



January 29, 2020

Re: 2020 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 our written comments as part of the 2020 Pre-Budget Consultations.

As the non-profit industry association for the IDM sector in Ontario, IO is the leading voice of Ontario interactive digital media businesses. Ontario IDM companies create a wide variety of products and services in clusters across the province, including in the GTA, Ottawa, London, Hamilton, Niagara, Kitchener/Waterloo, Peterborough and Sudbury/Northern Ontario.

The Ontario government wants to invest in growth and the Ontario IDM sector, and its knowledge economy, should be central to that strategy. IO is therefore focused on suggestions to create efficiencies for businesses so that government can work smarter and spend smarter to make Ontario open for business by creating and protecting jobs.

The following are suggested improvements to the **Ontario Interactive Digital Media Tax Credit (OIDMTC)** that would improve the efficiency of the tax credit, allow it to act more as a stimulus for growth and ensure that funds are in the hands of IDM producers sooner and easier.

1. **Threshold:** IO thanks the government, for lowering the threshold last year for IDM companies to qualify for annual filing from \$1 million in annual Ontario labour costs down to \$500,000. Further lowering, or removing the threshold, for those that qualify for annual filing, would allow more companies to enter this route, thereby freeing up additional resources to focus on reducing the existing queue.
2. **Residency:** The OIDMTC requires that in order to be an eligible labour cost, the employee must be resident in Ontario by December 31st of the year prior to the year earning income that qualifies for the OIDMTC. This discourages producers from filling their staffing needs from out of province, which they often have to do due to shortages of skilled talent, particularly for mid-career and senior talent. The ability to hire senior or specialized talent from outside Ontario allows studios to grow and create more Ontario jobs. Amending the regulations to remove the residency requirement would help producers attract the best and brightest talent to Ontario and improve the Ontario IDM sector’s competitiveness and attractiveness to talent.
3. **Joint Filing:** Currently only one producer may apply for the OIDMTC per project. If an Ontario company wishes to work with another producer who may have complementary skills, or to allow them together to take on a bigger project, they are prevented from entering into a co-production arrangement with shared equity and profit. Amending the eligibility rules to allow for co-production and joint filing for the OIDMTC would help Ontario’s IDM producers be more competitive and innovative by working together to grow their businesses, which would mean a more sustainable sector and more jobs created.

With continued support from the provincial government and Ontario Creates, Ontario’s IDM sector will continue to be a significant economic driver for the province by creating good-paying jobs and further increasing export revenue.

Sincerely,

President, Interactive Ontario | 647-923-5717

cc: Board of Interactive Ontario