



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on Canadian Heritage**

---

CHPC



NUMBER 043



1st SESSION



41st PARLIAMENT

---

**EVIDENCE**

**Thursday, October 25, 2012**



**Chair**

**The Honourable Rob Moore**



## Standing Committee on Canadian Heritage

Thursday, October 25, 2012

• (1535)

[English]

**The Vice-Chair (Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.)):** There has been a coup. Mr. Nantel is not here.

I'm going to go ahead with the introductions.

**An hon. member:** You did get elected.

**The Vice-Chair:** I did get elected to the empty chair, which has now been filled. Thank you very much.

Welcome. Pursuant to Standing Order 108(2), this meeting is on the Canadian entertainment software industry.

I'd like to welcome our guests. You have the privilege of being our first guests. We look forward to this.

I'd like to introduce to the committee, from Warner Brothers Games Montréal, Mr. Martin Carrier, vice-president and studio head. I hope I pronounced that correctly. From BioWare ULC, we have Richard Iwaniuk, who is the senior director of business planning and development. From Ubisoft Entertainment, we have Mr. Luc Duchaine, communications director. Gentlemen, thank you for coming.

We're going to start with Warner Brothers. Mr. Carrier, you have 10 minutes. Then we'll go to Mr. Iwaniuk, and then Mr. Duchaine, for 10 minutes each. We'll have the questioning after that.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel (Longueuil—Pierre-Boucher, NDP)):** I thought of playing this little trick on you to be able to ask you questions, but it did not work. So I am going to give you the floor.

Mr. Carrier, you have our attention.

**Mr. Martin Carrier (Vice-President and Studio Head, Warner Brothers Games Montréal):** First, let me thank you for giving us the opportunity to appear before you today and briefly talk about this industry, which has really evolved over time. I will do the first part of my presentation in French and the second part in English.

My name is Martin Carrier. I am a proud resident of Longueuil, near Montreal. Today I am representing Warner Brothers Games Montréal. Let me give you an overview of our company.

You are familiar with our name because of our movies. Everybody has certainly seen Batman this summer, which was a blockbuster for us. We also have major television productions. Just think of shows

like The Big Bang Theory, Ellen and The Voice—in which I will never star, I can assure you—and many other series that people often watch on TV around the world.

Warner Brothers has been in Canada since 1930. So we have been around in Canada for many years, not quite as long in Montreal. Our presence generates economic spinoffs of more than \$500 million, if we count film and television productions. There are many productions in Vancouver and Toronto. We also have the major brands that you are familiar with, like Harry Potter and DC Comics, and they are part of our family. We are very proud to have a strong presence in Canada.

Historically, we have produced many films and TV shows, but since 2005, we have decided to embark on the production of video games. Why have we made that decision? In the past, we often granted gaming licenses to companies that were here, either Ubisoft or Electronic Arts, to make games with Harry Potter or The Lord of the Rings, for example. In 2005, we decided to create our own video games subsidiary to be able to better produce our games. They were very well done in the past, but we wanted our employees to be involved in the production of games.

As a result, the subsidiary was created in 2005. In 2008, Martin Tremblay, a Canadian based in Burbank, near Los Angeles, California, was appointed head of the subsidiary. Since then, we have grown tremendously and we have acquired a number of studios around the world. I am thinking of those in Seattle or Boston, for example, with a company called Turbine that makes online games called MMOs. We hired people from the former Midway Chicago that made Mortal Kombat. We have also worked a great deal with a company in England called Rocksteady Studios Ltd. that has developed wonderful Batman games, as well as a company called TT Games that develops Lego games. So Warner Brothers has the license to develop all the Lego company's video games. It is a great success. We are talking about more than 80 million games sold, which is a lot.

We are very proud of the quality of our games and we strongly believe in this industry.

Why are we in Canada and why have we set up a studio in Montreal? I hope that these meetings will help you discover that Canada has some of the most talented video game developers in the world. Montreal has become a hub for this industry.

I have personally worked in the industry since 1997. Back in the day, I used to work with my colleague Luc at Ubisoft. In 2010, Martin Tremblay and I decided to create a new video game studio in Montreal.

[English]

Under Martin Tremblay's guidance, in 2010 we decided to create a whole new video game development studio in Montreal and to start from scratch. Basically it was a brand new operation that we decided to start, because we knew, and history had told us, that there was great talent and great opportunity for video game development in Montreal. We can look back at the influence the National Film Board had in terms of the animation industry in Canada. That was a real spark for our industry, which eventually grew to people who developed 3-D software, people from Softimage and so on.

Coupled with great universities, great artistic talent, and great creative talent, especially in Montreal, an industry grew out of that. From 1997 on, there has been a groundswell of activity in the video game development sector. We knew that Montreal was a great place in which to develop games. First we looked all around the world, from Florida to China. We looked at different cities all around the world, but we decided to set our sights on Montreal.

On June 1, 2010, we started our studio in Montreal. I'm very proud to say that today over 250 people work in our Montreal studio. We've had explosive growth in our studio. The most talented folks in the video game industry are working with us in our studio in Montreal, but also in other studios across the country.

Our main activity in Montreal is the development of games, of course. We work with some of the great licences from Warner Brothers, including those from the DC Entertainment family, the superheroes: Superman, Batman, Wonder Woman, and so on. We have two main sectors of development in Montreal. There are what we call triple-A games, which are our major sort of tent-pole types of developments which have sizable budgets that are in the tens of millions of dollars, in the area of \$30 million to \$50 million. We also have online games. They are free to play and are accessible online. Eventually they will be accessible on mobile devices.

Our first game was produced in Montreal in what we call the beta phase, which is accessible to everybody. It is called Cartoon Universe, which is entering the world of Looney Tunes: Bugs Bunny and Friends and Scooby-Doo, which is another evergreen for us and for kids. I'm also happy to say that our first console game will be coming out with the new Nintendo console, the Wii U, which is coming out on November 18, and we have a Batman game, Batman: Arkham City Armored Edition. That's going to be coming out in October.

[Translation]

In a nutshell, this is a booming industry in the world, but also in Canada and certainly in Montreal. These are people who are involved in the arts. Many artists work with us. Many designers develop the plot and progressions. As you know, video games have a series of challenges. Sometimes you have to save the princess, but there is more to it than that. There may be many interesting challenges and progressions. Now people frequently play online. So video games entail art, design and also a very strong technological aspect.

We have many computer scientists and engineers. They are highly educated people. It is always exciting to see our creative people and

our Cartesian people work together to create products that are exported worldwide.

We must be thoroughly proud of the fact that products that are created in Canada are exported everywhere. We are really selling millions of units. 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. We hire people who are creative, both artistically and technologically. They will push the limits of the products to turn them into some of the most sophisticated products in terms of Internet connection or multi-player functions. These are highly sophisticated products.

In our case, our presence in Canada has been a success so far. This is what we also want for our products. This means that talented people will want to move to Canada. Today, we are able to look for talented people around the world. We also hope that it will be easier for us to bring those talented people here.

When I graduated from university in the 1990s, there was talk of a brain drain. Now it is the opposite, at least in our industry. It is very positive for us.

Once again, thank you for giving me the opportunity to speak before your committee. I will now give the floor to my colleagues.

• (1545)

**The Vice-Chair (Mr. Pierre Nantel):** Thank you very much, Mr. Carrier.

I will now give the floor to Mr. Iwaniuk.

[English]

**Mr. Richard Iwaniuk (Senior Director, Business Planning and Development, BioWare ULC):** Thank you very much.

I will quickly provide some background about myself. I have been in the industry for 12 years, all with BioWare ULC. I'm a chartered accountant by training. I was their CFO for eight of those years. Since then, I have been the senior director of business planning and development.

BioWare ULC has two studios in Canada. The original studio was formed in 1995 in Edmonton, Alberta. We also have a studio in Montreal, which is a more recent addition. It has been in construction for about the last four years. We have been building up that team in a greenfield way. Between the two studios, we have 400 people: about 325 people in Edmonton, and 75 people in Montreal. The company was founded by two medical doctors who just retired last month. They were actively involved in the company from day one. They created a very creative environment. Our core values at the studio are quality in our games and at our workplace. We bring employees in from around the world who want to work on our games, but who also enjoy the benefits of being at a studio that fosters creativity and takes care of them and their families.

In 1995, we were founded in Edmonton. We started releasing games in 1996. Our first game was Shattered Steel. We make predominantly HD-type games, or larger games. These would be played on PCs or the major consoles. The two console manufacturers we have been creating games for are the PlayStation, which is the Sony platform, and the Xbox, which is Microsoft's platform. Most recently, with the velocity of technological change and with tablets and smart phones becoming ubiquitous throughout our industry, we have also started developing for those platforms as well.

From our perspective in terms of the quality in the games, ours are role-playing games. They are very story-driven, so decisions that you make in the game through conversation actually affect how the game plays out for you. It's almost like playing a living novel. Even though it is technologically driven, as my companion here noted, we also have a lot of designers, writers, artists, and animators. This is a very diverse group of people. We too find there are only certain programs within universities in Canada that can support the types of skill sets we need. We find that we are also having to bring people in from around the world to work on our games.

I think that is pretty much it. Martin covered most of the industry stuff; I don't really have much else that I can add to that.

[*Translation*]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Iwaniuk.

Mr. Duchaine now has the floor.

**Mr. Luc Duchaine (Communications Director, Ubisoft Entertainment Inc.):** Thank you, Mr. Chair.

Thank you for welcoming us today. It is a pleasure to talk about our industry. It is funny to hear Martin, whom I have known for a very long time, since we were both working at Ubisoft, and to see that we both share the same passion and concerns for our industry.

