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August 19, 2008

Dear Stakeholder,

We are pleased to announce the release of a landmark study on Ontario's digital games industry, entitled **Ontario 2012: Stimulating Growth in Ontario's Game Industry**. The study was conducted by SECOR Consulting Ltd., with funding from the Ontario Media Development Corporation, the Ministry of Economic Development & Trade, the Ministry of Research & Innovation and Interactive Ontario. The study is available on our website www.omdc.on.ca

According to the study's findings, Ontario has the opportunity to significantly enhance its presence in the growing digital game industry over the next five years, potentially becoming a global player.

Ontario's game industry is currently comprised primarily of mid-sized console developers and a broad range of small developers for PC, online, portable and mobile games. These companies employed approximately 850 digital game professionals and generated estimated revenues of \$70 million in 2006.

The Ontario Innovation Agenda, announced in April by Minister Wilkinson, identified the digital media industry as a priority sector for future growth in the province's economy. Following from this, Ontario's Next Generation of Jobs Fund is inviting proposals from the digital media sector for new initiatives that build on our existing excellence and strengths to create global market opportunities and to create more jobs.

Globally, the game industry generated \$32 billion in revenues in 2006, and is projected to continue growing at a rate of over 10 per cent annually over the next five years; a growth rate that is expected to outpace that of many traditional media industries.

The study's 17 recommendations call for close cooperation between government, industry and academia to help increase Ontario's global footprint in the industry and to continue to encourage the growth of innovative players by building on early successes such as Toronto's Cappybara Games, which won both the Best Game Mobile and Audio Achievement awards for their puzzle game *Critter Crunch* at the inaugural Independent Games Festival Mobile Awards held at the 2008 Game Developers Conference.

Many Ontario game developers have already benefited from such programs as OMDC's Interactive Digital Media Fund which the government has enhanced and expanded with \$7 million over the next four years, to increase the market share of Ontario-produced digital content. As well, the government supports the sector through OMDC's

Entertainment and Creative Cluster Partnerships Fund and the recently announced Screen-based Content Initiative.

The government also increased the Ontario Interactive Digital Media Tax Credit from 20 to 25 per cent for large companies and those creating digital content on a fee-for-service basis. Small businesses creating original content will continue to receive a tax credit of 30 percent of qualifying costs. The government has also extended the eligibility period for eligible labour expenses from two to three years.

While the study's recommendations require more detailed examination, they provide a good starting point from which government, academic institutions and the industry can continue to work together towards advancing Ontario as a leading game production centre.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Thorne-Stone". The signature is fluid and cursive, with a large initial 'K' and 'S'.

Karen Thorne-Stone
President & Chief Executive Officer