



COMPUTER ANIMATION STUDIOS OF ONTARIO

January 24, 2011

The Honourable Dwight Duncan
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor St.
Toronto, Ontario M7A 1Z1
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RE: Budget 2011

**Pre-Budget Consultation Submission to Finance Minister Duncan from
Computer Animation Studios on Ontario (CASO)**

Who we are:

Computer Animation Studios of Ontario (CASO) is a non-profit industry association established to promote the business interests of Ontario computer animation and digital visual effects companies. Our clients include both domestic and international companies for features, television, and all screen-based content. We are also a Member of screen-based industry consortium FilmOntario, and collaborate with them on competitiveness issues for the industry.

Current OCASE tax credit:

Thanks to the government's commitment to Ontario's screen-based industry, the OCASE tax credit has been a building block to help Ontario Visual Effects and Animations Studios develop the infrastructure necessary to compete on the world stage.

The 2009 enhancements to the OCASE tax credit have allowed us to work with more Canadian and Ontario based artists, which has helped us to retain more work in Ontario.

Our Recommendations:

After extensive review and consultation with our stakeholders, we offer the following two recommendations:

1. A 5% increase to the current OCASE tax credit

In the increasingly competitive digital media marketplace, a modest increase to the tax incentive will attract an increased share of international screen content to Ontario. Increased market share means more Ontario jobs, stronger Ontario companies and improved investment attraction to Ontario.

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2. Modify the OCASE Residency Requirements

Ontario colleges and universities have a well-deserved reputation for producing highly talented and skilled digital media technicians and artists. An impact of the industry's competitive nature, however, means that recruitment and retention of this talent is a challenge. Valuable, Ontario educated, experienced employees are increasingly lured away, diminishing Ontario's talent base.

We propose that modifying the OCASE definition of residency to allow employees to qualify based on their declared province of residence in the year of their employment will help Ontario both recruit new talent and recapture talent lost to other national and international jurisdictions. Employees must still declare all taxes in Ontario.

Once again, our thanks to you, and this government for your continued commitment to Ontario's screen-based industry competitiveness, protecting jobs and building companies.

We welcome an opportunity to meet with your team to discuss these two recommendations further.

Respectfully,

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