I represent Ubisoft, which is the largest developer in our country. Founded in France in 1986, this company established itself in Canada in 1997 in a studio in Montreal. It has gone from 50 employees in 1997 to 350 in 2000, to 1,000 in 2005. Today, we have 2,300 people working at our Montreal studio. That is without counting a studio in Quebec City that opened in 2005 and now has 300 people, and the Toronto studio that opened in 2010 and now also has 300 people. In 2008, we also acquired Hybride Technologies, a company that specializes in special effects for movies. It worked on films like Spy Kids and Avatar. This company now belongs to Ubisoft.

Canada's video game industry has 16,000 jobs, including 8,000 jobs in Quebec. That is a lot of jobs. We are the third most important country in the world in terms of video game production, after Japan and the United States, and the first country per capita. I think it is important to mention this. We are talking about 32,000 jobs in Japan and 25,000 in the United States. That is a positive growth for our industry and our companies. That allows us to create games that are leading brands in the video game industry. All you need to do is go to the video game fair, Electronic Entertainment Expo, or E3, which will be held next June, to see how well represented the games created in Canada are. At last year's E3, Ubisoft's four major titles were games created in Montreal and Toronto. In our view, that is really a big feather in Canada's cap.

Over the past 15 years, Ubisoft has launched more than 80 games, including several blockbusters, such as Tom Clancy's Splinter Cell, Tom Clancy's Rainbow Six, Just Dance, and last but not least, Assassin's Creed. Assassin's Creed is definitely the most popular game of all of them. Since its debut title in 2007, we have launched four games. The fifth one will be launched next Tuesday. So it is a very exciting time for us in our office. We look forward to the game being launched. We are talking about 38 million units sold, generating revenues of \$1.2 billion. Furthermore, this brand has gone beyond the frontiers of video games, since it has its own encyclopedia, comic books, novels, and will soon be brought to the big screen. In the past, we had licences, for example in the case of the movie Avatar, but we are now putting our private labels forward for movies, for example the Assassin's Creed brand.

Earlier Martin stressed an essential point, but I think it is important to reiterate it. It has to do with our industry's international profile. I know that our games have a home in Russia, South Africa, Australia, Japan, everywhere in Europe and in the United States. On those games, it says "Ubisoft Montreal presents" or "Ubisoft Toronto presents". The name of the city is always there. We feel that this international outreach is very useful for our country. That is one of the points I want to underscore. I see that the film, music and book industries are often extensively covered by the media. But the video game industry is more significant than those three industries in terms of revenues. We are talking about more than \$50 billion U.S. a year. So it really is a major 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. Beyond fiscal incentives, we have among the lowest tax rates in the world, excellent universities, a culture of innovation, and a cosmopolitan, multicultural population.

Although we are very pleased, this success remains fragile. I would like to emphasize three elements that are essential to the growth, innovation and commercial success of our industry.

Innovation is without a doubt the first pillar to focus on. This innovation is two-fold: creative and technological. In terms of creativity, we must count on an experienced workforce who can use their skills and knowledge to suggest innovating ideas. According to a recent TECHNOCompétences study, developers in the province have identified over 1,000 jobs to fill in 2012, the majority asking for two to seven years of experience. Also according to this study, the annual growth rate of the workforce in our field in Quebec has been 23,4% between 2002 and 2011. Let me remind you that Quebec represents half of the video game industry in the country. So it is significant.

• (1550)

As my colleagues said, in this context of full employment, companies have to look internationally. At Ubisoft, 30% of our 467 hires in 2011-2012 were from abroad.

Nevertheless, there exist two major issues that I would like to talk about. The first is receiving labour market opinions. The official process, although well-managed by the federal government, varies from one province to another. Quebec offers a simplified process for certain job categories, allowing us to get an LMO within four weeks.

However, this process covers approximately 50% of our requests. The delays for the rest are much longer. In the rest of the country, the accelerated labour market option is not restrictive and quicker. So we think the process is worthwhile. I should mention that this process was adopted quite recently, and it is a process that has made life significantly easier for us.

The second issue is processing delays at the embassies. 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 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.

It is the same story for Indian, Chinese, Brazilian, Ukrainian and Romanian employees, who make up a large proportion of programmers. So we need to wait a long time before being able to use their services. I'm talking about a delay of six months when a game's development cycle lasts 24 to 36 months typically. That's significant.

As my colleagues said, our industry has faced several shifts. There will be a new generation of consoles; the Wii U will be out soon. The rumours are persistent. There is talk that the other manufacturers are going to launch them. There are tablets and consoles. So this involves massive investments in R&D, which are essential to ensure our competitiveness internationally.

The latest budget plans for a reduction of the credits Ubisoft has asked for, and I suspect the same situation in the industry. Concretely, the budget reduces the general rate from 20% to 15% and the eligible portion of salaries and costs for employees who take part in R&D from 65% to 60%, then 55%. This is a significant drop. For Ubisoft, these changes represent an important shortage at a key moment of its evolution in a new market.

As I have mentioned earlier, the growth rate is significant, namely, higher than 20% in the past 10 years, but there is a lack of workforce. To palliate the lack of workforce, companies count on the accelerated development of juniors. To do so, they need to establish relationships with universities and colleges and massively invest in continuing training.

Nevertheless, there currently exist three major issues that hinder continuing 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.

To answer these issues, Ubisoft inaugurated a campus in 2005 to train the next generation. This initiative ended in 2010 and was replaced by another program to introduce the next generation to video games. This is an initiative for 12 to 15 year olds. It includes a base camp, an immersion camp for 15 to 18 year olds, a game lab competition and a summer school for 18 to 25 year olds.

Since the creation of this program, we have hired over 30 people. These are talented people recruited directly through these initiatives. We therefore believe that this kind of process is important. Our experienced players get involved and see their involvement as a form of social responsibility, without having to sacrifice a part of their compensation, or their participation in the production of games, which is also important. With the support of the various levels of government, this type of program can be deployed elsewhere in Canada.

Finally, commercial success is a combination of all the elements I have mentioned. You need to have an innovative idea supported by a powerful technology and an experienced team. It is a mathematical formula that will contribute to commercial success. If you take away a technology and the qualified people, you will not be able to produce a quality game.

We therefore believe that investing in research and development, in greater international mobility and in continuing training are conditions of success in order to foster growth, innovation and commercial success in our industry.

Thank you very much.

• (1555)

**The Vice-Chair (Mr. Pierre Nantel):** Thank you very much, Mr. Duchaine.

It is very exciting to hear what all three of you have to say. We rarely have access to such an active sector of the economy. It's fantastic.

I will now give the floor to our colleague, Terence Young.

[English]

**Mr. Terence Young (Oakville, CPC):** Thank you, Chair, and thank you very much to the witnesses for coming here today. The presentations are very interesting.

Monsieur Duchaine, you mentioned that low corporate tax rates were a key reason that your company expanded in Canada. I did the math. Did you say you have 2,600 employees in Canada now?

**Mr. Luc Duchaine:** We have nearly 3,000 now.

**Mr. Terence Young:** Nearly 3,000. We get that on this side of the House. I'm a member of the government party. We're the ones who took them down to 15%.

Could you talk about what else attracts you to Canada, to expand your company in Canada?

**Mr. Luc Duchaine:** Originally, what happened in 1997, to make a long story short, one promoter in Quebec met the founders of our company in France and convinced them to come and open a studio, that there were some tax breaks in Quebec. When he came back to Canada, he went to see the Quebec finance minister at the time, Mr. Bernard Landry, and he told him he had a French company that wanted to come to Montreal but they needed tax breaks. He played a kind of poker game with both sides. It worked and it was a good deal. Martin was there when the studio started in 1997. Also, the great thing is we had the innovation aspect, the creative aspect, in Montreal. Being a French company it was important to be in Montreal where there are a lot of French people, but it was also a good place to be, between North America and Europe.

All those elements really helped us to establish ourselves in Quebec. I don't remember the exact numbers we had in 1997 because the tax break has changed since then. It was lowered through the years.

**Mr. Terence Young:** The federal tax has gone down too.

**Mr. Luc Duchaine:** Quebec taxes have as well. We still have 37.5% in Quebec. Those are the various reasons. The studio grew, I would say exponentially. We had a couple of good games, but 2002 was really when our first big blockbuster came out. Since then the studio has established itself as one of the best, if not the best. Right now it is the biggest independent studio in the world. That's why people are coming.

**Mr. Terence Young:** I represent Oakville in Ontario, the home base for Sheridan College. It was announced recently that they have the best animation school in the world. They also have a fantastic musical theatre program. They have actors, etc.

Do you have any partnerships or have you done any work with Sheridan College in Ontario? Also, what are the hardest skill sets for you to find?

• (1600)

**Mr. Luc Duchaine:** Regarding the first question, I don't know the specifics for Sheridan College. That's something I could check on with our Toronto studio. I'm pretty sure they would have been in touch, because the Toronto video game culture is different from that in Montreal. In Montreal there are big players, such as, BioWare, Electronic Arts, Warner Bros., THQ, Square Enix, whereas Toronto has a different gaming culture with smaller companies.

I think we were the first really big studio to open in Toronto, so I wouldn't be surprised if we already have a relationship with Sheridan.

In response to your second question, I would say programmers are always the most difficult ones to get, because we need a vast number of people. If you have the best programmers but you have no artists, that's a challenge. Right now we have foreign programmers coming into the country, because this has been identified as a key job. But, for instance, we cannot have key artists or key game designers. Game designer is probably one of the most, if not the most, important jobs in the video game business, because that is the one that makes all the rules. For example, with Monopoly, there was a game designer who decided that if you land on Park Place, it's expensive, but if you land on the other blue square—I forget the

name since I haven't played Monopoly in a long time—you get more money.

