

# **Saskatchewan Cultural Industries Development Strategy**

## **Cultural Industries Development Strategy Committee**

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Jane Billinghamurst

June 30, 1997

Honourable Carol Teichrob  
Room 307  
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Regina, Saskatchewan  
S4S 0B3

Dear Mrs. Teichrob:

The Cultural Industries Development Strategy Committee is pleased to present its final report for government consideration.

The Cultural Industries Development Strategy Committee was established as a result of the Saskatchewan Government's 1995 publication *Responding to the Community: Proposals for Cultural Development*. The mandate was to create a cultural industries development strategy designed to develop a business plan for the book publishing, sound recording, and film and video industries, as well as the commercial visual arts and crafts. The Strategy was to include domestic and international marketing objectives, including reference to current Jilin, China, and Ukraine initiatives, as well as provide direction for a new Canada-Saskatchewan Partnership Agreement on Culture and new technology/information highway initiatives.

The Committee has enjoyed the last two years working together. Thank you for your support in this undertaking. We look forward to meeting with you to discuss the Strategy.

Sincerely,

Cultural Industries Development Strategy Committee  
Jane Billingham  
Lisa Donahue  
Marian Donnelly  
Terry Schwalm  
Susan Whitney

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Saskatchewan Craft Council

Saskatchewan Motion Picture Association

Saskatchewan Publishers Group

Saskatchewan Recording Industry Association

The cultural industries business community for encouraging and supporting staff participation.

# Executive Summary

## Mandate and Objectives

The mandate given by the Government of Saskatchewan to the Cultural Industries Development Strategy Committee was to develop a single vision for the cultural industries in Saskatchewan. This was to be achieved by developing a business plan for these industries that would include “domestic and international marketing objectives, including reference to current Jilin, China, and Ukraine initiatives, as well as provide direction for a new Canada-Saskatchewan partnership agreement and new technology/information highway initiatives.”

The objectives of the Cultural Industries Development Strategy as defined by the Committee were

- ✦ to document and assess existing businesses to identify a critical mass of cultural industry activity
- ✦ to consolidate existing information on each sector into one document and present a cogent plan for future development
- ✦ to generate solutions to the problems and issues facing the cultural industries through a process of discussion and collaboration, and
- ✦ to develop proposals for initiatives that, whenever possible, address the needs of all, or more than one, of the individual cultural industries, without losing sight of industry-specific needs and perspectives.

## Defining the Cultural Industries

In defining the cultural industries for Saskatchewan, the provincial government considered an industrial orientation towards job creation and primary employment, an interest in developing commercial cultural products for specific markets, and a critical mass of activity that would enable the sector to compete in Canada and abroad. Using these criteria, the province defined the cultural industries in Saskatchewan as book publishing, craft and visual arts, film and video, and music and sound recording. These are the four sectors addressed in this Strategy.

## The Role of the Cultural Industries

“Whereas it is preferable to be primarily a producer and exporter, rather than net importer, in other sectors of the economy, it is absolutely indispensable in the cultural industries. To be simply a consumer of someone else’s culture, rather than a producer of one’s own, is unacceptable.” *Canada’s International Business Strategy*

People record the past, celebrate the present, and envisage the future through stories, songs, and artifacts. Strong cultural industries give form and voice to the values that define us as a people, and they proclaim these values to those within the community and to those outside it. A community that knows where it has been and has a strong vision of its present identity knows where it is going. An imported culture cannot instill this sense of purpose; only indigenous voices can claim the future with such confidence.

Cultural industries contribute to more than just the culture of the province. In addition to their important role in enhancing the quality of life in Saskatchewan, they are at the heart of the technological revolution and comprise a steadily growing sector of the provincial economy. The presence of a strong cultural sector in Saskatchewan diversifies the province's traditional resource-based economy and contributes to the province's employment profile high-skill, high-value jobs that will enable Saskatchewan to compete in the international marketplace well into the 21st century.

The keys to maximizing the cultural and economic contributions the cultural industries can make in Saskatchewan are

- ✦ identifying common challenges and opportunities where sectors can combine forces
- ✦ recognizing and supporting diversity, and
- ✦ developing strong partnerships with government to lay the foundation for growth.

