THE CANADIAN ENTERTAINMENT SOFTWARE INDUSTRY

Report of the Standing Committee on Canadian Heritage

Hon. Rob Moore
Chair

APRIL 2013

41st PARLIAMENT, FIRST SESSION
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THE STANDING COMMITTEE ON CANADIAN HERITAGE

has the honour to present its

TENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the Canadian Entertainment Software Industry and has agreed to report the following:
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CHAPTER 1: STUDY ON THE CANADIAN ENTERTAINMENT SOFTWARE INDUSTRY

1.1 The Committee’s mandate

On 13 December 2011, the House of Commons Standing Committee on Canadian Heritage adopted the following motion:

That the Committee undertake a study and invite relevant witnesses to testify on the escalating success of the Canadian entertainment software industry, with particular emphasis on the creation of high-value domestic employment, and examine what measures government might take to further promote growth, innovation and commercial success in this vital 21st Century industry.¹

The Committee held six meetings on the study of this industry, from 25 October to 11 December 2012. It also heard from 38 groups and individuals and received one brief. The Committee heard testimony from business leaders and the business community, representatives of government agencies and educational institutions, as well as information technology and telecommunications (ICT) professionals.

The Committee noted that the Canadian video game industry has seen tremendous growth since its beginnings in Canada. It has gone from a promising sector in the 1990s to an industry recognized worldwide for the quality of its products. Despite this phenomenal growth, improvements can still be made to build on its achievements. In addition, the Committee noted that Canadians are unaware of the video game industry’s success.

This report presents the Committee’s view on the future of this industry. We identify the need for new thinking and make recommendations on ways to support this industry.

1.2 The Committee’s report

Chapter 2 presents general information on the overall growth of the video game industry in Canada. In Chapter 3, we share testimony that reinforces the argument that the video game industry is indeed a cultural industry. Chapter 4 focuses on labour issues in the industry. This section will also look at the role of educational institutions and collaboration within the industry.

Chapter 5 deals with government funding and policy influence. We learn that federal and provincial tax credits have been a key factor in the success of the video game industry. Chapter 7 contains the Committee’s final recommendations.

¹ Standing Committee on Canadian Heritage, Minutes of proceedings, Meeting No. 18, 1st Session, 41st Parliament, 13 December 2011.
CHAPTER 2: A GROWING INDUSTRY

2.1 The Canadian video game industry

The entertainment software industry, called the video game industry in this report, is part of ICT and interactive digital media (IDM). They allow users to interact with other users for the purpose of entertainment, information and education. The Entertainment Software Association of Canada (ESAC) gives the following definition in a profile report on the industry:

Entertainment software refers to interactive, software-based games that are played on a variety of electronic platforms with display devices (typically screens), sound reproduction capabilities, input interfaces such as keyboards, joysticks, and mice. These games combine narrative, sophisticated visual representations, music and sound, artificial intelligence, and often interaction with other players to produce unique entertainment experiences.  

More and more Canadians are playing video games in their leisure time. The latest Statistics Canada survey from 2010 on Canadians’ use of time found that the proportion of people who played video games on a given day doubled “from 3% in 1998 to 6% in 2010” and that “the amount of time spent playing video games increased from 1 hour 48 minutes to 2 hours 20 minutes between 1998 and 2010.”

According to data compiled by ESAC in 2012, the profile of Canadian gamers has also changed. While 90% of Canadian kids and teens play video games, the average age of a Canadian gamer is 31 years old. Furthermore, the data point to video game players aged 55 and over as a promising customer base for video game companies.

Video games can be played on a multitude of platforms, from traditional game consoles to personal computers, handheld devices and mobile phones. During our consultations, witnesses even predicted that “cloud gaming” would become the most popular way to play video games in the coming years.

Over the years, Canada has become a world leader in the video game industry. Currently, video games developed in Canada are among the best-selling and most popular in the world. Canada has assets that explain its leading role in this field: a skilled workforce and large existing market of gamers.

4 Ibid.
5 Entertainment Software Association of Canada, Essential Facts 2012, p. 3.
6 Cloud computing assumes that the user does not know where the database is located.
workforce, educational programs tailored to the needs of industry, lower corporate tax rates, favourable tax credits, federal programs to support research and development, and governments that recognized the potential of this industry early on.

In 2011, ESAC commissioned SECOR Consulting to conduct a study on the contribution of the Canadian entertainment software industry to Canada’s economy. The authors found that the video game industry was a growing ICT sector in Canada.

The study painted a successful picture of the Canadian entertainment software industry. The consulting group estimated that in 2007, the video game sector had contributed “$1.7 billion [into Canadian] economic activity,” from direct and indirect activity. The industry is made up of nearly 350 companies across the country, which directly employ close to 16,000 people. The study also found that Canada has the “third largest number of employees in the world.”

During his appearance before the Committee on 30 October 2012, the President and Chief Executive Officer of ESAC, Jayson Hilchie, said he expected the video game sector to continue to grow worldwide:

We have a good sense that these types of jobs will be the jobs of the future, because of the growth in the popularity of the interactive entertainment industry all over the world. The video game industry is the fastest growing entertainment industry globally. The global market is currently estimated to be approximately $67 billion U.S. That's bigger than the box office revenues for movies. With a growth rate of 7.2% annually, this industry will be worth $83 billion by 2016.

Ian Kelso, the Chief Executive Officer of the Canadian Interactive Alliance, drew an interesting analogy with the expansion of Hollywood as a film hub in the early 20th century:

If you want opportunity, then Hollywood is the world capital for making content in the film industry. That's kind of happening in Canada right now, in places like Montreal and Vancouver, and now starting in Toronto. You go around the world and you hear people ask, "Where do you want to go to make games?" It's Canada.