That's game design. Those are the basics. That's where people have the fun. In design it's very difficult. There are a lot of programmers coming out of school, but fewer designers.

**Mr. Terence Young:** Does your company have any interaction with Export Development Canada, specifically with the export guarantee program?

**Mr. Luc Duchaine:** I don't know. I guess I should check that.

**Mr. Terence Young:** Maybe I could just ask a question of anyone who is here to answer. I think you know the entertainment software industry, your association, has voiced support for Bill C-11, the copyright modernization act. Is this piece of legislation supported by your companies, and how would it help your companies or your industry as a whole?

Maybe we could start with Mr. Carrier.

**Mr. Martin Carrier:** Our association, ESAC, Entertainment Software Association of Canada, has been supportive of the bill. What it speaks to for us particularly is the protection of intellectual property, which is paramount in our industry. We invest millions of dollars in creating or sustaining brands, and we certainly look for that protection in the bills that are put forward.

**Mr. Terence Young:** When you protect your property, you have to hire more people, which is exactly what you're doing, right?

**Mr. Martin Carrier:** Exactly.

**Mr. Terence Young:** Mr. Iwaniuk.

**Mr. Richard Iwaniuk:** It's a similar answer from our perspective. We're definitely supportive of it. The reality of the gaming industry, which has been alluded to by the other people at this table, is that it is an international business.

Fifty per cent of BioWare sales are in the rest of world and fifty per cent are North American typically. It's very good that we have supportable laws in Canada that take care of that. We still have work in our industry with respect to the rest of the world.

**Mr. Luc Duchaine:** I have nothing to add to what has been said. It is important to us that we support our intellectual property. It is the name of the game. That's why brands will be made into movies, and that's where our money is. The content is key for us.

**Mr. Terence Young:** Thank you.

Mr. Carrier do you have any interface with Export Development Canada in your company?

**Mr. Martin Carrier:** We have no direct interface.

**Mr. Terence Young:** Do you, Mr. Iwaniuk?

**Mr. Richard Iwaniuk:** No.

**Mr. Terence Young:** So that's not an issue. I wonder if you can tell the committee if you anticipate continual job creation and overall growth within the industry as a whole.

Please go ahead, Mr. Carrier.

**Mr. Martin Carrier:** We certainly hope so. What I can tell you is that when we started working on our Montreal or other studio expansion, the Canadian dollar was at 80¢ on the American dollar. Now we are at par.

We've been lucky to have great support programs through the multimedia tax credit, especially in Quebec. As long as we are able to have competitive measures and a competitive landscape, then I do believe we will continue growing, as long as commercial success is there to greet us also.

This is a growing industry that hires a lot of recent graduates, so as long as the winning conditions are there and the talent is available, hopefully we will continue to grow.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Carrier. Thank you, Mr. Young.

Mr. Cash, you have the floor.

[English]

**Mr. Andrew Cash (Davenport, NDP):** Thank you, Mr. Chair.

It's great to have all of you here. This is an important moment because this is an industry in the arts and entertainment sector broadly speaking, which is relatively new when you compare it to music, film, theatre, and all the other arts endeavours that we think of when we talk about arts and culture. In fact, as you've said here, you employ creative people essentially to create these games. These are by and large story-driven vehicles.

It's important for us to know about how your industry operates, what you need and what you would like to have from us to help support this and to help encourage growth in the sector and employment for our artists, designers and programmers. We're really interested in what you have to say.

I want to get a bit more context.

Mr. Duchaine, I think you mentioned that your big game had moved over....

• (1605)

**Mr. Luc Duchaine:** It was \$1.2 billion.

**Mr. Andrew Cash:** How many units would that have been?

**Mr. Luc Duchaine:** That was *Assassin's Creed*. It's over 38 million units.

**Mr. Andrew Cash:** Globally.

**Mr. Luc Duchaine:** Yes.

**Mr. Andrew Cash:** Those are astounding numbers. I'm curious about whether you think much about how this success is expressed to Canadians. For example, if we had a Canadian-made CD album that sold 38 million copies, and I haven't checked the numbers, but we're talking of Michael Jackson's *Thriller* territory, here we have

something, but Canadians largely don't know this. I think it's important that they do.

Do you talk about this? Do you think that element of it is important?

**Mr. Luc Duchaine:** Yes. You just touched on one of the key aspects that I'm fighting for.

Next week we'll be launching the new version of *Assassin's Creed*. I'm pushing my team to bring as much press to this as possible, because our industry, as you mentioned, despite the fact it's about 30 years old now—it was launched in the 1970s—is still a young industry compared to music. We're still considered by some an industry of geeks. Some still see us as kids who are living in our parents' garage developing games. It's sad in one way.

We try to get visibility, to get mass media to pay attention to what we do. I was listening to radio the other day and they were so excited to say that there's a Quebec singer called Marie-Mai who just sold 40,000 albums. I was driving my car and it made me crazy. She's getting all this spotlight, and it's in one province where what we all do....

I remember when I did *Avatar*. I went to Australia to promote *Avatar* and two people from BioWare were sitting on the same flight back from Sydney. All of us were from Canadian companies and we were in Australia. When is the last time you heard of Canadian filmmakers or musicians who get visibility all around the world? It is critical and we try. I think Martin was head of communications with us before. I think we all try to get as much visibility as possible. We just hope that mass media will consider us more as a grown-up industry. The average player is in his thirties now. He's no longer 15 and alone in his living room. It's a bigger industry than that.

**Mr. Martin Carrier:** If I may add to that, I think video games are a great untold Canadian story in a way. We are a massively successful industry, which has its challenges of course, but it's a great industry that helps Canada establish itself around the world. This morning I read something in *La Presse*. I guess we have to work on our image, but it said, "*Les jeux vidéo sont-ils sains pour les jeunes?*" "Are video games good for kids?" Yes, of course they are. They've certainly evolved over the years. 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.

I think we're much greater than that. It's an industry that's gone way beyond the clichés that we may have had in the past.

• (1610)

**Mr. Andrew Cash:** Absolutely.



We have an issue here in the Canadian arts and culture sector generally speaking where, for example, we have screenwriters who move to Los Angeles to work. We've got musicians and actors who do the same thing. If we created a context in which our artists stayed in Canada, I think it would be better for everybody.

What I'm hearing today is essentially you've got people wanting to come here. The analogies aren't perfect. There is this huge industry down in Los Angeles, and I understand that, but maybe there are things about why people want to come here that you can share with us and which can help us understand how we might be able to keep artists from other sectors here.

**Mr. Richard Iwaniuk:** Certainly, from my perspective and when I look at the companies that we have in Montreal and all Canada, it is a commitment to quality, and within our industry it's a well-respected development community. That quality comes from having quality work environments and being able to hire the right people for the job.

From my perspective, the companies here have done a really good job of establishing a solid reputation within the industry. That's one of the reasons people want to come. People want to move to Edmonton, of all places, because they want to work for BioWare. They want to move to Montreal because they want to work for Ubisoft or Warner. It's about creating excellent work environments. It's about building intellectual property in which people want to take part. They want to be part of that creative process that's a respected property worldwide. It's fundamental to that for us especially.

[*Translation*]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Iwaniuk.

Scott Simms now has the floor.

**Mr. Scott Simms:** Great. Thank you, Mr. Chair.

[*English*]

First of all, welcome, as I've said before.

One of the things I find interesting about this is that a lot of people out there, and this dovetails what Mr. Cash was saying, don't understand how much artistic value is involved in this. It's a technical thing according to everybody out there. To them it's all about the computers and knowing the computer languages, and it's not. There's a great deal of imagination involved here.

This is far from the days of Pitfall Harry and Pac-Man. This is obviously something that's gone beyond that to the point where it inspires movies, as you said earlier. There's a story to be told. It seems to me there's far more involved from the scriptwriting, concept development, perspective, all these things that exist in Hollywood. You play at that level as well.

**Mr. Richard Iwaniuk:** Absolutely.

Our team's actually on the development side. We'll peak at about 180 to 200 people when they're in full development. Of that, more than 70% are on the artistic side, so whether it's art, animation, the design of the game, a lot less of it's technology from that.

**Mr. Scott Simms:** Yes, and I noticed a lot of big name actors too who you would imagine would only be appearing in certain movies. They don't do the other stuff. They wouldn't dare venture into TV,

but they're doing the voices for video games. That also leads into just how large this industry is, and the artistic value of it.

You said earlier, Mr. Duchaine, and I guess similar to others, that you have in-house education that's pretty intense at all levels.

**Mr. Luc Duchaine:** Yes, we have no choice.

**Mr. Scott Simms:** Okay, that was my question. It sounds to me like you really didn't have a choice. How does government policy aid you in educating people for this particular industry?

**Mr. Luc Duchaine:** We entered into some deal at the time with the Quebec government to help educate people. Montreal has really boomed in the past 15 years. When we arrived in 1997 there were maybe one or two other developers in Montreal and through talent, government aid, and maybe a bit of luck, in Montreal we now have a real ecosystem of video games. We were there, and Electronic Arts arrived in 2002 or 2003, I think. Then Warner came and THQ, then Square Enix, Eidos. All the big guys were coming to Montreal.

We're not only competing locally for talent, because I know a bunch of guys working with Warner's and we have guys jumping from one ship to another. We worked together before. We know each other pretty well. We have guys jumping ship every week. Some come back and some go elsewhere. We had no choice but to create this education program to make sure that.... And some of them went to work elsewhere, not at Ubisoft. They didn't have a job guarantee when they finished.