## The Strategy

The Cultural Industries Development Strategy Committee developed eight Key Result Areas (KRAs), each with specific recommendations as to how the cultural industries and the Government of Saskatchewan can work together to achieve sustainable growth and development in the book publishing, craft and visual arts, film and video, and music and sound recording industries in the province. For each KRA, the Committee makes a number of common recommendations, and, where appropriate, each sector puts forward industry-specific recommendations.

The eight KRAs are

- ✦ Product Supply
- ✦ Infrastructure
- ✦ Investment
- ✦ Domestic Market Development
- ✦ International Market Development
- ✦ Professional Development and Training
- ✦ Regulation and Policy, and
- ✦ New Technology and Multimedia.

### Product Supply

The cultural industries in Saskatchewan produce high-quality products. The challenge is to generate more product to service identified markets. The keys to more product, as identified by the Committee, are a vibrant artistic community, capital to finance product development and production facilities, and skilled personnel.

General recommendations include continued provincial support to the artistic community through the Saskatchewan Arts Board and a Small Business Loans Program to provide the cultural industries with access to capital. Craft and visual arts recommends increased training opportunities for craftspeople and artists in the province; film and video recommends a Saskatchewan Employment Tax Credit to develop and maintain the pool of highly skilled production personnel now found in Saskatchewan.

Further training issues are dealt with under Professional Development and Training.

### **Infrastructure**

The cultural industries are well served by strong industry associations, which are members of the Saskatchewan Council of Cultural Organizations (SCCO) and supported by the Saskatchewan Lotteries Trust system. Film and video also benefits from the presence of SaskFILM, and all the cultural industries benefit from the presence of the Saskatchewan Arts Board (SAB). Provincially, the cultural industries work mainly with the Department of Municipal Government; federally, with the Department of Canadian Heritage.

The Strategy recommends enhanced support for SCCO and the SAB, the designation of the Department of Municipal Government as the lead department responsible for provincial government policy development regarding the cultural industries, an increased role for the industry associations in light of the Strategy, the formation of a Cultural Industries Development Council to coordinate any initiatives arising out of the Strategy, and a renewed Canada-Saskatchewan Partnership Agreement on Culture.

Book publishing recommends continued and enhanced support to literary publishing and a provincial support base that encompasses more than just the literary publishers. Craft and visual arts recommends a provincial professional association for commercial galleries and a common forum for the craft and visual arts sector accessible to members of CARFAC, the Saskatchewan Craft Council, and the proposed professional galleries' association. Film and video stresses the importance of continued provincial support to the Saskatchewan Communications Network and the Sound Stage project.

### **Investment**

Investment in the cultural industries can be from private or public sources, although traditionally private investment in the cultural industries is difficult to garner. The Strategy recommends the implementation of a Product Investment/Loan Program for book publishing, craft and visual arts, and music and sound recording, along the lines of SaskFILM; and a Private Investor's Tax Credit Program to encourage individuals to make equity investments in Saskatchewan cultural businesses. Film and video underscores the importance of renewed funding to SaskFILM and the establishment of the Saskatchewan Employment Tax Credit.

### **Domestic Market Development**

Expanding market share in Canada is of crucial importance to all the cultural industries. The Strategy recommends a Marketing Initiatives Loan Fund and strategic linkages with government departments to help the cultural industries research and establish new markets. Film and video stresses the importance of theatrical screen time for Canadian productions.

### **International Market Development**

Each sector has distinct strategies for different market sectors. The Strategy recommends that the Marketing Initiatives Loan Fund include a component for international marketing; and that the cultural industries work with the Saskatchewan Trade and Export Partnership, government trade missions, and Canadian embassies to increase awareness of Saskatchewan cultural products abroad.

### **Professional Development and Training**

Key to the development of the cultural industries in Saskatchewan is the existence of a highly trained workforce and creative artists to produce raw materials. The Strategy recommends the establishment of a Professional Development and Training Fund, and encourages partnerships with Post-Secondary Education and Skills Training and FutureSkills.