However, as Luc Duchaine of Ubisoft Entertainment stated, “this success remains fragile.” Other countries are competing with Canada, as Jason Kee of ESAC points out:

We're in constant competition with the U.K., in particular, which tends to be very tense with us about this. But we have huge development forces in South Korea, China, and a

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8 Ibid.
10 *Evidence*, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1535.
lot of the Asian nations, which have many more emerging industries that are extremely strong.\textsuperscript{12}

According to ESAC, if Canada wants to preserve its vibrant video game industry, “this requires a holistic approach that recognizes the interrelationships between different segments of the digital ecosystem.”\textsuperscript{13}

### 2.2 Canada’s innovation hubs

The Canadian cities of Montreal, Toronto and Vancouver are now among the largest video game production centres in Canada and around the world. According to a study commissioned by ESAC, quality of life, a multicultural population and an affordable housing market explain the appeal of these urban centres:

Montreal, Vancouver, and Toronto, Canada’s dominant video game clusters, are well-known for their quality of life, benefitting from culturally diverse populations, thriving downtowns of mixed commercial, residential, and entertainment focuses, and generally affordable condominium and rental markets. This helps video game companies attract not only recent graduates but also experienced developers, artists, and managers from other countries. More broadly, Canada itself has long been known as a desirable country to live and do business in.\textsuperscript{14}

However, the video game industry has developed differently in each of these major centres. As Brenda Gershkovitch, Chief Executive Officer of Silicon Sisters Interactive, explains, “the experience of developers in Vancouver, for example, is quite different from the experience of developers in Montreal and Toronto, two other very strong hubs in the country.”\textsuperscript{15}

In Montreal, Ubisoft Entertainment undertakes various initiatives to improve the quality of life of its community. The company works to revitalize underprivileged neighbourhoods:

\begin{quote}
We give a lot to the local community. We have a committee that studies all sorts of demands. We give from $500 to $1,000 to different companies.\textsuperscript{16}
\end{quote}

Warner Brothers Games Montreal (WBGM) is also involved with community organizations in Montreal:

\begin{quote}
\end{quote}
[w]e're working with local organizations that help kids come off the street. We've hired several kids to work with us. Some of them have now graduated to our testing department.\textsuperscript{17}

Vancouver is also a hub for the video game industry in Canada. However, a downturn has been noted in recent years, as Dennis Chenard of the Centre for Digital Media explains:

Vancouver has seen a bit of a decline with a number of major studios, at least on the triple-A side, that have been doing business in Vancouver. That said, we have had a number of smaller companies within the casual and mobile space start up.\textsuperscript{18}

Video game companies that set up outside major centres are not hypothetical but a concrete reality. Michael Johnston of TeamSpace in Nova Scotia notes that "other regions of the country, like Atlantic Canada, should not be overlooked."\textsuperscript{19} The success of the film industry in the east in recent decades provides a "strong base of talent in art and design, sound production, and acting talent."\textsuperscript{20}

\begin{flushleft}
\textsuperscript{17} Ibid., 1650.
\textsuperscript{18} \textit{Evidence}, Meeting No. 45, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 1 November 2012, 1545.
\textsuperscript{19} Ibid., 1555.
\textsuperscript{20} Ibid.
\end{flushleft}
CHAPTER 3: A TRUE CULTURAL INDUSTRY

3.1 Introduction

The entertainment software industry is young and still needs to prove itself in some circles as a true cultural industry. It forces us to rethink our approach to culture. Martin Carrier of WBGM explained how video games promote Canadian talent:

These products showcase the talent of young Canadians, whether at the artistic or musical level, because, as you know, our games have soundtracks. That is really something. If there is one point that I would like to stress today, it is that we are really talking about cultural products. 21

Mr. Carrier thinks it is necessary to revisit the meaning of “artist”:

I would perhaps like to broaden the definition of the word "artist" a little. Some people do voices, while others do music. We also have a lot of local talent. We also do a lot of what we call motion capture, often to create excerpts of non-interactive sections that sometimes add a little bit to the story. 22

Richard Iwaniuk, Senior Director of BioWare ULC, commented on the important contribution of the various artistic disciplines in the development of a video game. It is a unique coming together of people who excel in their respective discipline:

When we are in full production, that's where we start to get teams in the range of 150 to 200 people. Again, depending on whether it's new engine technology or something that we're benchmarking on, the programming aspect of it might use 50 to 70 people. The rest of them are content creators. They're the artists, animators, writers, designers — the level designers — and the cinematics. 23

Pierre Proulx, Executive Director of Eidos Montreal and Board Chair of Alliance numérique, sums up the industry as a “high-speed train collision between art and tech.” 24

For Jason Kee of ESAC, it is this meeting of art and technology that makes video games unique:

Our industry comprises a unique mix of artistic and technological professions, and the collaboration of these two areas is what produces truly innovative products. 25

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22 Ibid., 1630.
23 Ibid., 1640.
24 Evidence, Meeting No. 44, 1st Session, 41st Parliament, 30 October 2012, 1700.
25 Ibid., 1540.
Interactive Ontario says that video games are no different from other cultural products, such as movies or TV shows. However, governments have the opportunity to recoup their investment in this industry:

... we believe the objective must be to build a successful creative industry. The emphasis is on the last word: industry. It's not to subsidize cultural products as has been the assignment for other cultural industries. In other words, unlike is often the case in film or television, the goal must be to make money and for the government to see its investments recouped through employment, taxes, or even straight ROI (return on investment).26

3.2 Intellectual property challenges

The Canadian video game industry has matured, and Canadian expertise is now recognized worldwide. For Carole Deniger, Executive Director of KPMG, the challenge now is to maximize this success by retaining the intellectual property (IP) in Canada. By doing so, "we will negotiate better conditions, earn larger royalties and generate more profits that will stay here."27

For Brenda Gershkovitch of Silicon Sisters Interactive and Victor Lucas of The Electric Playground, copyright protection is a basic issue. For Ms. Gershkovitch, "the value in video games ... is largely in the intellectual property, in the creation of characters and story and an identifiable adventure world."28

It goes without saying that IP protection is of paramount importance for many video game companies. Game development takes time and requires several million dollars' investment. Production teams of several people need to be established. And yet success is not assured. In these circumstances, video game piracy hurts the industry. Those who act in this way are "stealing something that is not theirs,"29 according to Luc Duchaine of Ubisoft Entertainment. Mr. Duchaine adds that piracy puts "our intellectual property ... under attack."30

ESAC has made IP protection a key element in its recommendations. While it welcomes the Copyright Modernization Act, it asks that those responsible for law enforcement be given the authority and the tools to fight this crime:

To stem the influx of pirated goods and circumvention devices at the border, administrative changes are necessary to empower custom officials to act. Law enforcement officials and prosecutors should be directed to address IP crime and be

26 Ibid., 1600.
27 Ibid., 1545.
30 Ibid., 1600.
equipped with the necessary training and resources to effectively combat piracy both at the border and at the retail level.\textsuperscript{31}

For Martin Carrier of WBGM, respect for IP and enforcement of effective anti-piracy laws are paramount:

