



**Interactive Ontario's recommendations to
the Canada Media Fund (CMF) for fiscal 2023-2024**
January 12 2023

Interactive Ontario is the trade association representing the Interactive Digital Media (IDM) sector in Ontario. The latter is composed of over 400 producers of video games, immersive (XR) experiences, and interactive entertainment/edutainment applications. Most IDM producers in Ontario are independent and small SMEs. Over 80% of them are video game studios and over 90% of all IDM studios produce video games¹. Video games of all genres are by far the dominant form of interactive entertainment while immersive applications (video games or otherwise), are slowly emerging.

The CMF has historically been instrumental in supporting the development of the IDM sector in Canada. But times are changing. The global IDM landscape is becoming increasingly competitive, making it more challenging for Canadian IDM producers and IP to succeed. In that context, the IDM industry and the CMF must work together to ensure the continued growth of our future-looking IDM sector in Canada.

Interactive Ontario (IO) welcomes the opportunity to make recommendations to the CMF for the upcoming fiscal 2023-2024. The latter were developed by an IO CMF Task Force composed of 12 industry representatives.

The IO CMF Task Force has also been working on recommendations for fiscals 2024-2025 onwards. We understand from recent communications with the CMF, that the long-term recommendations to the CMF can be submitted in the first quarter of 2023. Therefore, we have made the decision to wait before submitting our long-term recommendations so we can engage in further discussions with the industry and our colleagues from other provinces.

We are looking forward to debating and developing the following recommendations further with the CMF in early 2023.

Recommendations for fiscal 2023-2024

1. ***Drop recoupment requirements for Conceptualization – make it a grant.***
 - a. The conceptualization program is designed to support emerging studios and/or studios that have never received CMF production funding. Having a recoupment debt is daunting for emerging studios and prevents many of them from applying to the program.
2. ***Stop funding tools and software.***

¹ 2022 data collected by Interactive Ontario.

- a. Tools and software are easier to raise financing for via private investors than IDM IP. The CMF should focus its funds on supporting the development and commercialization of IDM IP.
3. **Align insurance requirements to those of Ontario Creates IDM Fund**, including dropping the requirement for crime insurance. Apply the new requirements retroactively to CMF projects in the works.
 - a. Recipients of the CMF Experimental funds spend an inordinate amount of time negotiating with brokers and insurers. Many of the latter (in Ontario) refuse to provide insurance to CMF projects, citing the excessiveness and vagueness of requirements considering the low level of risks. Some recipients also end up paying too much for insurance, money that would be better spent on the creation of IP.
 4. Provided that the CMF continues to give bonus points to studios based on Persona-IDs, **reward studios for the diversity of their whole team including juniors**.
 - a. The IDM sector is committed to encouraging an increasingly diverse and inclusive workforce. The CMF current point system that rewards gender parity and diversity with bonus points (2% gender parity and 2% diversity of the senior team) is well-intended but has inherent deficiencies. It doesn't take into consideration the positive impact of the more diverse new generation of workers (generally more juniors). The latter stimulates the development of more inclusive work environments and content. Additionally, point systems encourage applicants to structure their teams according to points they can earn, which can conflict with the needs of their companies and projects.
 - b. Consequently, it will be important to assess the effectiveness and viability of the CMF point system during fiscal 2023-2024 (see points 5 and 6 below).
 - c. Meanwhile, the current point system should be adjusted in 2023-2024 to reward applicants for the diversity of their whole team. More specifically:
 - i. 2% should be allocated to parity and the diversity of the senior team.
 - ii. 2% should be allocated to the diversity of the whole team.
 5. **Conduct quantitative and qualitative research on EDI in the Canadian IDM sector, share with industry and develop EDI-related recommendations with industry** based on the research findings.
 - a. The Canadian IDM sector has specific EDI opportunities and challenges. Case in point, women currently represent 23% of the IDM labour force in the Canadian video game industry, compared to other creative sectors such as Film where gender parity is higher². Additionally, EDI opportunities and challenges vary from one region to the other. Quantitative and qualitative research on EDI in the Canadian IDM sector will be instrumental in informing the development of EDI-related recommendations with industry.

² <https://telefilm.ca/en/telefilm-canada-releases-latest-gender-parity-statistics-for-funded-film-productions>

6. 2023-2024 will be a critical year to set the table for ground-breaking changes at the CMF. Therefore:
Create goal-oriented CMF/industry task forces with specific terms of reference and delivery objectives to make actionable recommendations on the topics listed below:
 - a. Effective **recoupment policies** that will encourage IDM studios to apply to the CMF with high-impact projects and that will foster the growth of the industry in Canada.
 - b. Strategies for **partnering with key platforms and distributors of IDM IP** to effectively showcase and promote Canadian IDM IP, as well as negotiate decreased platform fees. The latter may be a long shot but is worth trying.
 - c. Effective **EDI initiatives** to encourage an increasingly diverse and inclusive IDM sector in Canada.
 - d. **Environmental sustainability** in the IDM industry, considering the low environmental footprint of many IDM companies – tech-based, remote-work-friendly, leveraging regional tech recycling programs.

7. 2023-2024 will also be a critical year to **plan for the optimization of the CMF and Telefilm processes in order to minimize bureaucracy, clarify policies and limit administrative burden for all parties**. Therefore, create a CMF/Telefilm/industry task force to make actionable recommendations on the following:
 - a. Simplify the application process (eg. first round based on a short application document, simplified budget spreadsheets with built-in error tracking).
 - b. Redesign or replace the dialogue portal.
 - c. Simplify reporting requirements.
 - d. Request audience reports that reflect metrics commonly used in the industry for each type of project.
 - e. Establish a process for addressing material changes (eg. change in company structure and/or change of control).
 - f. Outline explicit 'buy-out' conditions.

We strongly believe in the key role that the CMF can play in propelling the Canadian IDM sector further at home and on the global stage. We are committed to working hand-in-hand with the CMF on industry/CMF task forces that will debate, refine and finalize recommendations, and set the stage for a successful IDM sector in Canada.

Best regards,

Lucie Lalumière on behalf of the IO CMF Task Force
President & CEO, Interactive Ontario