### **Regulation and Policy**

Governments at the federal, provincial, and municipal levels each put into place regulations and policies that encourage or hinder industrial development.

At the federal level, the Strategy encourages the provincial government to support copyright reform and the Canadian Broadcasting Corporation. At the provincial level, the Strategy encourages a continued commitment to the Saskatchewan Communications Network; a Buy Saskatchewan preference for government purchases, licences, or commissions; and recognition of creators' rights in any interprovincial agreements.

Book publishing recommends a closer working relationship with the Provincial Library and Saskatchewan Education, the use of Saskatchewan-published materials in government literacy campaigns, tendering to Saskatchewan publishers of book-length government publications, and continued provincial support for the zero-rating of the Goods and Services Tax on books and keeping the provincial sales tax off books. Craft and visual arts recommends provincial industry standards, and a percentage of capital costs from government projects dedicated to craft and visual arts acquisitions.

### **New Technology and Multimedia**

The cultural industries recognize the importance of strategic partnerships in this rapidly evolving area. The Strategy recommends a New Technologies Product Investment Program to develop business opportunities for the cultural industries. The Strategy also recommends that the cultural industries work with the Government of Saskatchewan to develop strategic partnerships with the software development and telecommunications industries.

## Investment Summary

There are four global programs recommended in the Strategy:

- ✦ a Small Business Loan Program for operations and capital acquisitions
- ✦ a Marketing Initiatives Loan Fund for domestic and international market development
- ✦ a Professional Development Fund for training self-employed individuals, and in-house and freelance staff, and
- ✦ a New Technologies Product Investment Fund to develop business opportunities in new media.

There are also new core investment mechanisms proposed for book publishing, craft and visual arts, and music and sound recording. These are:

- ✦ a Product Investment/Loan Program for project funding, and
- ✦ a Private Investor's Tax Credit Program to encourage investment from individuals.

The film and video sector has an existing parallel to the Product Investment/Loan Program and has proposed a tax credit program of its own. These two film-specific programs supported by the Strategy are:

- ✦ SaskFILM and
- ✦ the proposed Saskatchewan Employment Tax Credit Program (SETC).

SaskFILM, established in 1993, was a key factor in the development of the film and video industry in Saskatchewan. As an investment mechanism designed to generate growth in a mature industry, the Saskatchewan Motion Picture Association has proposed the SETC. SaskFILM and the SETC are viewed as external to the Cultural Industries Development Strategy as they pre-date the Strategy and were developed independently. These film programs are presently being assessed by the provincial government and expectations are the implementation of the SETC and renewal of SaskFILM. With this improved product investment environment, the film sector is expected to grow significantly. The global programs recommended in this Strategy will be important to support corporate stability, and human resource and market development in the accompanying growth spurt that is anticipated by the film and video sector.

The performance objectives for the book publishing, craft and visual arts, and music and sound recording industries are based on the expectation that all six of the programs recommended by this Strategy – the two core investment programs and the four global programs - will be undertaken. Similarly, the performance objectives for the film and video industry are based on the expectation that the renewal of SaskFILM and the proposed SETC will receive government approval and that the four global programs outlined in this Strategy will be implemented.

The figures in Tables 1 and 2 are taken from a report entitled “Economic Impact of Saskatchewan's Cultural Industries.” The report is based on figures supplied to Saskatchewan Economic Development by the cultural industries. It is included in this Strategy as Appendix 4. Table 1 shows the direct and indirect economic impact of each sector of the cultural industries and the number of direct and indirect positions sustained by each sector in 1996. It also shows projected increases in direct and indirect economic

impact and jobs as a result of the programs recommended in the Cultural Industries Development Strategy, SaskFILM, and the SETC.