Certainly we look for protection across the board as far as IP is concerned, and especially online. Sometimes it's not overly clear that everything is protected to the degree we want.\textsuperscript{32}

ACTRA has urged the federal government to sign the Beijing Treaty on Audiovisual Performances, which was adopted in June 2012 by the World Intellectual Property Organization. According to ACTRA, such a move would “strengthen the intellectual property rights of both performers and producers of video games if the federal government would sign that treaty.”\textsuperscript{33}

3.3 A still poorly understood industry

The video game industry still suffers from many preconceived notions. The image of players as isolated and cut off from reality persists in some people’s minds. However, the reality is much more complex. Video gamers come from a variety of backgrounds:

We still are carrying an image of teenage boys holed up in the basement for hours on end. Video games are so much more today when you think about the connect, how people are moving in front of the TV. Video games are making people interact and share their experiences and connect with people all over the world.\textsuperscript{34}

Brenda Gershkovitch of Silicon Sisters Interactive explained how video games can build bridges between generations and be useful in areas other than entertainment:

[F]or a very long time video games have been the realm of young men, and that has changed and is changing. Video games are for everyone. Video games are used in very many contexts that are different from those we've seen in the past. We can use video games in education and in health. Video games are being used by grandparents to connect with their grandchildren.\textsuperscript{35}

\textsuperscript{31} Entertainment Software Association of Canada, CHPC Game Industry Study. ESAC's Key Recommendations, p. 2.
\textsuperscript{32} Evidence. Meeting No. 43, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 25 October 2012, 1620.
\textsuperscript{33} Evidence. Meeting No. 46, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 6 November 2012, 1640.
\textsuperscript{34} Evidence. Meeting No. 43, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 25 October 2012, 1605.
\textsuperscript{35} Evidence. Meeting No. 51, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 11 December 2012, 1635.
For Stéphane D’Astous of Alliance numérique, the video game industry has reached a level of maturity “that deserves some recognition.” Carole Deniger of KPMG shares this view:

Now we have to develop recognition related more to our content and success, and that is perhaps where we must focus our efforts, particularly at the federal level and across Canada. For the general public, what is made in Canada does not really exist. It exists for the professional industry because people know each other.

The Committee also heard testimony from Victor Lucas, co-founder of the Canadian Videogame Awards, an annual event recognizing the best in the industry. Mr. Lucas firmly believes that video games are an “art form.” There is work to be done to raise awareness among the Canadian public so that they recognize the importance of this industry to our culture. Doing so, Mr. Lucas believes, will promote “more and more development, more work, and support for video game entertainment.”

Jaime Woo, Director of the Gamercamp festival in Toronto, explained that many Canadian games are hugely successful, but are still unfamiliar to the Canadian public. These games are produced by small and medium-sized businesses “that are driving Canadian-owned IP.” The Gamercamp festival’s very goal is to advertise these Canadian successes:

This year we showed 25 games from around the world, but we essentially focused on Canada and Toronto, because we really wanted people to get a chance to play these games. Hundreds and hundreds of games come out every year, and sometimes we don’t know where those games come from, so we really wanted to give people a chance to see things that were created in their own backyard.

When such international events are held, Canadian companies receive support from the Department of Foreign Affairs and International Trade’s Trade Commissioner Service (TCS). Grant Manuge, Acting Assistant Deputy Minister with the Department, confirmed that the TCS helps Canadian companies find reliable distribution partners, as well as increase their exposure to global markets:

[W]e are involved with each year at the Game Developers Conference in San Francisco, the GDC. It’s considered the key global event in the industry. Over 200 Canadian SMEs

37 Ibid., 1545.
38 Evidence, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1605.
39 Ibid., 1605.
41 Ibid., 1640.
attend to access international market opportunities and pursue business with leading
global firms, such as Nintendo, Disney, Google, Sony, Apple, and others.\textsuperscript{42}

\textsuperscript{42} \textit{Evidence}, Meeting No. 46, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 6 November 2012, 1650.
CHAPTER 4: LABOUR ISSUES

4.1 Introduction

If Canadian companies want to meet the global demand for video games, they must be able to count on skilled workers in sufficient numbers. This is necessary for the industry to continue to grow. Yet almost all the representatives of video game companies we heard from face challenges in this area.

The increasing demand for highly skilled professionals is forcing companies to create partnerships with educational institutions. They must also look abroad to meet their needs.

The workforce in the video game industry is highly specialized and content-driven. It is involved in various activities, including the development of video games on different platforms, design, animation, script writing and website design.

Moreover, Canadian business leaders say they are in dire need of experienced senior-level workers. Yet Canadian workers in this sector are attracted to better paying jobs outside the country. This exodus of workers is a reality that companies have to contend with.

4.2 The role of educational institutions

The vast majority of witnesses that we heard from say that Canada needs skilled workers in a variety of disciplines related to the video game industry. This problem affects all companies across the country. In Atlantic Canada, Michael Johnson of TeamSpace said that there is still work to do to promote careers in the video game industry:

I believe more work can be done by all of us to make Canada's youth better aware of the career prospects in this industry, to support them financially as they consider enrolling in post-secondary computer science and game-design programs, and to incent them to seek employment in all regions of Canada, including Atlantic Canada.\(^\text{43}\)

Canada’s investment in higher education will result in a pool of skilled employees, according to Jason Kee of ESAC. They will have transferable skills that can be “used to grow various subsectors of the Canadian knowledge economy.”\(^\text{44}\) These same graduates will be able to deliver in-house training:

\(^{43}\) Evidence, Meeting No. 45, 1\(^{st}\) Session, 41\(^{st}\) Parliament, 1 November 2012, 1555.