That's why we created those four new programs from 12 to 25 to get them interested in video games. In the 1980s when I was a teenager, working in video games was not an option. My brother always told me to stop playing video games, where would that take me? It took me around the world. It was a pretty good bet to keep playing video games.

To come back to the artistic side, we have some world-class artists and world-class animators working on our games to make our characters move smoothly. In terms of artists, we have guys doing books. I know one artist who when he wants to go on vacation just does some art and sells it to a book company. He gets a couple of thousand dollars and he goes on vacation with his family. The art aspect is important.

I've been in the business 16 years now and I still have to convince my family I'm not another programmer.

• (1615)

**Mr. Scott Simms:** Do you attend conferences—film conferences, writing conferences, that sort of thing—more into the mainstream for artistry, like writing, graphic arts, graphic design, and that sort of thing? That's the first part.

The second part is, do you avail yourself of any programs from, say, the National Film Board, Telefilm, or anything to do with the Canada media fund?

**Mr. Luc Duchaine:** None that I'm aware of for the National Film Board because we don't do film per se, we do video games. We do attend a bunch of conferences on art and writing. Two years ago I was at the Toronto International Film Festival. We did a panel with Jon Landau, the *Avatar* producer, and people from the gaming industry in Toronto. We try to be as visible as possible. We've been to Sundance. We try to be everywhere to make our industry known and to get some writers to work for us, or some other people. The narrative aspect is so important, so yes, we need to attend those.

**Mr. Scott Simms:** Sorry, I don't have much time left and I'd ask all of you to answer this question, but do you deal with the Department of Canadian Heritage on anything?

**Mr. Luc Duchaine:** Not that I'm aware of.

**Mr. Richard Iwaniuk:** We did. BioWare's been acquired twice. In 2005 we were acquired, and we had conversations with Canadian Heritage back then. That was—

**Mr. Scott Simms:** On the acquisition.

**Mr. Richard Iwaniuk:** On the acquisition front, yes.

**Mr. Martin Carrier:** Warner Brothers is not directly in the games business, certainly, but one thing I'd like to note is you 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.

I know of one company in Montreal, called Red Barrels, that is developing its own video game now with support from the FMC, *Fonds des médias du Canada*, the Canada media fund. That support is great for our industry because we need all types of companies to have that ecosystem, bigger companies like us but also small start-ups that can break out and be the next Ubisoft or BioWare.

**The Vice-Chair (Mr. Pierre Nantel):** You have 45 seconds left.

**Mr. Scott Simms:** That's not bad.

Let me go back to the education part of it again. Are there people who are sponsored in any way, shape, or form from either provincial or federal governments? For example, can someone who is unemployed—because that happens a lot in our region—apply to get education through the human resources department, and you take them into your training program, or do you finance everything?

**Mr. Luc Duchaine:** For the e-campus, Ubisoft had financing from the government, but right now we're financing with external partners. For example, Autodesk, which is doing software, partners up with us to train those guys.

**Mr. Richard Iwaniuk:** For us, we predominantly finance it ourselves. There are some internship programs where we work with some of the universities across Canada, but it's predominantly funded by us.

**Mr. Martin Carrier:** We have bursary programs through the universities. That's how we support this—

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Carrier.

[English]

Did you want to complete one?

**Mr. Scott Simms:** No, it was just a final comment. I was just trying to understand the levers of government financing for things like arts and culture. I'm trying to figure how you factor into it. I'm getting the feeling it's not a hell of a lot. All right.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you very much, Mr. Simms.

[English]

Mr. Calandra, it's your turn.

•(1620)

**Mr. Paul Calandra (Oak Ridges—Markham, CPC):** Thank you.

I wonder if one or all three of you could just expand on intellectual property and protections that are required, especially in our trade agreements, with respect to intellectual property, and how we can do better if we're not doing well right now.

**Mr. Martin Carrier:** Sure. Obviously, just to state it again, intellectual property is what we invest in. It's our brands. It's how we create content. It's really paramount to our business.

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. Obviously, as the IP owners, we are looking for the utmost protection online or through other media. For us it's certainly something that is important.

**Mr. Richard Iwaniuk:** Likewise, for BioWare specifically, we own most of the IPs we are working in, so we do spend a fair amount of time and effort on enforcement.

It's a balance. We don't want to punish the people who are buying and engaging with our content, and that means fan sites, that means their wanting to create certain content in our universes. We try to balance that to make sure it's truly the outside infringements we're trying to prevent.

**Mr. Paul Calandra:** Is it the online universe that is your greatest source of attacks on intellectual property? Are there countries in the world that cause you more grief than others as we seek to bring even more success to your industry and more exports of your products?

What should we be looking for?

**Mr. Luc Duchaine:** One area where I would say that our intellectual property is maybe under attack is piracy.

Right now the market is shifting a bit for PC games. We have what we call free-to-play games. I don't know how familiar you are with that. It's a game you start playing for free, and if at one point you want to keep upgrading your character, you need to pay. Some guys will spend a lot of money on it. You would be impressed by how much money some spend. It's in the thousands of dollars. They are called the whales. That's a typical name in video gaming. It's about 1% of the audience, but about 90% do not pay a dime.

When we do a game on a PC or even on a console, there is piracy. I don't know if we've ever put a number on it, but it's costing a lot of money. People will do the simple math. We know that about a million people are playing, and we've sold, let's say, 50,000 copies or 100,000 copies. People will do simple conversions, saying we should have sold.... Some of them will never buy. Still, for me, it's piracy. It's stealing. They're stealing something that is not theirs, and people shouldn't do that.

That's one area that could potentially help us. It costs money. As Martin was saying, it costs tens of millions of dollars to develop a high-quality game.

**Mr. Paul Calandra:** Obviously, it costs thousands of jobs when people are stealing content.

During the Bill C-11 hearings, we heard a lot about digital locks. A lot of people suggested that we could take down digital locks. What's your position on that? How would a lack of digital locks impact your industry?

**Mr. Richard Iwaniuk:** I'm not familiar with that terminology.

**Mr. Paul Calandra:** It's locking the content so that nobody can steal it.

**Mr. Richard Iwaniuk:** It's basically DRM. If you are discussing the removal of DRM, this is a tricky question. BioWare has taken a different approach with respect to DRM. Our industry has different methodologies. Online connectivity that requires people to authenticate back to the servers to make sure it is a legitimate licence is one of the things we are doing. With the advent of social gaming, we are migrating to different business models, such as the play-for-free model, where you can pick up and play and then buy as you wish, but you require that online connectivity.

From our perspective, we work really hard to try to develop a relationship with our customers. We continue to give them content. We continue to give them value with the hope that they will continue to engage in our IPs in a legal way.

• (1625)

**Mr. Paul Calandra:** You talked about universities. I know that education is theoretically a different level of government.

We have a sector that is actually growing rapidly. These are very good, well-paying jobs. There are obviously hundreds of thousands of jobs available to people who are well trained. What do we have to do to unlock this block you're having with our colleges and universities? It's great that we have Sheridan College and Humber College and maybe even Centennial College, which is in your riding, but with the economy the way it is, it strikes me that if we did more of this, we would be graduating students who could go right into the workforce into very well-paying jobs.

What suggestions do you have, if any, to get them thinking about this sector so that you don't have to rely on our missions abroad to bring in foreign workers to fill these jobs?

**Mr. Richard Iwaniuk:** From our perspective, again, I think the industry has come a long way in the last few years. We're starting to build a critical mass of people. Universities are starting to recognize that this is a viable program. Let's use technology as an example. For programming, and I can't speak for the others, the reality is that we haven't hired anyone who hasn't had a masters degree in programming with a specific understanding of game programming. A lot of our sourcing comes from the University of Alberta. They have a specific game-based programming department.

We are starting to see that happening more often, because building designs, building levels, and even doing the art is different. Even writing for games is different from writing a novel. It's different from writing any sort of linear entertainment. We need to get the universities to start to invest in game-specific programs.

**Mr. Luc Duchaine:** I think I should add that it's nice to have universities invest, but as I was mentioning, right now we have a lack of what we call seniors in the industry. For us, we believe we've reached a plateau. That's when it starts to be more and more difficult, and that's why people will jump ship from one company to another. The offers are there. I know people who left us to go somewhere else, to another studio, even though they have some challenges right now in terms of finances. Why are they moving? There's no stress. The guy who has seven or eight years of experience in programming can find another job in a week. It's that easy.

When we talk about immigration, it's good to train newcomers, but at the same time, if we want to remain competitive, we need that critical mass of senior people. I think we've reached a level right now—I'll speak for Montreal, at least—where it's starting to get difficult. They're not multiplying themselves.

With newcomers, it's like anything else. They need to gain experience and learn the drill before they can become one of those seniors. At the same time, we need to remain at the top of the game if we want to sell, because our business is really difficult.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Duchaine.

[English]

I'm sorry, we're out of time.

[Translation]

So that we are all on the same page, could I ask Mr. Iwaniuk to give us a definition of DRM? Digital locks were mentioned, but you answered with another initialism, the DRM.

[English]

**Mr. Richard Iwaniuk:** The term "DRM" in our industry means digital rights management. It's exactly that: it's how we manage those digital rights for the consumers of the content.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you.

We are now starting a new round of questions. Matthew Dubé has the floor for five minutes.

**Mr. Matthew Dubé (Chambly—Borduas, NDP):** Thank you, Mr. Chair.

Thank you, gentlemen, for being here today.

At the risk of insulting a few people, I dare say that my age gives me a unique perspective on your industry. You and my colleague, Mr. Cash, mentioned the debate that the evolution of your industry has created on the artistic and cultural value of your industry in Canada, in Quebec and around the world.