	<b>Books</b>	<b>Craft/Vis. Arts</b>	<b>Film &amp; Video</b>	<b>Music &amp; Sound</b>	<b>Totals</b>
Econ. Imp. 1996	\$2.75 million	\$14.93 million	\$29.80 million	\$27.01 million	\$ 74.49 million
Econ. Imp. 2003	\$3.64 million	\$17.75 million	\$72.71 million*	\$58.27 million	\$152.37 million
% Increase	32%	19%	144%	116%	105%
Positions 1996	51	848	570	1932	3401
Positions 2003	63	977	1625*	3207	5872
% Increase	23%	15%	185%	66%	70%

*Source:* Calculated by Saskatchewan Economic Development based on industry-supplied data.  
*Notes:* Figures are rounded off. See Appendix 4 for a more detailed analysis.  
 \*Film and video impacts are calculated to 2000/01, based on a recently prepared rigorous analysis of a three-year assessment, so are likely understated.

Table 2 assesses the net cost to government of implementing the six Strategy programs (\$6.1265 million) and the two film-specific programs: SaskFILM and the SETC (\$18.4 million). It includes the labour income impact of the additional positions created in each sector. Direct and indirect impacts are included for both economic impact and number of positions.

Table 2 totals the additional revenue and positions forecast for each sector as a result of this Strategy, SaskFILM, and the SETC (\$77.86 million in revenue and 2471 positions). It then subtracts from this the amount of money the government will be investing to create these returns (\$24.62 million) and the number of positions this money would have generated directly had it been spent elsewhere (422). In addition, it subtracts the indirect returns the government could have expected and the indirect positions it would have generated had the \$24.62 million been directed to general provincial government spending rather than invested in the Strategy programs, SaskFILM, and the SETC. This gives a combined direct and indirect government spending impact of \$32.85 million and 564 positions. Subtracting these amounts from the additional revenue and positions forecast for the cultural industries, the result is a net gain to government of \$45.01 million and 1907 positions as a result of the proposed Cultural Industries Development Strategy.

	<b>Economic Impact</b>	<b>Employment Impact (positions)</b>	<b>Labour Income Impact</b>
<b>Book Publishing</b>	\$ 0.88 million	12	\$ 0.32 million
<b>Craft and Visual Arts</b>	\$ 2.82 million	129	\$ 0.33 million
<b>Film and Video</b>	\$42.91 million*	1055*	\$23.98 million
<b>Music and Sound</b>	\$31.25 million	1275	\$ 8.31 million
<b>Total Impacts</b>	\$77.86 million	2471	\$32.94 million
<b>Less Government Spending Impact</b>	\$32.85 million	564	\$15.25 million
<b>Equals Total Net Impacts</b>	\$45.01 million	1907	\$17.69 million

*Source:* Calculated by Saskatchewan Economic Development based on industry-supplied data.

*Notes:* Figures are rounded off. See Appendix 4 for a more detailed analysis.

\*Film and video impacts are calculated to 2000/01, based on a recently prepared rigorous analysis of a three-year assessment, so are likely understated.

Table 3 breaks down the economic and employment impacts of each sector into direct and indirect impacts. These numbers (direct supplied by the cultural industries and indirect calculated by Saskatchewan Economic Development) are referred to throughout the Strategy.

	<b>Books</b>	<b>Craft/Vis Art</b>	<b>Film &amp; Video</b>	<b>Music &amp; Sound</b>
<b>Direct econ. impact 1996</b>	\$ 2.00 million	\$ 8.13 million	\$26.4 million	\$20.57 million
<b>Direct employ. impact 1996</b>	42 positions	800 positions	528 positions	1850 positions
<b>Direct &amp; indirect econ. 1996</b>	\$ 2.75 million	\$14.93 million	\$29.8 million	\$27.01 million
<b>Direct &amp; indirect emply. 1996</b>	51 positions	848 positions	570 positions	1932 positions
<b>Direct econ. impact 2003</b>	\$ 2.66 million	\$ 9.67 million	\$64.4 million*	\$42.70 million
<b>Direct employ. impact 2003</b>	51 positions	920 positions	1522 positions*	3000 positions
<b>Direct &amp; indirect econ. 2003</b>	\$ 3.64 million	\$17.75 million	\$72.71 million*	\$58.27 million
<b>Direct &amp; indirect emply. 2003</b>	63 positions	977 positions	1625 positions*	3207 positions

*Notes:* Figures are rounded off. See Appendix 4 for a more detailed analysis.  
\*Film and video impacts are calculated to 2000/01, based on a recently prepared rigorous analysis of a three-year assessment, so are likely understated.