\(^{44}\) Evidence, Meeting No. 44, 1\(^{st}\) Session, 41\(^{st}\) Parliament, 30 October 2012, 1540.
There's the long-term talent development piece as well, which is about making sure that we continue to produce the graduates to fill the junior positions who then will get the training from the guys we bring in, gain the expertise over time, and then become the professionals in the organization.\textsuperscript{45}

Pierre Proulx of Alliance numérique also underscored the importance of having a sufficient number of skilled graduates:

Everyone had to have at least a university education to be able to meet the needs of businesses. That led to the establishment of a needs directory. We came up with an average number of programmers. For example, approximately 800 or 900 people were needed per year for the first three years.\textsuperscript{46}

Interactive Ontario, which represents professionals in the province's digital media industry, believes the province "benefits from a large number of universities and colleges that provide skilled labour to create these games."\textsuperscript{47} These institutions include Humber College, an educational institution in Toronto. It offers various training programs that lead to careers in the video game industry. Guillermo Acosta, the institution's dean, stated that "70% to 85% of our graduates [found] employment within 6 to 12 months after graduation in a related field."\textsuperscript{48} However, managing such programs is a challenge given the rapid technological changes in ICT:

The focus of the program is a moving target, as technologies shift quickly. It makes it a challenging cluster of programs to manage, in several aspects. First, we have to keep the curriculum up to date, and second, we have to keep the facilities and the faculty up to date as well in terms of meeting industry standards for professionals who are going to be working in the industry.\textsuperscript{49}

Avrim Katzman, a professor at the Sheridan College Institute of Technology and Advanced Learning, noted that the institution has made digital media a strategic priority. He said that many of their graduates in animation and graphic design find employment in the video game industry. The number of applications for admission to Sheridan College exceeds the places available: "Our applications-to-accepts ratio is probably on the order of 7:1, but we are continuously expanding."\textsuperscript{50}

Sean Gouglas, professor and director of Interdisciplinary Studies in the University of Alberta’s Faculty of Arts, explained that graduates expecting to enter the video game industry should have a multidisciplinary training:

\textsuperscript{45} Ibid., 1620.
\textsuperscript{46} Ibid., 1635.
\textsuperscript{47} Ibid., 1555.
\textsuperscript{48} Evidence, Meeting No. 46, 1\textsuperscript{st} Session, 4\textsuperscript{1st} Parliament, 6 November 2012, 1550.
\textsuperscript{49} Ibid.
\textsuperscript{50} Evidence, Meeting No. 45, 1\textsuperscript{st} Session, 4\textsuperscript{1st} Parliament, 1 November 2012, 1650.
… computer games are complex interdisciplinary products that require expertise across a variety of disciplines and not just in the computer sciences. What universities need to do better is to get students speaking to each other across these disciplines.  

4.3 Collaboration between industry and educational institutions

Post-secondary institutions must be attuned to the needs of the market. To this end, witnesses from the academic world said that they need to increase collaboration with industry. Internships, scholarships and mentoring are just a few examples of this type of collaboration. As Professor Katzman said, Sheridan College “actively seeks opportunities for partnerships with industry leaders in Ontario, Canada, and North America.” And companies such as Ubisoft Entertainment “count on the accelerated development of juniors.” Pierre Proulx of Alliance numérique explained how this partnership actually works:

... the studios are currently making a lot more connections directly with Quebec universities. As a result, someone from Eidos Montreal may meet with a professor or the head of an animation or programming department to talk about various avenues and upcoming issues to makes changes and improvements to course programs. I would say that is done on a monthly basis. 

Stéphane D’Astous of Alliance numérique says he makes it a priority to attend “graduation ceremonies at colleges and universities.”

For its part, BioWare ULC works with Canadian universities in funding training. However, its director, Richard Iwaniuk, would like “universities to start to invest in game-specific programs.”

For Ubisoft Entertainment, companies count on the accelerated development of juniors to mitigate the shortage of workers. To do so, “they need to establish relationships with universities and colleges and massively invest in continuing training.”

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52 Evidence, Meeting No. 45, 1st Session, 41st Parliament, 1 November 2012, 1535.
54 Evidence, Meeting No. 44, 1st Session, 41st Parliament, 30 October 2012, 1630.
55 Ibid., 1635.
57 Ibid., 1625.
58 Ibid., 1550.
The exodus of workers to the United States is a reality that the video game industry has to contend with. As Avrim Katzman noted, a “great number of our graduates leave the country for jobs.”

This sentiment is echoed by Dennis Chenard, Director of Industry Relations with the Centre for Digital Media in Vancouver. The institution offers a master of digital media program, which is noteworthy because it “came out of industry for industry.” Although the program has been successful with both Canadian and foreign students, some of its graduates have left to “pursue opportunities abroad.” This problem was also noted by Scott Simpson, Chief Executive Officer of bitHeads:

A lot of those graduates are going down to work in California and elsewhere to actually ply their trade, because until recently, we haven’t had enough of an industry to actually employ them all.

However, this exodus is not irrevocable or irreversible. Some workers are returning to Canada, according to the director of Alliance numérique, Stéphane D’Astous:

What I can say is that I’m really proud that my small company is able to attract these people, who left 10 years ago, back to Canada, because we have the most interesting projects in our domain. That is the brain drain in reverse.

Lastly, Professor Sean Gouglas of the University of Alberta noted that there was still room for better cooperation between academia and the video game industry. There is potential for synergy between the two parties, especially with small independent companies:

Universities, and perhaps government, need to do a much better job promoting the development of Canadian IP in the gaming sector by promoting the independent gaming community, which in turn will promote innovation and equity.

4.4 Recruiting and retaining senior-level employees

It is clear from our study that many Canadian companies are having difficulty recruiting mid- and senior-level workers. Jayson Hilchie of ESAC explained that mid-level employees are crucial to training young recruits:

What is needed is a good mix between new grads and intermediate and senior employees in order to mentor and train those new grads so that they can eventually

59 Evidence, Meeting No. 45, 1st Session, 41st Parliament, 1 November 2012, 1605.
60 Ibid., 1545.
61 Ibid.
62 Evidence, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1645.
63 Evidence, Meeting No. 44, 1st Session, 41st Parliament, 30 October 2012, 1700.
64 Ibid., 1655.
become the intermediate and senior employees mentoring new grads who come out of our universities.65

Video game companies must invest in ongoing training to upgrade their employees’ skills. Luc Duchaine of Ubisoft Entertainment explained the three issues that are currently hindering training:

… first, the fast-paced evolution of required skills; second, the lack of interest for teaching from seniors in the industry; and third, for those who do want to, the lack of educational support to accompany seniors who, despite their technical expertise, have very few skills in pedagogy.66

According to Mr. Duchaine, the shortage of experienced staff does not help matters.67 This sentiment is echoed by Pierre Proulx of Alliance numérique, who stresses the importance of having a solid core of mid-level employees.68 According to the Writers Guild of Canada, more ongoing training for screenwriters involved in video games would be an avenue worth considering:

We would like to suggest that … it would be equally of value and would make more skilled writing talent immediately available if there was support for mid-career training programs that would allow experienced drama and comedy screenwriters to learn about the specific craft of video game writing.69

4.5 Recruiting foreign workers

The shortage of skilled human resources in Canada is forcing video game companies to recruit employees abroad. These companies are competing to attract and retain the best candidates.