With that in mind, I agree with you, Mr. Duchaine, about the great importance of designers. However, we are seeing the growing importance of actors who do the voices, for example, or even the scriptwriters. If I remember correctly, a history professor I had at McGill University had verified the accuracy of the facts in Assassin's Creed. These are the interesting types of thing we observe.

In recent years, an effort has been made to ensure that, as is the case with film, video games are available in French and that the dubbing is done in Canada, especially in Quebec. I dare say that you are pioneers in that regard. It's normal, since your company is French and its core is in Quebec.

My question is for all three of you. Aside from the employees who take care of the technological side of things, there are artists who are involved, particularly actors. What do you, as Canadian companies, do to ensure that you have Canadian content?

•(1630)

**Mr. Luc Duchaine:** We make an effort with this, particularly when it comes to actors.

The games are developed in English first, we have to admit that. My colleague here said that half his games are sold in North America. For us, that percentage is 40% to 50%, and the United States makes up 90% of that market. Quebec represents just a small portion.

It's important to mention that our games are in French. Yes, we are a French company. So we try to work with Canadian actors, actors from Toronto, or Montreal. You mentioned Assassin's Creed. A number of Quebec actors provided their voices for the French version. We try to work with Canadian writers, as well.

For equal talent, we will try to work with Canadian people. If we can get a truly exceptional talent, we'll hire that person. For example, for some games, we worked with the Malmö symphony orchestra, in Sweden. We are trying to get some variety in what we are doing, but for the artistic aspect, we are also trying to invest in local talent. It's something we are trying everywhere. The majority of employees are from here. The majority are Canadian, with many of them from Quebec. We are trying to invest in local talent. When we can, we do.

**Mr. Martin Carrier:** For us, our games are developed in French and English. In fact, all the games made in Montreal are in both languages. It is very important for us and important for our employees who speak English, French and a multitude of other languages. They come from all over, mainly Canada, but also from all over the world.

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. We do a lot of work with that in Montreal, and we use local artists.

These aren't necessarily the artists we would see in front of the camera. There are also movement artists, except they are in Spandex and have small points all over their body. So they are movement artists.

Very often, in video games, our animators are also mimes. So there are a number of cultural sectors involved that would not necessarily come to mind.

**Mr. Matthew Dubé:** You both just raised a number of points. It is easy for us to think of the schools and of all the technology available. But to what extent were your decisions to stay in Montreal, for example, or Toronto, influenced by the availability of local talent, be it musicians, actors or other artists who are available in the area and ready to work with you and who are basically well-supported?

**Mr. Luc Duchaine:** It's critical. This is part of our industry. Without these talents, we couldn't have the industry here. It's interesting because we developed it ourselves. It has been developed over the years. We were talking about critical mass and that is why today, we have Quebecers and Canadians working around the world for numerous developers. In fact, they gained this experience and developed it.

That is why we stay. I'll be honest, when we arrived in 1997, a number of people came from France, but others came out of schools, film schools, in particular. There was no real training. So we learned as we went along. That is why the industry is young. I'm not even 40 years old and I am part of the old guard. The average age is 33 years old, and I am really one of the old ones. I'm not kidding. It's a young industry. That's why we're staying.

The critical mass of talent was developed, which brought other players and led to a broader critical mass. So we gained an international reputation. Now, local and international talents want to work with us. Montreal has an international reputation for that when it comes to gaming.

**Mr. Matthew Dubé:** That is interesting, thank you.

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Duchaine. Thank you, Mr. Dubé.

Jim Hillyer has the floor.

• (1635)

[English]

**Mr. Jim Hillyer (Lethbridge, CPC):** I want to touch on something you brought up. Are video games healthy? You said yes. I am not going to contest that answer. They can be or they can't be, but it depends. My concern isn't so much with the content itself and whether it's too violent or there is too much sex or whatever. I think the industry does a good job of labelling and making people aware of the product they are getting their hands on.

You did refer to the guys in the basement locked up playing video games all day. That's the biggest concern I have for my kids. As parents, we can choose what they play. We can also determine how much they play. The beer commercials say to drink responsibly. The casino commercials say to know where the limit is. Does the industry have any responsibility when it comes to addiction? Let's face it. For some people, but not everyone, there is a potential for addiction in some of these online games. Is that something that you think should be the industry's concern at all?

**Mr. Martin Carrier:** With all entertainment, it should be done in good measure. It's entertainment, but it's also sports. You have guys who are training for a marathon and then end up with shin splints. It's really an individual responsibility to mix it up with either different entertainment or different games. It's also a parenting issue to some degree to make sure that kids are playing the right games, the games that are appropriate for them. We do create great products that people feel very passionate about. That may be one of the side effects. I think our gamers are very responsible. We certainly think, as an industry, often it's a personal responsibility of the gamers to know exactly when to draw the line.

**Mr. Jim Hillyer:** I can see heads nodding, so if there's nothing else to add—

**Mr. Luc Duchaine:** I agree. It's the same for movies and the same for television. It's the same for a lot of forms of entertainment. You have to self-regulate, and as a parent as well. It's the same advice I gave to all my friends who have kids: they should have limits. It's our job as parents to do so.

**Mr. Jim Hillyer:** Thank you. I don't want to spend too much time on that.

We've talked about why Canada is working for the industry and some of the things that have worked well for your industry. What are some of the obstacles to your industry? What's stopping you from getting to that next level? You could talk about markets and so on, but for the purpose of this committee, what government impediments are stopping you from going where you want to go, or are there any?

**Mr. Richard Iwaniuk:** All of us alluded to hiring people, being able to bring in people when we need to. Again, I would point to the more senior people within the organizations. We need them to continue to innovate and advance the industry. That, from our perspective, is certainly the biggest opportunity I see to working with the government: to improve that process. We need these people. We need to have those quality content creators to continue to push forward.

**Mr. Jim Hillyer:** I used to work for a technical school. People who wanted to be gamers would pursue a degree in computer programming. There was a lot of focus on programming for business. They'd say they weren't guaranteed to get a job with EA Sports to make the best games in the world. Some people even were equating it to being in the big leagues athletically. Now what I'm hearing is that if you know how to program for games, you will have a job for life. Are schools making a mistake by saying not to get too caught up in learning how to develop games?

**Mr. Luc Duchaine:** I don't know if they're making a mistake. I wouldn't judge them on that, because it's the field they know.

When I was in business school, they were pushing us to accounting, because being a *comptable agréé*—I don't know the expression in English—was a big thing at the time. Suddenly it became something else, and I did marketing. I didn't follow their guidance and it served me well. At the same time, it's because a lot of the people teaching don't know our business. They know general computer programming for playing or elements like that.

It's important that they be exposed to that business. I want to say that a good programmer will have a job for life, and a bad programmer probably not, because in our business talent is king. If you have no talent, you won't work. You can try....

• (1640)

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Duchaine.

[English]

Thank you, Mr. Hillyer. I'm sorry, you're out of time.

[Translation]

I will now give the floor to Ms. Sitsabaiesan.

[English]

**Ms. Rathika Sitsabaiesan (Scarborough—Rouge River, NDP):** Talent is king or queen.

**Mr. Luc Duchaine:** I prefer to deal with a woman if she's very talented.

**Ms. Rathika Sitsabaiesan:** Thank you all for being here with us.

I'm going to ask questions in a slightly different vein.

Mr. Iwaniuk, when you were speaking about the development phase of a game, you mentioned that 70% of the work is really done by artists, not programmers.

My question is for all of you. Could you please explain the life cycle of a game being developed? How many people would be involved and how many processes would it go through from conception until it reaches the consumer?

**Mr. Richard Iwaniuk:** BioWare makes role-playing games. It's going to be slightly different, depending on the genre.

From our perspective, a game development life cycle typically takes three years. It could be as short as two years if we're benchmarking off existing technologies. It could be as long as four years, maybe even five years, if we're building a new franchise, a new IP, from the ground up. But on average, two and a half to three and a half years is typically the timeframe.

We start with a fairly small team. They're typically content creators. They're the ones who are laying out the general design of the game, what they want the game mechanics to be, where in the world it wants to be. That's more on the creative aspect of it. We do that phase. Then we'll move into a prototype phase, where we will start to think about the features we want to have in the game and then start to test them. That's proof of concept. That's where technology starts to kick in for us.

**Ms. Rathika Sitsabaiesan:** The concept phase includes writers and screenwriters or artists, that kind of—

**Mr. Richard Iwaniuk:** Yes. It's artists, animators, writers, designers, and usually the executive producers. The senior leadership team of the particular project does the brainstorming.

We'll do some prototyping. We will figure out which features we think we can accomplish and set out points of innovation that we want for the game. Once we do what we call a vertical slice, which essentially is taking a vertical of the gameplay—it's a proof of concept, for all intents and purposes—and the tools are ready to start taking content into the game engine, then we move into production. Production will typically take 12 to 18 months, depending on the size of the game.

**Ms. Rathika Sitsabaiesan:** How many and what types of employees are you using at this point?

**Mr. Richard Iwaniuk:** 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.

Because our games are story driven, we have an awful lot of cinematic animators and designers who are part of our team, which is something that's different from a lot of the other genres.

**Ms. Rathika Sitsabaiesan:** Do the other two witnesses want to add something, or is it basically the same?

**Mr. Luc Duchaine:** Except for the tiny details, it's pretty much the same.

**Mr. Martin Carrier:** It's a fairly classic sort of bell curve, as far as the number of people working on it. We start with a small core team, where all sorts of design, art, and technology are involved, and then that core team goes through its proof of concept. Then it's

approved and we ramp up. We have lots of people working and producing at all the levels of the game, and then it ramps down.