# 1 The Role of Culture

Culture is the integrated pattern of human behaviour that includes thought, speech, action, and artifacts; it depends on the capacity of human beings to learn and transmit knowledge to succeeding generations. Cultural products are the embodiment of a community's culture and ensure the survival of this culture through the generations. Cultural industries facilitate the development, production, and dissemination of cultural products.

The products of Saskatchewan's cultural industries include books and songs, films and sculptures, CD-ROMs, and handcrafted objects and paintings. These products enrich the lives of those who live in a community; the role they play is immeasurable and often intensely practical. In *Focus on the Future*, The Arts Strategy Task Force records a pioneer woman who wrote of her early days of hardship: "We had to make the quilts fast so the children wouldn't freeze. We had to make them beautiful so our hearts wouldn't break." Major industries are hiring employees to operate computer systems on the basis of their creativity. A music education has been proven to positively effect learning ability and knowledge in the areas of reading, science, team sports, language skills, eye-hand coordination, organizational skills, mathematics, discipline, and sociability.

People learn from and respond to cultural products that reflect a reality with which they are familiar. Publisher and writer Geoffrey Ursell remembers coming across only one poem by a Saskatchewan poet when he was attending school in the province. Although he knew then that he was going to be a writer, he had no sense it could be done in Saskatchewan. The presence of the familiar reflected in art and literature, stories and films engenders community pride. Children who grow up with images of London and New York feel a need to leave their communities in order to progress. Indigenous cultural products lead to the understanding that home is a place worth investing in on both a personal and a business level. Cultural industries foster an appreciation of cultural products in the community and pave the way for the next generation of creators and producers.

Cultural products inspire debate and push a culture to strive for excellence. Artists are free to express views that politicians and community leaders with vested interests cannot. "Writers," says Geoffrey Ursell, "write things that need to be said. If publishers do not exist within the community, these things may not be heard." Books, films, sound recordings, and works of art and craft give a place a voice. If there is no mechanism for these voices to be heard, there is unnatural silence.

The body of work nurtured by the cultural industries is visible to the outside world and gives the indigenous culture a distinct identity that others can react to. A brief submitted by Thistle-down Press to the Book Publishing Policy Committee in 1993 offers this assessment: "Saskatchewan publishing is at the very heart of who we are as a people. Not to support it is to invite others from elsewhere to not only define us, and to exploit us, but to assimilate us culturally." The sentiment can be extended to the cultural industries as a whole. Cultural products define and celebrate a community's culture for those who live within it and advertise the community's culture to those who do not.

The social and cultural importance of cultural products is clear, as is the fact that it matters whether these products are indigenous or not. It is too often the case, however, that cultural products are assumed to have little economic value. The cultural industries not only enhance the quality of life in the province, they also make a substantial contribution to its economic well-being. Imported cultures do not provide the framework people need to build community pride and attract the attention of outsiders. A community that generates its own cultural products knows where it has been and where it plans to go. A strong indigenous culture is of increasing economic importance in a world where people are highly mobile and where communities compete for international attention: tourists do not visit places they have never heard of; investors rarely put their money into the unknown.

Saskatchewan's cultural industries comprise a steadily growing sector of the provincial economy; they are at the heart of the technological revolution and create products for the information highway. They make an important contribution to diversifying the province's traditional resource-based economy, and they foster an environment that appeals to tourists, investors, and both current and potential Saskatchewan residents.

The cultural industries in Saskatchewan work with creators in the province and across Canada to ensure wide distribution and recognition for high-quality artistic and cultural works that showcase the resources and talents of the people who live and work here. They are an essential building block in the social, cultural, and economic future of the province. The Cultural Industries Development Strategy discusses ways in which the cultural industries and the Government of Saskatchewan can work together to enhance the development of book publishing, craft and visual arts, film and video production, and music and sound recording to ensure the cultural industries' contribution to Saskatchewan's economic, social, and cultural prosperity is maximized.