The Temporary Foreign Worker Program was established to help Canadian employers address skills and labour shortages. It is jointly administered by Human Resources and Skills Development Canada (HRSDC) and Citizenship and Immigration Canada (CIC).

Canadian employers wanting to offer temporary employment to a foreign worker must first request a Labour Market Opinion (LMO) from the HRSDC, through a Service Canada centre. Obtaining a LMO means that the foreign worker fills a need in taking the job, and that no Canadian worker is available for the job. After obtaining an LMO, or if it is not required, the worker can then apply for a work permit from the CIC. In processing the

65 Ibid., 1620.
67 Ibid., 1625.
69 Ibid., 1535.
application, the CIC will take other factors into account, such as a medical examination and security criteria.

Ian Kelso of the Canadian Interactive Alliance noted that attracting skilled foreign workers has a ripple effect on training other employees in Canada:

I think we need to sustain our leadership position by ensuring we can get the talent here. As we get the best and the brightest from the world who want to move here, let's make sure we can get them here... Companies will not bring in talent gratuitously. It's a very expensive proposition. I think we should remember that every senior person who is brought here is a job enabler, and they create jobs for more Canadians.\(^70\)

During the course of our study, sector representatives pointed out that the process for obtaining work permits was too long and that the waiting period for obtaining the necessary visas was excessive. Michael Johnston of TeamSpace mentioned that his company's ability to grow staff had been affected by challenges in recruiting foreign workers:

... over the past couple of years, changes to temporary foreign IT worker guidelines have slowed the work permit process to a pace that is, frankly, untenable for us. That is particularly unfortunate, because often the immigrants we tend to need bring critical experience as mid- to senior-level project leads and game designers. Those experienced workers are much harder to find in Canada — most of them are busy — and it can take years of investment to grow them in-house. Those people have a multiplier effect. One new senior staff member may open up an opportunity to hire an entire new team of junior-level graduates to work under their leadership.\(^71\)

Alliance numérique explained that immigration delays have led to the cancellation of some projects. Pierre Proulx proposed shortening the time it takes to obtain immigration permits:

[T]he delays have been increasing. Two years ago we were looking at maybe eight weeks. Now we're looking at 16 weeks. That really hurts a project. When we invest in HR people to scan the globe to find the right talent, the right specialist, it takes four to five months before that person comes to our workplace to help us produce international high-quality games. It really hurts. Sometimes we need to cancel a couple of mandates because of that.\(^72\)

Other businesses that testified before the Committee as part of the study pointed out that they sometimes came up against the slowness and complexity of the immigration process. Luc Duchaine of Ubisoft Entertainment spoke about the delays in obtaining visas:

I should note that, for some countries, individuals need a visa to come to Canada. We are talking here about a delay of two to four months. It could take up to six months, as

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\(^{70}\) Evidence, Meeting No. 46, 1\(^{st}\) Session, 41\(^{st}\) Parliament, 6 November 2012, 1535.

\(^{71}\) Evidence, Meeting No. 45, 1\(^{st}\) Session, 41\(^{st}\) Parliament, 1 November 2012, 1600.

\(^{72}\) Evidence, Meeting No. 44, 1\(^{st}\) Session, 41\(^{st}\) Parliament, 30 October 2012, 1615.
occurred in a case at our company. In fact, we have been waiting for a Chinese employee for six months, and this is an internal transfer. An Ubisoft employee in China needs to transfer to come and work at Ubisoft in Canada. He has been waiting for six months.\textsuperscript{73}

ESAC asked the Committee for measures to be taken to remedy the situation:

[O]ur industry is facing a shortage of available talent at the intermediate, senior, and expert levels in various disciplines, and delays in processing work permits for foreign workers are causing significant challenges which must be addressed.\textsuperscript{74}

The Honourable Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism, explained that his department is “trying to be responsive to the needs of employers like this in cases where there are specialized skills that are just not available in the Canadian labour market.”\textsuperscript{75} However, the Department must strike a balance between giving Canadian workers a chance and welcoming foreign talent. The Minister admits that “the application process can seem complicated to some employers,”\textsuperscript{76} but pointed out that ways are constantly being sought to improve it.

As to processing times for applications made at CIC offices abroad, the Department has made it an objective to process 80\% of work applications within two months or less. However, the Minister acknowledges that wait times can vary for different reasons:

[T]he length of time it takes to finalize an application varies, as visa offices in different regions and countries face different processing challenges. Some receive many more applications than others and have far fewer resources to process applications. Also, an individual applicant's specific circumstances may impact the processing time.\textsuperscript{77}

Minister Kenney added:

[W]e get a lot of criticism from some quarters for allowing any temporary foreign workers into the country and from others suggesting that the process is far too lax. On the other hand, we hear from employers — not just in this industry, but right across the economic spectrum — that the rules for the temporary foreign worker program are too rigid. We're always trying to find the appropriate balance that ensures that the program operates on the basis of Canadians first but does not deny access to foreign nationals to do critical work when qualified Canadians are not available. We recognize that the application process can seem complicated to some employers. This is something we're trying to improve,….

\begin{flushleft}
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\textsuperscript{73} & Evidence, Meeting No. 43, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 25 October 2012, 1550. \\
\textsuperscript{74} & Evidence, Meeting No. 44, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 30 October 2012, 1545 \\
\textsuperscript{75} & Evidence, Meeting No. 51, 1\textsuperscript{st} Session, 41\textsuperscript{st} Parliament, 11 December 2012, 1540. \\
\textsuperscript{76} & Ibid., 1535. \\
\textsuperscript{77} & Ibid. \\
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In particular, the government has made significant changes to accelerate the LMO process. This past April, we launched a new, streamlined approach that will speed up the process for hiring temporary foreign workers to fill short-term skilled labour needs.\textsuperscript{78}

\textsuperscript{78} Ibid.
5.1 Introduction

The federal government provides support to businesses in the video game industry primarily through four mechanisms:

- The Scientific Research and Experimental Development (SR&ED) Program is a Canada Revenue Agency federal tax incentive program to encourage Canadian businesses to conduct research and development that will lead to new, improved, or technologically advanced products or processes. Under this program, “[c]laimants can apply for SR&ED investment tax credits for expenditures such as wages, materials, machinery, equipment, some overhead, and SR&ED contracts.”