A big part of it is also quality assurance, people testing the game, which is actually a great way to enter the industry. Testers get to play the game over and over again. That's work, by the way; it's not just fun and games. That tapers off and we either ship the game or we launch it, if it's an online game.

**Ms. Rathika Sitsabaiesan:** Every game you're developing involves a minimum of 300 pairs of hands—300 people, at least. Once it gets beyond the initial process of the creative element, the creative thinking of the actual game and the concept behind it, does product development involve teams of a couple hundred people?

• (1645)

**Mr. Martin Carrier:** It depends. Some of the games we're working on are smaller online games, so maybe that team will go up to 40, and you often have the same ratio of 1:1, as far as a tester is concerned.

**Mr. Luc Duchaine:** I was a producer before and I produced an iPad game, for example, with 14 people. So it's—

**Ms. Rathika Sitsabaiesan:** Okay. It's like the large—

**Mr. Luc Duchaine:** But we have a team of 400.

**Ms. Rathika Sitsabaiesan:** It's the large market ones that are going with the huge teams like that.

**Mr. Richard Iwaniuk:** When you think about all the actors who get involved, the localization, translation, worldwide QA, certification processes for getting the game so they can serve on platforms, it's well over 600 hands of different people who touch those games.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Ms. Sitsabaiesan.

Terence Young, you have the floor.

[English]

**Mr. Terence Young:** Thank you, Chair.

Somebody told me recently that the need for data in the network in Canada—data messaging through hand-helds and everything—is going to increase 16 times in the next five years. I assume a lot of that is driven by your industry.

We were talking about how many hands might touch a project, but if you take the spinoffs that your industry is driving, it's a huge telecommunications industry. There are six companies in the GTA that are building networks for data transmission.

I was just going through the jobs: artists, animators, musicians, actors, and you need accountants, cinematics, marketers.

Mr. Iwaniuk and Mr. Carrier, briefly, how do you hire writers, or are they already in your organization, and how many would work on a story? I'm curious.

**Mr. Richard Iwaniuk:** Our games are very writer intensive, so we usually have a lead writer and probably anywhere from 5 to 15 additional writers who write content for the game.

Our games are 50,000 to 70,000 lines and upwards of a million words.

**Mr. Terence Young:** What about actors? You can tell that some of the voices are synthesized, but some of them are real people's voices.

Do you hire actors, and how many might you hire for a project?

I will ask you both to answer.

**Mr. Martin Carrier:** Obviously, we hire a lot of actors. It's a little different for Warner Brothers because a lot of the characters we use have their own set voices. With Bugs Bunny, I can't always—

**Mr. Terence Young:** Mel Blanc, right?

**Mr. Martin Carrier:** Exactly. We kind of revive him for a weekend.

Sometimes we use tracks when we know exactly where the dialogue will go. We use the local talent unions. The UDA in Montreal, for example, will give us local voice talent that we can use.

**Mr. Terence Young:** For voice-over.

How about you, Mr. Iwaniuk?

**Mr. Richard Iwaniuk:** Again, because of the depth of our games and the volume of words and lines that are spoken, we reach out a fair way to get voice actors. We just finished the Mass Effect trilogy, three games launched over seven years. The lead actor was Mark Meer, who was born and raised in Edmonton.

**Mr. Terence Young:** Could you explain to the committee, Mr. Iwaniuk, how your online community operates and how many Canadians would be online in your own community?

**Mr. Richard Iwaniuk:** You're talking about the BioWare social community online.

We started building the community back in 1999. Our online community follows pretty closely what our worldwide sales are. It probably over-indexes more for North America than what our sales actually represent. From a Canadian perspective, I would say anywhere from 5% to 10% of the community traffic is Canadian-based.

**Mr. Terence Young:** What number of people would that be?

**Mr. Richard Iwaniuk:** Our community is somewhere between 3.5 million and 5 million people.

**Mr. Terence Young:** That's amazing.

I remember one time when I went downstairs to our rec room about eight or ten years ago. My son is 25 so it was probably 10 years ago. He was wearing a headset and playing with seven other guys at the same time. I told him that dinner was ready and he said, "Dad, I'm committed, you know." He was talking to these guys. He didn't know where they lived or anything. I was starting to realize the power of this community thing. It's very, very, influential.

Do your companies do any corporate donations or any programs for charities?

**Mr. Richard Iwaniuk:** Absolutely.

**Mr. Luc Duchaine:** We have a couple of programs. Our biggest one is *Club des petits déjeuners*. It's for kids. We gave over \$100,000 recently. We did our big event in the studio. We have another committee which we give to. We are located in the Mile End area in Montreal. 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. We give thousands of dollars a year.

• (1650)

**Mr. Richard Iwaniuk:** It's likewise for us. The company was founded by two doctors, and therefore, a lot of the philanthropic side of it is focused on children. We have the Stollery Children's Hospital in Edmonton. We're very fortunate to have that facility. We've been supporters of that for over 10 years in the amount of several hundreds of thousands of dollars through programs or direct support.

**Mr. Martin Carrier:** One of the things you'll find with video game companies is that we often set up shop in areas of town where other people don't want to go to.

Ubisoft is in the Mile End area of Montreal. When I was working there in 1997 the tumbleweeds were rolling on the street and there was nothing there. Now it's one of the hottest places in Montreal.

Warner Brothers set up shop in the east end in Place Dupuis near Place Émilie-Gamelin, which is one of the harder areas of Montreal, but it's certainly picking up. It's located right across from the Quebec national library. We were actually the first to donate video games to the library and introduce games to the library. Given that we're in an up and coming neighbourhood, we'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.

**Mr. Terence Young:** Based on where you locate your facilities in the city, you're helping to regenerate cities, too. This is a goal of this business, a great contribution.

Thank you very much.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Young.

Thank you very much, gentlemen.

Since this is something I'm quite interested in, I would like to ask a few questions. As vice-chair of this committee, I was given the consent of our friends opposite.

First, you said that motion capture and animation involve a lot of work and a large number of artists. Perhaps you all saw the show *Tout le monde en parle* two weeks ago. Micheline Lanctôt said that playing this type of role was her lifelong dream. She's a very experienced comedian from Quebec. It's certainly a nice challenge for her, artistically.

Is the success of a video game like this based on the people involved, the artistic direction and the design, or on the featured performers and special effects?

**Mr. Luc Duchaine:** It's a combination of the two. It takes an interesting world, a captivating universe and the technology to support it. Some very simple games do very well, but I am considering the overall picture. If the world is interesting and the technology supports it, all this together will provide a winning recipe. I think if you have these conditions, your game will be successful.

**The Vice-Chair (Mr. Pierre Nantel):** You are talking about a film and following the reverse process. You created a video game from the film *The Lord of the Rings*. You are now doing the opposite. You have created a universe in a game that is so interesting that a film is being made out of it.

**Mr. Luc Duchaine:** That is increasingly the case, and I think the same is true for my colleague from BioWare ULC. I am thinking about certain games of ours, but I'm not including games like *Just Dance*, where you dance in front of the television. It's fun, but a little limited. For example, there's *Assassin's Creed* or *Mass Effect*. The universes are so rich that there really is room to put them on the big screen.

**The Vice-Chair (Mr. Pierre Nantel):** I wanted to ask you another question.

When I worked for Cirque du Soleil, local people often worked on the productions. There were also athletes who came from elsewhere for special performances. However, there was a critical mass of local employees. But with respect to the design and staging, there is an artistic signature. This requires precedents. This needs to have been done beforehand.

Basically, do the people who arrive from overseas work particularly in design or in computer programming?

**Mr. Martin Carrier:** It's really for all jobs. I can give you a very clear example. We needed an expert in virtual communities. We found that person in Korea. So we had her come from Korea to Montreal and provide us with that expertise.

It is important to understand that, when we hire one expert from abroad, we can often surround that person with 10 local individuals who can learn from that person and take in that knowledge. So what's important is not so much that we're hiring someone from abroad, but that 10 other people can work around that person.

**The Vice-Chair (Mr. Pierre Nantel):** That's very interesting.

With respect to visibility, you mentioned a Quebec singer who was patting herself on the back for selling 40,000 albums.

**Mr. Luc Duchaine:** That's what I heard.

**The Vice-Chair (Mr. Pierre Nantel):** Honestly, that is what I would be doing if it were me. If she sells 40,000 records these days, that is a success. Perhaps you know that the number of records you have to sell to get a gold record in Canada has dropped from 50,000 to 40,000 because hardly anyone buys records anymore. Sell 40,000 and you have a gold record.

Would you like to have some way of measuring an achievement like that? Would you like to be able to show that you have passed a million? Is that something you would consider?

• (1655)

**Mr. Luc Duchaine:** Of course, that could be something that would interest our teams in terms of recognizing the games or the accomplishments. Celebrating the fact that so many millions or so many hundreds of thousands of copies have been sold in Canada would certainly interest people.

**The Vice-Chair (Mr. Pierre Nantel):** Of course, you and those who invest in your companies are well aware of it. You see the sales figures and your investors are satisfied.

But saying that a record has gone platinum lets people talk that record up. In little local industries, like in Quebec, that has certainly been the case, like everywhere in North America. It is like a second launch. So it is interesting. So something like that could interest you?

I have one last question for you. It deals with digital culture in general, in the sense that you have a product that goes beyond its environment. You have technological expectations and needs. Clearly, you lack specialized workers in some areas.

Do you think that we could do more in terms of cultural, artistic and creative development to create an awareness of the digital world in Canada? Do you think we could be doing better in that regard?

**Mr. Martin Carrier:** That is a very good question.

[English]

**Mr. Richard Iwaniuk:** When it comes to creating a greater digital awareness in Canada, our industry does a good job of talking to our industry, but it doesn't do a good job of talking broadly. That's really what it comes down to. That feeds back to your previous questions.