## 2 The Mandate of the Cultural Industries Development Strategy

### 2.1 Process

In January of 1995, the Government of Saskatchewan released a cultural discussion paper, *Responding to the Community: Proposals for Cultural Development*, to “constitute a commitment to collaboratively shape future structures, priorities, and opportunities for cultural growth and development, in partnership with the people of Saskatchewan and their government.”

The first step towards the implementation of this restructuring process was to develop seven committees to plan and execute each of the seven main proposals in the paper. One of the proposals was the drafting of the Cultural Industries Development Strategy. Members of the Committee were nominated by the cultural industries associations and appointed by Minister’s Order. Government representation on the Committee was through two consultants from the Department of Municipal Government and a senior specialist from the Department of Finance.

The mandate given by the Government of Saskatchewan to the Cultural Industries Development Strategy was to develop a single vision for the cultural industries in Saskatchewan. This was to be achieved by developing a business plan for these industries that would include “domestic and international marketing objectives, including reference to current Jilin, China and Ukraine initiatives, as well as provide direction for a new Canada-Saskatchewan partnership agreement and new technology/information highway initiatives.”

Notwithstanding this business-oriented approach, the Committee also acknowledges that it has been the position of the provincial government for the past number of years on the issue of public support and responsibility for the cultural industries that far from being mutually exclusive, economic and cultural goals are often inextricably related and co-dependent. The product has value precisely because it offers a unique view of the world. Any industrial development strategy for the cultural industries in Saskatchewan has to not only position the industries to be more competitive in the marketplace but also nurture those qualities that make cultural products valuable to that marketplace.

The objectives of the Cultural Industries Development Strategy as defined by the Committee were:

- ✦ to document and assess existing businesses to identify a critical mass of cultural industry activity
- ✦ to consolidate existing information on each sector into one document and present a cogent plan for future development
- ✦ to generate solutions to the problems and issues facing the cultural industries through a process of discussion and collaboration, and
- ✦ to develop proposals for initiatives that, whenever possible, address the needs of all, or more than one, of the individual cultural industries, without losing sight of industry-specific needs and perspectives.

The Committee met from November 1995 to June 1997 to develop the Strategy. The resources it had at its disposal included *A Harvest of Books: Book Publishing in Saskatchewan* by Rowland Lorimer, Canadian Centre for Studies in Publishing, Simon Fraser University, commissioned by the Saskatchewan Publishers Group (SPG) and released in April 1993; *The Book Publishing Policy Report* prepared by the SPG and presented to the Minister, Department of Municipal Government, in June 1993; the *Visual Arts and Crafts Economic Impact Assessment* commissioned by Municipal Government and prepared by Anderson/Fast & Associates in November 1996 (referred to as *Anderson/Fast* throughout the Strategy); *The Saskatchewan Motion Picture Employment Tax Credit: A Proposal Submitted to Saskatchewan Municipal Government* by the Saskatchewan Motion Picture Association (SMPIA), November 8, 1996; *Strategy for Success*, SMPIA's strategic planning document; *The Film and Video Industry: An Independent Consultant's Study*, commissioned by Saskatchewan Finance and Treasury Board Division and prepared by Northwest Research and Consulting Inc. in August 1994 (referred to as *Balcon, Film*, throughout the Strategy); *Saskatchewan's Music Industry: An Independent Consultant's Study*, commissioned by the Saskatchewan Recording Industry Association (SRIA) and prepared by Northwest Research and Consulting Inc. in September 1994 (referred to as *Balcon, Sound*, throughout the Strategy); *The Future is Sound*, SRIA's action plan, prepared in 1996; and the *Evaluation of the Canada-Saskatchewan Partnership Agreement on Culture: Final Report*, prepared for the Evaluation Sub-Committee, Canada-Saskatchewan Partnership Agreement on Culture, by Derek Murray and Oswald Henry in December 1996; *Creating Careers: Human Resource Issues in the Cultural Industries, 1995*, commissioned by Human Resources Development Canada.

The industry representatives on the Committee drew up a draft Strategy, with each of the four sectors submitting sections and with government representatives providing direction and information at the request of industry representatives. The Strategy was edited by Jane Billingham.