- The National Research Council of Canada’s Industrial Research Assistance Program (IRAP) provides funding to support “small and medium-sized enterprises in Canada in the development and commercialization of technologies.” IRAP reimburses part of the salary costs associated with the development of a technological innovation project.

- Export Development Canada’s Export Guarantee Program offers loan guarantees to financial institutions in order to make it possible for Canadian small businesses to obtain “financing related to … federal and provincial Research and Development Tax Credits (R&D) as well as … Interactive Digital Media Tax Credits.”

- The Canada Media Fund (CMF) also provides financial support for the development of digital content and interactive software applications through its Convergent and Experimental funding streams.

It should be noted that provincial governments may offer income tax credits for expenses incurred in the production of interactive digital media, as well as support programs for small and medium-sized businesses in this sector.

79 Canada Revenue Agency, What is the SR&ED Program?
80 National Research Council of Canada, Industrial Research Assistance Program.
81 Export Development Canada, Export Guarantee Program.
5.2 Indirect support through research and development tax credits

The vast majority of witnesses who appeared before the Standing Committee on Canadian Heritage agreed that the video game industry has benefited from tax credits. Business executives such as Scott Simpson of bitHeads and Richard Iwaniuk of BioWare ULC were eloquent in this regard:

From BioWare's perspective, especially in the early years we were very fortunate to be able to rely on a lot of the government programs: first jobs in science and technology, IRAP, western economic diversification, and certainly the SR and ED tax credit programs. They were really important in helping us to grow as a studio without actually having to take external investment. 83

There is a consensus that federal and provincial research and development tax credits enabled the video game industry to grow and prosper. Since companies in the video game industry constantly have to innovate in order to remain competitive, research and development are at the core of their business plans. Companies must improve existing games by putting out new releases, while at the same time developing new products to attract new customers. Martin Carrier of WBGM, told the Committee that “R and D is to us something that is obviously ongoing and that's how we keep a competitive edge.” 84

Luc Duchaine, Communications Director at Ubisoft Entertainment, told the Committee that their industry is “an industry that's moving extremely fast, so R and D is critical for us.” 85 It is therefore not surprising that tax credits have created favourable business conditions for this industry:

The advantages of doing business in Canada are numerous, starting with attractive fiscal policies in certain provinces, especially in Quebec and Ontario, with respectively 37.5% and 40% in refundable tax credits, not to mention federal SR&ED (Scientific Research and Experimental Development) credits. 86

During our consultations, witnesses called for the federal government to create a tax credit for interactive digital media, similar to what is offered by several provinces. ESAC made it a recommendation in the brief it submitted to the Committee:

82 Evidence, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1540.
84 Ibid.
85 Ibid.
86 Ibid., 1545.
The introduction of a new federal IDM tax credit program, separate and distinct from the SR&ED and film and television production tax credits, and crafted to address the specific needs and business models of the IDM sector, will be crucial to its ongoing success.  

The Committee did not ask for the cost of such a program, nor did ESAC provide an estimate of the cost. 

Rob DePetris of KPMG told the Committee that, in its present form, the SR&ED tax credit currently offered by the federal government only partially benefits video game companies, because a portion of the labour involved, such as artists and writers, “aren’t subject to the SR and ED credit.” This issue was also raised by Scott Simpson of bitHeads, who stated:

If I’m building a game, most of that building is things like art and sound and voice actors and lots of different things that are not SR and ED eligible.  

Mr. Simpson also noted that government assistance programs sometimes have negative effects. Customers expect to be able to pay less for a video game because they know the company will be able to deduct a certain percentage of its production costs. 

Michael Johnson of TeamSpace told the Committee that instituting such a tax credit for interactive digital media would “incent us all to source talent from across Canada first, before looking abroad for potentially cheaper offshore resources.”

This recommendation was echoed by the Writers Guild of Canada and the Alliance of Canadian Cinema, Television and Radio Artists.  

5.3 Direct support to businesses

Several witnesses who participated in our consultations recalled the origins of the Canadian video game industry. A number of small companies started with limited means and have since grown and prospered, as Canada carved out an enviable place for itself on the global scene.

Today, small businesses full of potential are still being established. The development of online gaming and of games for mobile platforms is creating new

87 Entertainment Software Association of Canada, Game On, Canada! 2.0 – Supporting Canada’s Vibrant and Dynamic Video Game Industry, January 2013, p. 9.
89 Evidence, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1625.
90 Ibid.
91 Evidence, Meeting No. 45, 1st Session, 41st Parliament, 1 November 2012, 1600.
92 Evidence, Meeting No. 44, 1st Session, 41st Parliament, 30 October 2012, 1535.
93 Evidence, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1615.
opportunities. Consequently, these emerging companies could become the future success stories in the video game sector. Dennis Chenard of the Centre for Digital Media, for example, mentioned that in Vancouver “[w]e’re seeing a lot of student-initiated companies.”

As we have seen previously, witnesses who appeared before the Committee took a favourable view of tax credits. Rob DePetris of KPMG pointed out that “tax credits over the last 20 years have been a replacement for a high Canadian dollar.” It is important to bear in mind, however, that a business does not receive the money from tax credits until a project is finished, which can sometimes take years. Scott Simpson of bitHeads, Jason Kee of ESAC and Rob DePetris of KPMG explained that this situation leads to cash flow problems:

Most of the tax credits for small companies across Canada are on completion of projects, as Jason [Kee] was saying. The larger companies have annualized tax credits. The difference is you can’t go to the bank with these credits that are based on finished products because the bank won’t lend you money.

Several witnesses called for the federal government to increase its direct support to innovative companies, particularly through improved access to venture capital. A tax credit is not very useful to an emerging company that is looking for start-up capital. Denis Talbot pointed out that young companies are able to produce games, but “it’s hard to get access to the funding sometimes.” Ian Kelso of the Canadian Interactive Alliance believes it is necessary “to focus on finding tools for that seed round of funding to get companies off the ground.”