Do we celebrate? Absolutely. If we have a platinum hit, or whatever you want to call it, let's say a million unit sales on the Xbox platform, do we celebrate it? We do. With Microsoft and all of our partners, we do. We do press releases about it, but it really is targeted at the game-stream media. It doesn't get broad.

**A voice:** That's right.

**Mr. Richard Iwaniuk:** That's just the way it has operated.

Are we getting broader mainstream penetration? Yes, we're starting to see more articles in *The New York Times*. We're starting to see more mainstream press reviews on our games. Again, it's creating that critical mass. We're starting to see more of that penetration.



**Mr. Martin Carrier:** As I've always said, I'll know that we have arrived....

[Translation]

I will know that our industry has finally attained a certain maturity and has reached a certain level of recognition when I can open the Saturday paper and look at the video game listings like I can look at the movie listings or the arts and entertainment listings. That would be real recognition.

We have a lot of work to do and a lot of recognition to achieve. There was a celebration of video games in Vancouver last year in the form of the Canadian Videogame Awards. We are going to continue to support that in order to better showcase our industry.

**Mr. Luc Duchaine:** A key factor is that the next generation of people who will be writing and making television will have grown up with video games. So it will become second nature more and more.

I mean no disrespect to the people who are making television now, but they have not grown up with games. Their children have, but they still look at the industry as what I call "an anomaly". Once a year, it is kind of cute to do a report on video games. It is on their checklist of things to report on, like the first snowfall.

The Montreal International Game Summit is coming up in a month. You will hear about games for a couple of days, but it will be all over by November 15. Everyone will move on.

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Duchaine.

I am going to yield the floor to my colleague Paul Calandra. I should also add—and I have just agreed on this with Mr. Calandra—that, if people have other questions, they should speak up. Basically, when we run out of questions, the meeting will end.

Go ahead, Mr. Calandra.

[English]

**Mr. Paul Calandra:** Instead of asking a question, I'll just ask if you could do something. You talked earlier about the problems you are having with respect to bringing in appropriate people. As opposed to trying to get you to explain that further now, perhaps you could provide to the committee later some of the challenges you are having and some suggestions, and we could review that. I would appreciate it.

I have one last comment for Warner Brothers. I don't know if Scooby -Doo is new or not, but it's kind of like a soap opera now, and my daughters can't wait to see it, so thank you very much. It's spectacular. My youngest daughter is going out as Daphne this year.

**A voice:** A fantastic choice, if I may say so.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you very much.

Mr. Cash has a question.

• (1700)

[English]

**Mr. Andrew Cash:** Thanks.

We got a very good overview, and we'd like to thank you for that. I'd like to touch on how measures like the research and development cuts that were in the last budget affect an industry like yours.

**Mr. Richard Iwaniuk:** 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.

From our perspective now, we're a fairly stable, fairly large studio and part of a 9,000 person organization. The programs are very important still to continue to drive innovation within our organization. It's the smaller development teams that really need the continued support. I would expect that it probably has affected them more than us directly.

**Mr. Martin Carrier:** If I could just add to that, it is a very fast-growing industry. Of course, we have the artistic side, but the technological side and the online aspect is very important, so R and D is to us something that is obviously ongoing and that's how we keep a competitive edge.

**Mr. Andrew Cash:** In fact, there were cuts to R and D in the budget. When you're talking about the fact that if you're a smaller company, this is something that you relied on and needed, and we're talking about growing this industry, is this the right direction for the government?

**Mr. Luc Duchaine:** For us, even if we're a big studio, it's still important. R and D is critical. We're the flagship studio for the company. We're the biggest one. We do a lot of R and D. Having less money to do R and D can hinder our ability to invest and remain on top of the hill and remain in the top players in the world. It is important.

We are still growing. It's true for us. It's true for our Toronto studio. It's at 300 people now and they plan to go to 800 in a couple of years. A lot of people will be going in there. For us, it's the same thing. We're still planning to grow. We're not stopping our expansion in Montreal. R and D is critical. One of the points I touched upon in my opening statement was to keep that SR and ED in order to allow us to invest. We are at a critical moment in the business where certain papers will say that it is declining. Certain sales are, but right now with tablets, mobile smart phones, with Facebook, the population who have access to gaming has never been so big. We're talking about 1.8 billion people around the world who have access to games right now, whereas for consoles it's about 200 million. It is really booming and we need to be able to adapt. It's an industry that's moving extremely fast, so R and D is critical for us.

**Mr. Andrew Cash:** Yes, and given the fact that it is an export-based business, you're selling all over the world. Can you speak a little about the high Canadian dollar and its impact on the sector?

**Mr. Luc Duchaine:** I won't comment, because I don't know if there is an impact. For us, it's the labour, since we don't sell physical products. We sell digital, and it's manufactured all over the world, so I don't know what kind of impact it can have on our costs.

**Mr. Martin Carrier:** It has a development impact. Our labour costs go up compared to our original business plans, but in a way, we still have a competitive environment in Montreal and that is driven a lot by the talent. Of course, if it goes up, then our costs go up as far as our home office is concerned.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you, Mr. Carrier.

Thank you, Mr. Cash.

The chair now recognizes Ms. Wai Young.

[English]

**Ms. Wai Young (Vancouver South, CPC):** Thank you for coming, gentlemen. As I said earlier, my son is an avid gamer, and so I do know a little, not very much, about the sector.

I'd like to ask some broad questions. Maybe I missed them earlier and I apologize if that's the case. Then I want to ask some specific questions about your vision for this industry five years out, 10 years out, etc., because as you say, it's a very fast-moving sector.

First of all, how many companies and jobs in the sector do you think there are across Canada?

• (1705)

**Mr. Luc Duchaine:** There are about 16,000 jobs.

**Mr. Richard Iwaniuk:** There are about 16,000 jobs. That's the latest number.

**Ms. Wai Young:** Roughly how many companies are there?

**Mr. Richard Iwaniuk:** There are 360 companies.

**Mr. Luc Duchaine:** Oh boy, I don't remember.

**Mr. Richard Iwaniuk:** Yes, I think it's 350, somewhere in that range.

**Ms. Wai Young:** That's excellent. It's obviously a booming sector.

You mentioned earlier that bringing in skilled expertise and labour is a big issue for you. Is that across the board, for everything in terms of the different talent areas that you identified, such as the writing, the creativity and the programming?

**Mr. Richard Iwaniuk:** Yes, we deal with a significant velocity of change in our industry and that's changing even faster. Ten years ago when we were hiring, we'd put out an ad. We'd say we needed a programmer or an artist. Now when we put out an ad, we say we need an artist who understands this tool, this pipeline, this engine technology. Our need has become a lot more targeted. I think from our perspective that's part of it. It's very hard to find the senior people who can do those specific functions.

**Mr. Luc Duchaine:** If I could make a small comparison, and I'm the king of cheap comparisons, so follow me on this one, when we were building small stuff, one or two guys could do it. Now we need a guy specialized in every single detail. That's why it's a cheap comparison because at the same time, the more our games are specialized with foreign people working on them, you need one guy who will take care of the animation of the face, one guy who will do the animals, one guy who will do the walking cycle, one who will do the idle behaviour. We have become extremely specialized.

To come back to your question about bringing people in, we have fewer problems for programmers because the way it's set up with the LMO, it's different, I know it's a federal and provincial mix, but in Quebec it can take up to four weeks for programmers, for example, whereas for other jobs it can take way longer. In the rest of Canada, it's super fast. There's the accelerated LMO, which allows us to get people faster.

**Ms. Wai Young:** That's a good case for having a studio in Vancouver, perhaps.

Having said that, you described your bell curve. You seem to have a pretty cohesive sense of what you need to do, given your years of experience in this sector, right? Knowing this, wouldn't you plan that you were going to need a person in four weeks and therefore make an application or use a head hunter to find someone maybe six months before that, or whatever the case may be?

**Mr. Luc Duchaine:** We try to. At our company we're developing about 15 to 20 games at the same time. Some games will go well. Some games will have some challenges, as in any creative process. Sometimes you plan that one game will ship, let's say, in Q4 of this year, but there have been some changes in the business, for example, a new game has come out which changes the scope a bit, so you need to change the scope of your game.

We try to plan as much as possible but sometimes we cannot. This is a competitive industry. When your lead programmer leaves, you need a guy to replace him right away. If you don't have one, you need to find one, or you take someone from another project, but you still have an empty seat in the office that needs to be filled.

**Mr. Richard Iwaniuk:** To add to that, one of the things that's different about our particular industry is that there are an incredible number of dependencies. You alluded to it. It's different from film production where it's a very linear path. The choices in games open worlds where people can go. The dependencies are significantly greater, and if one of those dependencies derails on you, that's when you start running into these resource issues where you need to scramble to find people.

Ideally, I would love to say that in four weeks I know I'm going to need this person. We try, but it's not four weeks. That's the issue. It could be four months or six months, depending on the type of person you're trying to find. You have to find these people first, so the full process takes time.

**Ms. Wai Young:** It sounds also like there's a lot of mobility in your sector. People seem to go back and forth, or to different countries. Perhaps when they finish working on a game they take a year or two off, or they go to Australia, or whatever it happens to be; I have no idea.

Would you say that's true, that there's a lot of mobility in your sector?

**Mr. Richard Iwaniuk:** There is, and it does happen. That comes down to studios building destination places and being technological and innovative leaders within the industry. That's what keeps people with your organization.

Inevitably people will leave. That's the reality. We're talking about a very young and portable age group. It's a lot easier for them to pack up and move to San Francisco to work for competitors.

