their key concerns; and identified process improvements to respond to increased demand by improving the film permit process and grow the industry's direct spend in the community.

Filming in Ontario – Provincial Context

In 2017, Ontario's GDP for creative media industries (i.e. film) was \$7 B, which is larger than Energy, Auto Manufacturing, Mining, and Agriculture & Forestry.¹ Production volume (filming) in Ontario grew by 23% to \$1.6 B in direct spend from 2014 to 2017 and is expected to grow by 5.4% annually to \$2.1 B by 2022.² Hamilton has benefitted from these increases and continues to capture a significant portion of this growth locally, and is excelling compared with other Ontario cities.

Filming in Hamilton – Local Context

Hamilton has become a major destination for film productions in Ontario, ranking as the second busiest city based on the number of film permits. While the volume of permits processed annually has grown steadily over the past several years, Hamilton experienced a surge in volume in 2018 with 50% more permits issued versus 2017, translating into a direct spend of \$59.8 M.

1 Ontario Media Development Corporation (OMDC) Year in Review 2017-2018, Ontario Creates

2 Ontario's Screen-based Industry: An Economic Profile for 2018 produced by Nordicity for Film Ontario

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In addition, Hamilton's strong position as a top film location has resulted in the attraction and expansion of more film businesses and talent who are now located and live in the city. Hamilton's emergence as a film destination has created a strong business case to help achieve several of the City's business development goals, including the specific stretch goal from the Economic Development Action Plan of attracting a major film studio. The 2019 Creative Industries Sector Profile report (PED19056) found that Hamilton's film industry is the top sub-sector within the Creative Industries Sector for businesses, labour, and growth. Hamilton has 901 film businesses, 9,140 people who live here and work in film and has the third largest employment growth in film in Canada.

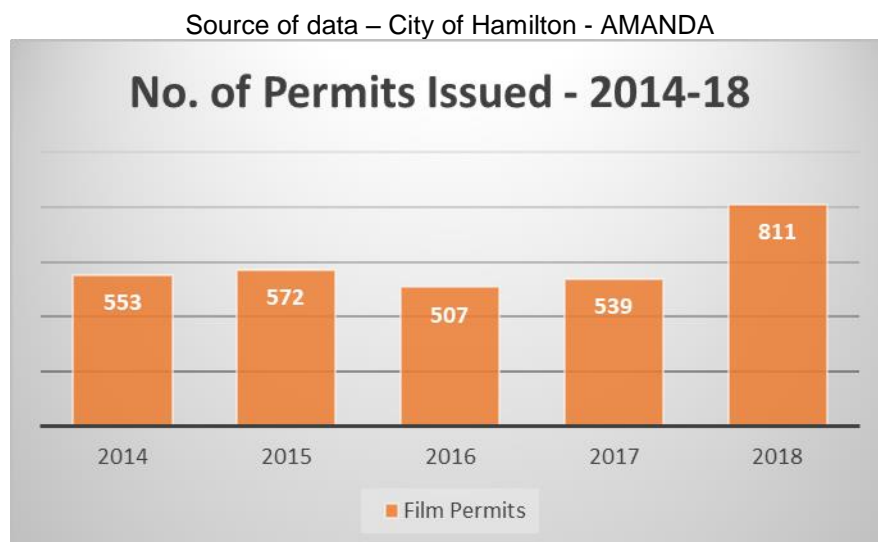
OBSERVATIONS AND ISSUES

Film Permit Growth

The process for the film industry to secure a municipal film permit is like that of securing a building permit or planning application. Each of these processes requires the involvement and approval of various reviewers from across the organization (i.e. Roads, Parks, Parking etc), who have the subject matter expertise and designated authority to provide the necessary approvals.

As demonstrated in Figure 1, the number of film permits continues to increase in Hamilton and staff have proactively reviewed and implemented continuous improvements to respond to these increases. Efficient customer service is essential to meet the growing demand for film permits, and to maintain the quick permit approval response times that are now an industry standard.

