



February 8, 2019

Re: 2019 Budget Consultations – Interactive Ontario submission.

Interactive Ontario (“IO”) and the over 300 companies that it represents in Ontario’s Interactive Digital Media (“IDM”) sector, is pleased to present to you written comments as part of the 2019 Budget Consultations.

IO is the leading voice of Ontario IDM businesses. Ontario IDM companies create a wide variety of IDM products and services in clusters across the province, including the GTA, Ottawa, London, Hamilton, Kingston, Niagara, Kitchener/Waterloo and Sudbury/Northern Ontario. IO works closely with Ontario Creates, which has been instrumental in stimulating job creation and exports in the IDM sector via the Ontario Interactive Digital Media Tax Credit (“OIDMTC”), the IDM Fund and its other programs.

Below are recommendations which, if implemented, will support the continued growth of Ontario’s IDM industry, stimulate exports and create well-paid jobs.

**OIDMTC:**

- **Annual Filing:** The OIDMTC is project-based. However, many IDM projects are released over time with continuous work over the life of the project. Currently large digital game companies with a minimum of \$1 million in Ontario labour on game development may file on an annual basis for the OIDMTC rather than at the end of the project. This stream has allowed larger game companies to rely on the secure and predictable revenue from the OIDMTC. Reducing the labour threshold will support more small and medium sized IDM companies, create more permanent jobs and help these companies grow and become more competitive. More annual filers would reduce the administrative burden on Ontario Creates as the applications would be easier and faster to process – would reduce the lengthy wait time that exists.
- **Efficiencies:** There are a number of measures that IO has identified that could increase the efficiency of the OIDMTC and get cash into the hands of the producers sooner and with less cost to Ontario Creates. This includes a pre-certification system to reduce uncertainty and improve the ability of producers to interim finance the certificate, increased clarity of interpretation through information bulletins and publication of decisions, and establishment of an industry-based advisory group to assist with assessment of complex decisions.
- **Collaboration:** The OIDMTC requires that a minimum of 80% of labour expenditures are incurred in Ontario and that they are all incurred by the applicant company. This rule effectively prevents collaboration with other companies in Ontario, which would help companies fill skills gaps and quickly scale up to take on bigger projects. If the OIDMTC is amended to allow Ontario companies to collaborate on projects and meet the threshold together, it will create jobs, foster growth and attract foreign investment.

**IDM Fund:**

- Continue to support the IDM Fund to support technical, creative and business innovation and company growth among emerging and established companies, stimulate sales and exports and create well-paid permanent jobs.

With continued support from Ontario Creates and the provincial government, Ontario’s IDM sector will continue to be a significant economic driver and job creator for the province.

Sincerely,

Lucie Lalumière  
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cc: Board of Interactive Ontario