Carole Deniger of KPMG and Pierre Proulx of Alliance numérique spoke of the importance of supporting businesses in their work earlier in the development process, such as for the commercialization of products resulting from research and development efforts:

The tax credits offered by the provincial governments support product creation, but there is very little assistance for commercialization. So we have trouble in many cases,
particularly with regard to young start-up businesses that want to launch their own intellectual property.103

John Mark Seck, president of BlackCherry Digital Media, underlined the importance of obtaining marketing support “just because it would broaden the base and would require fewer resources from us to do that work.”104

Several witnesses also raised the issue of improved access to “venture capital,” which among other things can help cash-strapped companies to continue growing. Witnesses told the Committee that access to this type of capital in the later stages of their development is crucial. Peter Miller of Interactive Ontario had this to say:

Where we have been less successful is in the early-stage support. I define early-stage support as both early stage in the life of a company and early stage in the life of a project. That leads down two paths of VC, venture capital, support for early-stage financing of companies and project support for specific projects.105

Carole Deniger of KPMG believes the federal government can play a role by offering improved access to venture capital to finance innovative businesses:

Private third party venture capital has been quite successful in picking losers and winners, but in a more market-driven way with a portfolio approach… Government can play a role in supporting those third party investors, either directly or through incentives to individual and private investors to the third party venture capital fund.106

5.4 The Canada Media Fund

The Canada Media Fund (CMF) is a not-for-profit corporation that champions the creation and promotion of Canadian content and software applications for current and emerging digital platforms. Created in 2009 when the Canadian Television Fund and the Canada New Media Fund were merged, the CMF is a partnership between Canada’s cable and satellite distributors and the Government of Canada.

The CMF delivers financial support to the Canadian television and digital media industries through two streams of funding: the Convergent Stream and the Experimental Stream. The Convergent Stream supports production projects for digital content that will be distributed on at least two platforms, one of which is television. Selected projects must include digital content, such as “games, interactive web content, on-demand content,

103 Ibid.
104 Evidence, Meeting No. 45, 1st Session, 41st Parliament, 1 November 2012, 1655.
105 Evidence, Meeting No. 44, 1st Session, 41st Parliament, 30 October 2012, 1600.
106 Ibid.
podcasts, webisodes, and mobisodes.” These would be traditional games and games accompanying television programs funded by the CMF.

The Experimental Stream encourages the development of innovative, interactive digital media content and software applications, including “videogames, whether for PC, console, handheld console, mobile, or other platforms.”

In 2011–2012, the CMF provided $312.5 million to 509 projects under the Convergent Stream. Some $20 million in funding under this stream went to digital content, including a number of video game projects.

Under the Experimental Stream, 90 projects received a total of $32.9 million in funding. Among those projects, 15 video games received financial support. In 2012, the CMF participated in a major study of the digital media industry entitled New Directions for the Financing of Interactive Digital Media in Canada.

When he appeared before the Committee, Stéphane Cardin, CMF Vice-President of Industry and Public Affairs, stated that innovation is the principal criterion in evaluating projects submitted for funding under the Experimental Stream:

Given that the program is designed to support innovation and projects that might be of a riskier nature, less of a commercial nature at first blush, the amount of funding that CMF provides can be up to 75% of eligible expenses, up to a maximum of a million dollars per project. We have two rounds per year. We support approximately 45 to 50 projects annually, and the program has been quite successful if we measure it in terms of demand, because since its launch in April 2010, on average, the level of demand to projects selected has been about 3:1, so there is substantial oversubscription.

Moreover, as its name indicates, there is an element of risk inherent in supporting highly innovative projects. The CMF works with other partners to ensure that innovative companies can have access to venture capital:

We're trying to create partnerships with venture capital organizations, accelerators, and incubators across the country in the hope that the CMF might assist in bringing companies to a stage where venture capital organizations might be interested in coming in at a later stage.

110 Communications MDR, “New Directions for the Financing of Interactive Digital Media in Canada”, 2012.
111 Evidence, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1705.
112 Ibid., 1710.
During our consultations, most witnesses had positive things to say about the CMF. Ian Kelso of the Canadian Interactive Alliance complimented the fact that the CMF supports small businesses:

> [t]hose funds work really well for de-risking projects that are either for emerging companies or for companies that want to experiment and try something new within their existing framework that they wouldn't otherwise do for the marketplace.\(^\text{113}\)

Even the biggest players in the video game industry, such as WBGM, acknowledge that the CMF plays a key role in supporting smaller companies:

> [y]ou talked about the Canada media fund and that's been great in supporting smaller companies than us, that are starting out, some people who actually break out on their own and look to develop new games.\(^\text{114}\)

Some reservations were expressed, however, about the distribution of funds between the CMF’s two funding streams and the deadlines for submitting projects. Scott Simpson recognized the importance of the CMF’s role as a funding mechanism, but he also pointed to its limitations:

> [t]hings like the CMF, which are great, are specific to one kind of project that happens at a certain time of year with a certain kind of publisher.\(^\text{115}\)

Mr. Simpson felt that the application deadlines for projects should be revised:

> The biggest problem the CMF has for a company like mine is that it is a very project-focused business, and yet the application deadlines are in August and September. That means that if I have a publisher who wants to do a game starting then, that's great, but if I come up with a good idea in May, I'm kind of out of luck.\(^\text{116}\)

Alliance numérique called for Experimental Stream funding to be revised. Calling the video game sector “experimental” no longer corresponds to reality:

> It goes without saying that we loved the fact that our sector was characterized as experimental. In short, we are talking about approximately $33 million out of the $330 million or more that is paid out annually. That is barely 10%, which is very small, considering the impact, renewal, growth and salaries paid.\(^\text{117}\)

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113 Ibid., 1625.
115 *Evidence*, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1545.
116 Ibid., 1540.
Rob DePetris of KPMG echoed those sentiments and wondered: “How did a $67-billion industry become an experimental arm in Canada?”

5.5 Development of a national digital strategy

ESAC is in favour of developing a digital strategy:

ESAC urges the federal government to develop a digital economy strategy that addresses a full range of digital economy issues, including ready access to skilled labour and capital. Indeed, as already discussed by the companies that have appeared in previous sessions, our industry is facing a shortage of available talent at the intermediate, senior, and expert levels in various disciplines, and delays in processing work permits for foreign workers are causing significant challenges which must be addressed.

Given the complexity of the issue, however, ESAC “would rather the government take the time to do it right than to hurry something out the door.” A digital strategy would entail several interrelated components: tax credits, direct funding, training, immigration and regulation. Access to broadband Internet services is also an essential element, “because broadband is the future of our industry. We have to have broadband to access customers.”

The President and Chief Executive Officer of the Canadian Interactive Alliance, Ian Kelso, shares Jason Kee’s view. He supports the idea of developing a national digital strategy, insofar as it is “a living, breathing strategy.”

