



February 10, 2023

The Honourable Parm Gill, Minister of Red Tape Reduction

Re: Red Tape Reduction – Interactive Ontario recommendation

Canada's interactive digital media (IDM) industry is a powerhouse in the world. Seven of the ten provinces (soon to be eight, with the addition of Alberta) offer competitive incentives to attract and support this growing sector, making it a strategic sector of investment for the country on the global stage. The global IDM market is worth over \$USD 184B¹, which is more than the movie and home box office revenues, and all North American professional sports, combined².

Ontario is well positioned to continue to generate impressive economic activity in this area with critical measures like the Ontario Interactive Digital Media Tax Credit (OIDMTC). Ontario has over 400 companies operating in the IDM industry³, employing highly skilled, highly paid (average full-time salary \$78,600 in 2021⁴) technical and creative workers.

The industry is pleased that the government of Ontario recently committed to modernizing cultural tax credits to reflect the latest practices and to continue to attract investment and jobs. **Interactive Ontario (IO)** is the trade association representing the IDM sector in Ontario, ie. producers of video games, immersive experiences (XR) and edutainment applications. The IDM sector in Ontario is mainly composed of small and medium sized enterprises (SMEs) producing and commercializing video games, and is also home to a number of innovative XR studios.

The Government of Ontario also clarified the eligibility of work from home for *employees* in the 2022 Ontario Budget but created unintended confusion about the eligibility of *contractors* in the sector. These types of workers are critical to project completion, and by their very nature, need to have flexibility to work in Ontario, but under remote arrangements. To ensure that the OIDMTC keeps up with new modern realities of flexible work, all work from home Ontario labour should be eligible to OIDMTC.

We are looking forward to working with the Ontario Government to address this red tape issue and **make the necessary adjustments to ensure the eligibility of all Ontario labour working from home.**

Best regards,

Lucie Lalumière,
President & CEO, Interactive Ontario

cc: The Honourable Neil Lumsden, Minister of Tourism, Culture and Sport
cc: IO Board of Directors and Advocacy Committee

¹ <https://newzoo.com/insights/articles/the-latest-games-market-size-estimates-and-forecasts> (note that the video game sector is used as a proxy for the IDM industry which includes additional types of IDM products)

² <https://www.marketwatch.com/story/videogames-are-a-bigger-industry-than-sports-and-movies-combined-thanks-to-the-pandemic-11608654990>

³ Interactive Ontario's internal data

⁴ <https://theesa.ca/wp-content/uploads/2022/07/esac-2021-final-report.pdf>