• (1710)

**The Vice-Chair (Mr. Pierre Nantel):** Thank you very much, Mr. Iwaniuk.

I'm sorry, Ms. Young, that's all the time.

I think this has been a very, very interesting—

**Mr. Paul Calandra:** There are more questions.

**The Vice-Chair (Mr. Pierre Nantel):** Oh.

**Mr. Paul Calandra:** Perhaps somebody could go. I know it's their turn. They're free to have another round.

**The Vice-Chair (Mr. Pierre Nantel):** Do you want to go for another round?

**An hon. member:** Yes.

**The Vice-Chair (Mr. Pierre Nantel):** Okay, there you go.

Monsieur Cash.

[*Translation*]

**A voice:** Are we starting another round?

**The Vice-Chair (Mr. Pierre Nantel):** Do we need to start a new round?

[*English*]

Do you want to have a complete round?

**Mr. Paul Calandra:** I'd like to ask some more questions, if there's another round or not.

[*Translation*]

**The Vice-Chair (Mr. Pierre Nantel):** My apologies, Mr. Cash. You have the floor.

[*English*]

**Mr. Andrew Cash:** Just as a quick point of clarification, Chair, how did we get off our rotation?

I mean, the government just asked a question. Doesn't it go to our side now?

[*Translation*]

**The Vice-Chair (Mr. Pierre Nantel):** Absolutely. It is your turn.

[*English*]

**Mr. Andrew Cash:** Oh. So you're going to me after all. Great.

I have a couple of questions flowing out of some of the last few rounds.

First of all, you have a great studio in Toronto, in my riding. Ubisoft employs a lot of young people who live in the community. They're not travelling great distances to get to work, so it's excellent. We need more of this in Toronto for sure. Toronto has an unemployment rate well above the national average, so this stuff is excellent. This is one of the reasons that I think this sector is so important.

I'm curious about the mobility piece, though, because we also have a lot of people right across the country who work contract to contract. It sounds to me like part of the issue here is about keeping people from moving around. I'm wondering if there are ways to induce workers to stay with your companies.

I'm just curious about why they keep moving around.

**Mr. Luc Duchaine:** There are lots of reasons.

We work a lot with core teams—a producer, a creative director, an art director—and sometimes you want to keep the creative team together. Sometimes they've just finished a game.

There are lots of reasons. There are as many reasons as there are people. For some, it will be because they want to create a new IP. They've done two games of the same franchise and they want to do something new. Internally, if we don't have that opening, they will go to another studio.

Sometimes it's because of family. If they move out of Montreal, it's because they go back to Europe, for example. When they get to their mid-thirties, and they have a wife—or husband, but mainly it's males in our industry—they'll go back home because they want their kids to be close to the grandparents.

We try to convince them. We try to offer them opportunities. At one point, though, I won't say there's a limit, but let's say they're making \$60,000, and we offer \$75,000. It's important not to start a bidding war, and offer \$80,000, \$85,000, and so on. As an industry it's important not to start a bidding war.

There are some guys who will get a giant raise and fast-track somewhere else. I don't know if it's the case in Edmonton, but for us we have a lot of big studios in Montreal.

We try to keep people, but they all have their reasons for leaving. Some come back. Some want to work on one specific brand. If you want to work on *Mass Effect*, well, you have to move to Edmonton. If you want to work on *Batman*, you have to work at Warner. If you want to work on *Assassin's Creed*, you have to come and see us at Ubisoft.

It goes with the franchise, as well.

**Mr. Andrew Cash:** Yes.

Does anyone else have anything to add to that?

**Mr. Martin Carrier:** I think the internal mobility between studios is a sign, especially in Montreal, that we now have a really great ecosystem of talent that can flow from one studio to another. People are really project driven. They want to work on a specific challenge they'll find in a DC game or in a BioWare game and so on. They feel free to move around. It's good to get that mix of talent.

**Mr. Andrew Cash:** Okay, thanks.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** You have the floor, Mr. Calandra.

[English]

**Mr. Paul Calandra:** Mr. Carrier, you said that you opened up a gaming division in 2005. Could you reiterate for me what you said about the growth of your industry in the last couple of years?

**Mr. Luc Duchaine:** In the past 10 years in Quebec, it's been an annual rate of 23.4% in terms of jobs. For us it went from zero to 3,000 in 15 years in Canada.

• (1715)

**Mr. Paul Calandra:** That's a remarkable rate of growth when you consider that it has been a high dollar environment since then, and you're still managing to grow. In fact, Mr. Carrier, you've actually started a brand new division in a high dollar environment.

Some people have suggested that cutting taxes for businesses—small, medium, and even large businesses—is a bad idea, that it kills jobs, kills growth, and does nothing to encourage people or business to open up and invest in Canada. Would you agree with that?

**Mr. Luc Duchaine:** Who wants to take that one?

**Mr. Martin Carrier:** I will answer in general terms.

**Mr. Paul Calandra:** I want to know specifically. If I increased your business taxes by 10%, or higher than any other jurisdiction around you, would that have an impact on whether you decided to stay in Canada?

**Mr. Andrew Cash:** I have a point of order, Mr. Chair.

First of all, the member is asking our invited guests to answer a hypothetical question that has nothing to do with what we're talking about here. It's showing a bit of disrespect.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** I am sorry, Mr. Cash.

[English]

It's a matter of debate.

**Mr. Scott Simms:** They first came here in 1997, so be careful who you compliment.

**Mr. Paul Calandra:** I have no problem complimenting any government that has helped an industry grow so big. My question is whether tax rates impact where you decide to invest.

**Mr. Martin Carrier:** We certainly look at all the competitive aspects. Truth be told, one of the reasons the industry grew at the rate it did especially in Quebec was that we got favourable tax breaks from the Quebec government. It was a great catalyst to the industry. With any business, we look to the most competitive environments.

**Mr. Paul Calandra:** Okay.

The opposition, the official opposition in particular, has been extraordinarily critical of this government for its focus on foreign-trained workers to fill the gaps when Canadians cannot fill those gaps.

Our immigration records show that we've expanded that area, because we can't fill some of those shortfalls. If we do what the opposition has asked us to do and kill the program entirely, how would that impact your business tomorrow?

**Mr. Andrew Cash:** Point of order.

[Translation]

**The Vice-Chair (Mr. Pierre Nantel):** Excuse me, Mr. Calandra. Just a moment, please.

I would like to ask our witnesses if they feel comfortable answering that question. If not, there is no problem if they do not answer.

[English]

**Mr. Paul Calandra:** No, I don't agree with that. I've asked a question of the witnesses, and I expect them to give me an answer. It's a pretty simple question. How will killing the foreign trained workers program for having foreign workers come into this country impact this industry?

**Mr. Andrew Cash:** Point of order.

[*Translation*]

**The Vice-Chair (Mr. Pierre Nantel):** I am sorry, Mr. Calandra, but Mr. Cash has a point of order.

[*English*]

**Mr. Andrew Cash:** My friend across the way is mischaracterizing the opposition once again. Be that as it may, this is not part of the study we are endeavouring to do right now.

[*Translation*]

**The Vice-Chair (Mr. Pierre Nantel):** I am sorry, but, as chair, I feel that it is part of the study. But I am going to ask Mr. Calandra here not to try to criticize the party opposite in front of the witnesses. You can ask all the questions you like, but not by saying “the idiots opposite think this, that or the other”. That is all I am asking of you. Ask the same questions, but without criticizing the opposition. We will do exactly the same.

You may continue, Mr. Calandra, unless you prefer to hear the witnesses answer right away.

[*English*]

**Mr. Paul Calandra:** If we did what the official opposition asked us to do and killed the program entirely, and you were unable to get foreign-trained professionals to come in and fill those gaps, how would that impact your business?

**Mr. Luc Duchaine:** First, when you are talking about the program, I am not sure that I know which one you are referring to.

**Mr. Paul Calandra:** You're not getting any LMOs. You're not going to foreign-based professionals to fill the gaps that Canadians can't fill.

**Mr. Luc Duchaine:** For us, as I mentioned in my opening statement, 30% of our hires last year were from abroad. The reason

for this was that in Quebec we had 1,000 jobs to fill for people with two years' to seven years' experience. For us, being able to bring in people from abroad is important.

Canada established itself as having the biggest number of video game developers in the world per capita. It has become a destination for people. The best talent in the world wants to work here.

If an open position for a programmer with 15 years' experience is not filled in a critical field, wherever that programmer comes from, it affects our global competitiveness. It's a problem for us, because the guys in China will have him and will be better than us. We want the best talent in the world.

• (1720)

**Mr. Paul Calandra:** Thank you for that. I appreciate it.

With that, I have a motion to adjourn.

[*Translation*]

**The Vice-Chair (Mr. Pierre Nantel):** Thank you very much. I accept your motion to adjourn.

Mr. Duchaine, Mr. Iwaniuk and Mr. Carrier, thank you very much for your testimony. I am sorry that we went off the rails at the end of the session. You will surely be happy to know that we are going to have Denis Talbot with us.

I am crossing my fingers because I think that he has contributed a lot to this pool of creative people.

Thank you very much. Until next time.

Meeting adjourned.





**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*  
Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,  
retourner cette COUVERTURE SEULEMENT à :*  
Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of  
the House of Commons

### **SPEAKER'S PERMISSION**

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and  
Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5  
Telephone: 613-941-5995 or 1-800-635-7943  
Fax: 613-954-5779 or 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the  
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

### **PERMISSION DU PRÉSIDENT**

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les  
Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5  
Téléphone : 613-941-5995 ou 1-800-635-7943  
Télécopieur : 613-954-5779 ou 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à  
l'adresse suivante : <http://www.parl.gc.ca>