Several witnesses talked about the need for the country to adopt a policy on access to broadband Internet services. Such a policy would be central to the development of a Canadian digital strategy. According to Alliance numérique, video game companies would be the first to benefit:

Basically what we were asking from the federal government was to put out money to help implement infrastructure across Canada to have accessible broadband for everyone, at a low price, on any device.

Lance Davis of BC Interactive Group called for CRTC intervention in this area:

When you’re looking at regulations for the CRTC, how about a more robust set of rules for our broadband? Games are very much going digital and online. That, in fact, is the

118 Ibid., 1550.
119 Ibid., 1545.
120 Ibid.
121 Ibid., 1655.
122 Evidence, Meeting No. 46, 1st Session, 41st Parliament, 6 November 2012, 1620.
new generation, so anything that could bolster that change would be very much appreciated.  

Michael Johnston of TeamSpace also considers access to faster broadband Internet services to be a necessity, particularly since technological material is increasingly being distributed by means of cloud computing:

Things like high definition mobile video, anywhere/anytime gaming, and wireless commerce are becoming our new normal. We as a country need to have an infrastructure and a digital ecosystem that aligns with those demands if we hope to remain relevant to our target customers of tomorrow.  

Thinking along the same lines, Denis Talbot explained that the possibility of “cloud gaming” makes Internet access at a reasonable cost more and more necessary:

In order to get access to the cloud, you need the Internet. This Internet costs a lot of money, so if we want to continue developing games that will be going in the cloud, the consumer has to have easier access to Internet and not pay a lot of money.  

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125  Ibid., 1600.
126  Ibid., 1615.
CONCLUSION: THE COMMITTEE’S RECOMMENDATIONS

That the Government of Canada continue to support initiatives that promote the success of the Canadian video game industry, both nationally and internationally.

That the Government of Canada examine how it can support the Canadian video game industry in its challenges related to labour training.

That Citizenship and Immigration Canada and relevant departments work together with video game companies to facilitate the recruitment of specialized foreign workers to Canada.

That the Government of Canada examine how it could continue to support small and medium-sized businesses in the video game industry.

That the Government of Canada examine how it could support the commercialization of products born out of the research and development efforts of the Canadian video game industry.

That the Government of Canada examine how federal tax credits might better meet the needs of the video game industry.

That the Canada Media Fund continue to evaluate the allocation of resources between the convergent and the experimental funds to assess whether it meets the needs of the video game industry.

That the Government of Canada pursue its efforts to ensure that all Canadians have high-speed broadband Internet access.
CIC: Citizenship and Immigration Canada
CMF: Canada Media Fund
ESAC: Entertainment Software Association of Canada
HRSDC: Human Resources and Skills Development Canada
IDM: Interactive Digital Media
IP: Intellectual Property
IRAP: Industrial Research Assistance Program
LMO: Labour Market Opinion
SR&ED: Scientific Research and Experimental Development
TCS: Trade Commissioner Service
WBGM: Warner Brothers Games Montreal
### APPENDIX B
### LIST OF WITNESSES

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<td>Nathalie Clermont, Director, Program Management</td>
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<td>Sandra Collins, Vice-President of Operations and Chief Financial Officer</td>
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<td><strong>Department of Citizenship and Immigration</strong></td>
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<td>Sharon Chomyn, Director General, International Region</td>
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<td>Hon. Jason Kenney, Minister</td>
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<td>David Manicom, Director General, Immigration Branch</td>
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<td><strong>Department of Human Resources and Skills Development</strong></td>
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<td>Steven West, Director, Temporary Foreign Worker Program</td>
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<td><strong>Gamercamp</strong></td>
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<td>Jaime Woo, Festival Director and Co-Founder</td>
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Silicon Sisters Interactive
Brenda Gershkovitch, Chief Executive Officer

University of Alberta
Sean Gouglas, Director, Associate Professor, Interdisciplinary Studies, Faculty of Arts
Organizations and Individuals

Entertainment Software Association of Canada
REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (Meetings Nos. 43, 44, 45, 46, 48, 51, 58 and 59) is tabled.

Respectfully submitted,

Hon. Rob Moore

Chair
The members of the Official Opposition on the Heritage Committee would like to thank all the witnesses for their contribution to the study on the Entertainment Software Industry. We believe the committee’s report sufficiently reflects the evidence put forward by witnesses, although a number of the recommendations require further definition and explanation.

Supplements to Recommendation #3 (Temporary foreign workers)

As in other technical sectors where highly specialized skills are sometimes required, the NDP recognizes the challenges the industry may face in terms of its labour force. However, the recommendation regarding the recruitment of specialized foreign workers fails to underscore an important point about the management of the program by Citizenship and Immigration Canada and Human Resources and Skills Development.

The Temporary Foreign Worker Program should not supplant a job opportunity that could be filled by a Canadian or permanent resident in Canada. The public has repeatedly seen evidence that the program is being mis-managed. It is failing to ensure that Canadians and permanent residents have the first opportunity for jobs that are created. Therefore, the Official Opposition insists that CIC and HRSDC only permit temporary foreign workers to fill a position when there are no Canadians or permanent residents able to fill them.

The NDP recognizes that the entertainment software industry may be bringing in temporary foreign workers to train workers in Canada in their specialized fields. However, CIC and HRSDC should only permit these cases when a Canadian or permanent resident is not available.
Supplement to Recommendation #6 (Federal tax credits)

This recommendation, along with the whole report, fails to address the important issue of research and development tax credits. The NDP recommends that the Government delay the planned $500 million cut to the SR&ED program and instead, consult with industry on improving support for business R&D that do not result in a net loss of funding.

Supplement to Recommendation # 7 (Canadian Media Fund)

Witnesses have indicated that the Canadian Media Fund (CMF) may be well placed to support the video game industry, especially for new entrants into the market place. As the government reviews the performance of the CMF, the NDP agrees that the government should review how the Fund adequately responds to the needs of the sector. However, the NDP insists that this shouldn’t translate into a loss of government support for other media sectors.

Supplement to Recommendation #8 (Broadband internet access)

The NDP fully endorses efforts to bring broadband internet access to all Canadians. However, this recommendation does not go far enough. Canada needs a national digital strategy that addresses issues such as internet access, privacy, and the digital economy. The Conservatives have failed to provide a vision for how the government will address the many challenges that arise with the digital age.