



Roadmap to Economic Success
The Video Game and Interactive Digital Media (IDM) industry in Ontario
A key contributor to the economic recovery of the Province

Presented to
The Honourable Lisa MacLeod, Minister of Heritage, Sport, Tourism and Culture Industries
The Honourable Peter Bethlenfalvy, Minister of Finance
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The purpose of this document is to provide a roadmap based on the discussions that Interactive Ontario, the trade association representing the video game and Interactive Digital Media (IDM) industry in Ontario, has had with government stakeholders over the last few years.

Ontario boasts 40% of the Canadian population but only about 20% of the jobs in the video game¹ sector in Canada. The video game industry is a global juggernaut that generated USD 180Bn in 2021²³ and will continue to grow for decades to come. Video games and IDM products are now consumed by people of all ages and gender – 50% of players in Canada are women⁴.

Ontario can and should be the home to at least 40% of the video game jobs in Canada. Moreover, the video game and IDM industry in Ontario can be a significant driver of the Province's economic recovery:

- Jurisdictions around the world are accelerating their efforts to embrace the digital economy and are preparing for its extension in the metaverse⁵.
- The techno-creative jobs found in the video game and IDM sector are required for building a successful digital economy.
- This sector attracts youth and keeps them working in the province for companies operating in Ontario. It helps prevent brain drain and acts as a pipeline of talent for other economic sectors.
- The main asset of companies in the video game and IDM sector is highly-qualified and highly-paid human capital. Companies strive to attract, develop and retain employees as they scale up.
- Companies in the video game and IDM industry constantly innovate with new technologies transferrable to other sectors.

In order for Ontario to get its fair share of the jobs, the Province has to stimulate investments and job creation by all players in the industry, from SMEs of all sizes to large corporations, by:

1. Nurturing a stable and business-friendly environment where companies can invest safely for years to come – crucial in an industry with multi-year production cycles.

¹ The video game sector is used as a proxy for the larger interactive digital media sector.

² <https://newzoo.com/insights/articles/the-games-market-in-2021-the-year-in-numbers-esports-cloud-gaming/#:~:text=The%20games%20market%20in%202021,%2B1.4%25%20over%20last%202020.>

³ <https://www.nasdaq.com/articles/this-opportunity-for-investors-is-bigger-than-movies-and-music-combined-2021-10-03>

⁴ Real Canadian Gamer Essential Facts 2020 <https://theesa.ca/resources/essential-facts/>

⁵ <http://www.koreaherald.com/view.php?ud=20220120000709>

2. Improving the effective rate of the Ontario Interactive Digital Media Tax Credit (OIDMTC). The OIDMTC and similar incentives worldwide are critical economic development mechanisms put in place to stimulate investments in the highly-coveted video game and IDM sector. As jurisdictions worldwide launch or improve their incentives, Ontario must strive to modernize the OIDMTC and cut red tape. Interactive Ontario and the industry have submitted specific recommendations in that regard starting with its work under Minister MacLeod's IDM Council, and since then, via various forums (eg. [Spring Budget Submission 2021](#)) and discussions with government stakeholders.
3. Adapting to the new realities of the work force by fully supporting the eligibility of work from home under the OIDMTC.
4. Stimulating the growth of the many SMEs in the video game and IDM sector by lowering the threshold for annual filing for IDM companies that attain a \$50K labour threshold, and allowing them to collaborate, which is currently limited by the 80/25 rule under the OIDMTC.
5. Encouraging innovation here in Ontario, by allowing companies to leverage the federal SR&ED more efficiently, and permitting them to collaborate as mention in point 4.

Interactive Ontario was encouraged to see the government committing, in its 2021 Fall Economic Statement, to continue to work with the video game and IDM industry to attract investments and create jobs in Ontario. We also greatly appreciate Minister MacLeod's remarkable engagement with the creative industries, and the efforts made by Ontario Creates and MHSTCI to significantly reduce the OIDMTC queue and address the eligibility of work-from-home during the pandemic.

As Minister MacLeod quotes, when speaking about the creative industries, Ontario can become the epicentre of the creative industries worldwide.

It is time for Ontario to trigger the investments and jobs it deserves in the video game and IDM industry, while the fast-evolving global window of opportunity is still open.

Interactive Ontario is committed to continuing to work with your teams to address the details of the five roadmap points mentioned above.

Best regards,



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cc : Board of directors of Interactive Ontario