Figure 1: **Volume of Film Production Application Registered and Number of Film Permits issued by Film Office of City of Hamilton (2014-2018)**



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The significant increase in 2018 permit numbers is not an anomaly. Provincial data (via Ontario Creates¹) also indicates that filming will continue to increase. As of September 2019, the number of film permits the City of Hamilton has approved is 510 and is up 17% compared with 2018 figures. In addition, direct spend is also up compared to 2018 and is expected to exceed last year's figures. This data indicates a strong correlation between the number of film permits issued and the direct spend that is realized. As the number of permits the City processes increases, so too does the direct spend resulting from filming.

Nature of Film Industry and Key Issues/Concerns

The film industry operates at an extremely fast pace, a pace which has continued to escalate in the last three years. The increased demand for content production, driven by streaming series such as Netflix, Hulu, etc., has only increased the pressure to secure quick turn-around times for film permit approvals. This is particularly true for episodic television and streaming series where there is a very short window of time between productions receiving a script and then undertaking filming.

Hamilton is currently able to approve film permits, on average, between three to five business days after receipt of a film permit application. In looking at other city's approval times, the City of Toronto approves permits in an average of one to two businesses days, however currently has a higher ratio of staff to number of permits compared to Hamilton. Maintaining quick approval times is key for Hamilton to stay competitive as a filming destination.

Film Sector's Role in Direct Spend

Direct spend is the money that film production companies report (to the City) that they have budgeted to spend in Hamilton while working on their productions here. Direct spend is the business investment that Film Office staff, using an open for business approach, endeavour to attract, retain, and grow. In 2018, the direct spend from filming in Hamilton was \$59.8 M and for the first two quarters of 2019 is at \$32 M.

There are two categories of monies that make up the direct spend reported:

1. *Revenues to the City of Hamilton:*
Includes total of fees charged to production companies that results in revenues for the City of Hamilton. Fees include: film permit application fees; park and City-owned facility and property rentals; road closure fees; City-owned parking lots, meters and street parking; paid duty Police officers etc.
2. *Spending by Production Companies:*
Includes money spent by the production companies in local businesses for goods and services (e.g. accommodation; food and beverage; private property rentals and

¹ Ontario Creates is an agency of the Ministry of Tourism, Culture and Sport supporting the areas of book publishing, film and television, interactive digital media, magazine publishing and music industries and promotes, enhances and leverages investment, jobs, and original content creation.

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longer-term leases; the hiring of local talent as crew; rental of props, equipment and services; donations to BIAs etc.).

Impacts of Filming on Business Development

Hamilton's strong position as a top film location has resulted in the attraction and expansion of more film businesses and talent located in and living in the city. At present, at least 85% of the business enquiries from businesses wanting to open new businesses, or expand existing businesses, have come directly from businesses or talent who have previously filmed in Hamilton. In 2019, staff have been directly involved with assisting with the expansion of two existing film businesses and three new film businesses opening in Hamilton.

OUTCOME

Examples of initiatives and improvements Film Office staff have recently implemented to support the City's open for business mandate include:

- Leveraged City assets to increase revenues. The Film Office worked with Real Estate and Facilities staff to identify corporate facilities (e.g. vacant schools, buildings) that can be used for short term rentals. For example, utilizing City owned lands to park film vehicles has resulted in \$100 K in new revenues to date in 2019.
- Improved and enhanced client focused web information via www.hamilton.ca/film to help film productions better plan their shoots, navigate City processes and apply for a permit.
- Realigned existing staff resources and roles to respond to increased film application demand. Staff successfully maintained film permit approval times even with increased volume in permits.
- Development of online application form and online payment options to create efficiencies is in progress. Anticipated implementation is 2020.
- Developed a draft Film Plan that establishes clear goals, KPIs and increases film permitting and business development alignment to better service the industry and grow the sector in Hamilton.

The Tourism and Culture Division will continue to manage our response to growth in a responsible manner that aligns with the open for business mandate through the tools of continuous improvement, data collection and KPIs, review and integration of better practices where possible, and engagement with the local film industry.

CB/dska