Videogame Industry Policy:
a very brief overview

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Presented by

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A little bit about Nordicity.

Nordicity provides Strategy, Policy and Economic Analysis

We have profiled the cultural industries in Canada, including the interactive industry through the *2008 Canadian Interactive Industry Profile.*

Nordicity also often examines the cultural sector from economic impact and industrial policy perspectives.

Policy is all about perception.

Historically, games were not seen as an economic driver. Nor a cultural industry.

Discussion was centred on games as a negative social influence. (Too violent, too addictive)

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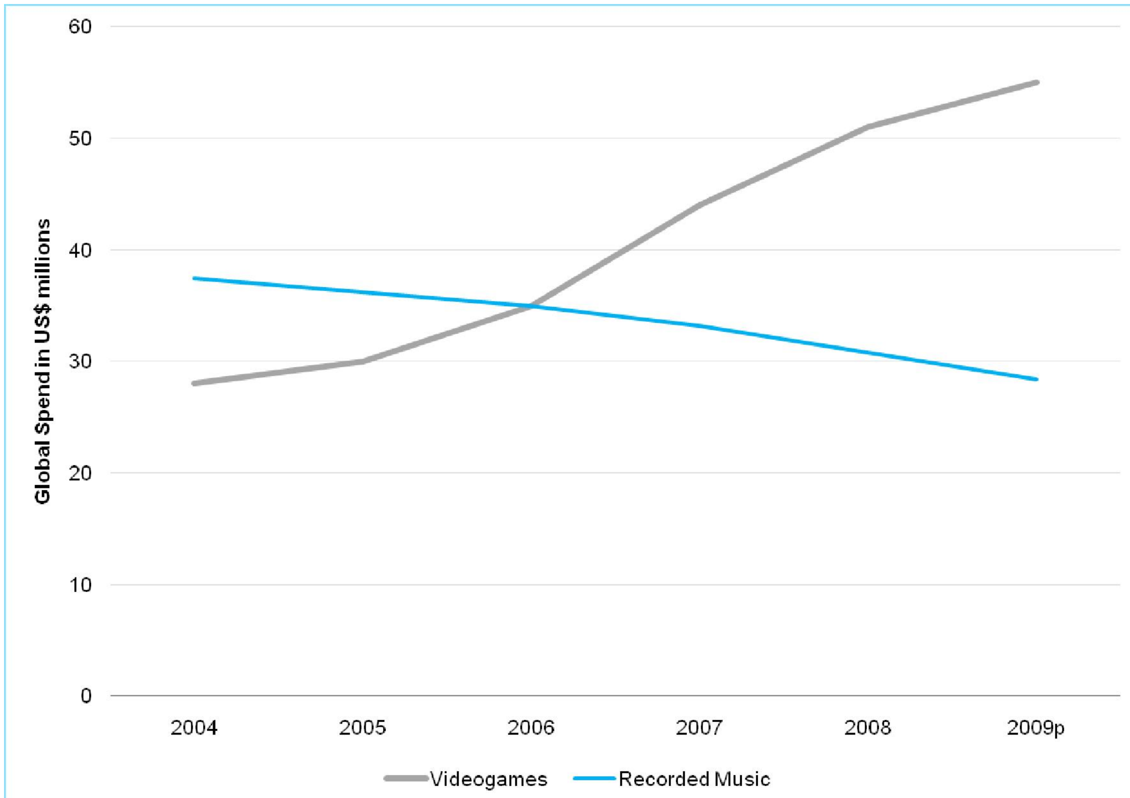
But then the videogame industry grew – and grew a lot.



Source: PwC *Global entertainment and media outlook: 2009-2013*

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As the industry grew, it attracted jobs – over 14,000 of them.

Major publishers went first to BC and Quebec (through EA and Ubisoft) and more recently to Ontario.

Numerous developers arose throughout Canada (247 companies at last count).

Now employs over 14,000 Canadians.

Grew in Canada by 24% in 2008.

Source: HAL, *Canada's Entertainment Software Industry: The Opportunities and Challenges of a Growing Industry;* PricewaterhouseCoopers *Global Entertainment and Media Outlook 2009-2013.*

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Now, it's one of the most sought-after industries for policy makers.

Canada (led by Quebec) is internationally recognized as having a very generous support system for game development.

The UK, for example, brandishes the aggressive Canadian policies as the reason to bring in tax credits – which may not make it in the very short legislative window available.

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Ontario keeps improving its support measures.

Improved OIDMTC: Removal of 90% production rule. Development expenses can receive tax credit annually

New MEDT support:

- ONtheEdge: a business skills training program.
- GamesID: market intelligence, marketing and promotional support.
- Investor Network: matching developers with investors.

OMDC's new IDM Fund

MRI's Emerging Technologies Fund.

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As federal policy shifts, it will directly and indirectly impact the games industry.

Mobile gaming: Industry Canada spectrum allocation and CRTC licensing regulations.

Online gaming: CRTC or Industry Canada ‘net neutrality’ regulations.

CMF – the convergent and “experimental” streams.

Other policies:

- expanding tax credits to games?
- More easily accessible SHRDs?
- Inclusion of games as culture in foreign ownership review consideration?

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There remain several cultural industry policy issues.

New mechanisms to access capital for greater leverage with publishers.

Restructuring support programs to provide upside potential for developers.

Unintended consequences of new initiatives.

Other approaches to industry support.

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Governments must justify investment with economic ROI.

Is ROI different for cultural industries than for technology industries?

How do you measure this ROI? Jobs created? Exports? GDP impact? Taxes paid?

How does industry justify access to “manufacturing” incentives?

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