The draft Strategy was presented to the cultural industries community at stakeholders' meetings in Saskatoon and Regina in March 1997. Appendix 3 lists the stakeholders who attended these meetings. Changes were made to the Strategy, where appropriate, to address the stakeholders' comments and concerns.

The figures from each industry were then given to Saskatchewan Economic Development, who prepared a report entitled "Economic Impact of Saskatchewan's Cultural Industries." This report is included as Appendix 4. The report assesses the impact of the proposed Strategy programs in the cultural industries sector and calculates the net cost to government of the Strategy based on forecast results.

## 2.2 Environment

The Strategy appreciates the critical role that the arts sector plays in the development of cultural products. It acknowledges Saskatchewan's artistic and cultural diversity and recognizes that the health and future development of the cultural industries in the province is directly and inextricably related to the ongoing prosperity of the arts in Saskatchewan and across the country.

The Strategy also recognizes the significant economic contribution of the cultural industries, with an output of \$74.49 million generating 3400 positions in 1996. This contribution is described in detail throughout the rest of the Strategy and specifically in section 6, Investment Summary. The recommendations in section 5, The Strategy, form the business strategy for industry development.

The cultural industries are still a relatively young and undeveloped sector of the provincial economy. The *Evaluation of the Canada-Saskatchewan Partnership Agreement on Culture* (Derek Murray Consulting Associates, 1996) indicates that this five-year federal-provincial program, which ran from 1991 to 1995, led to consolidation and growth in the book publishing, film and video, and music and sound recording sectors, resulting in more mature industries now poised for future development.

In addition to the findings of the Murray report, it is clear that there is an ever-increasing demand for Saskatchewan cultural product, that changes in technology offer opportunities for Saskatchewan's cultural industries, and that there is a shared desire on the part of both government and industry for Saskatchewan to assume a strategic position in the information age. All these factors contribute to the cultural industries' potential for job creation and profitability. The Committee believes that implementation of the recommendations in this Strategy will position the cultural industries to become a driving force in economic diversification and job creation in Saskatchewan in the future.

### 3 Defining the Cultural Industries

The term "cultural industries" is used to denote those sectors of the economy in which businesses earn their income from the development, production, and distribution of cultural products to third-party buyers or users. Whether they are one-of-a-kind or produced in multiples, the commercial products of cultural industries reflect ideas, attitudes, values, and opinions; express creativity; provide entertainment; and offer information and analysis.

Definitions of cultural industries vary from jurisdiction to jurisdiction. Factors taken into consideration include the size and scope of the sectors, an analysis of their economic and employment impact, their potential for growth and development, and how they fit with the vision for the economic future of the jurisdiction. Traditional cultural industries include film and video, music and sound recording, and book publishing.

In defining the cultural industries for Saskatchewan, the provincial government considered an industrial orientation towards job creation and primary employment, an interest in developing commercial cultural products for specific markets, and a critical mass of activity that would enable the sector to compete in Canada and abroad. Using these criteria, the province included craft and visual arts as a cultural industry because the sector includes many businesses and self-employed individuals whose primary interest is in the development of cultural products, either one-of-a-kind or produced in multiples, destined for third-party buyers or users.

In Saskatchewan, therefore, the cultural industries are defined as

- ☞ book publishing
- ☞ craft and visual arts

- ✦ film and video, and
- ✦ music and sound recording.

### 3.1 Industry Descriptions

Cultural industries provide an opportunity for us to see ourselves, our history, and our future reflected through the products created. The products created by Saskatchewan's cultural industries – films, videos, television programs, books, tapes, compact discs, CD-ROMs, paintings, sculpture, handmade craft – are the most influential forms of cultural expression, entertainment, and communication in the world today. The world knows about the province and its people through stories, songs, arts and crafts, and moving pictures created in Saskatchewan by Saskatchewan professionals. Not only that, but the cultural industries foster the kind of creativity and technological know-how that will be increasingly important job skills as technology advances. They also offer opportunities for the self-employed, a segment of the work force that is expected to increase in the future. They are thus important building blocks in the future profile of Saskatchewan's work force.

#### ✦ Book Publishing

Saskatchewan book publishers publish fiction, drama, poetry, educational texts, books in French and Aboriginal languages, reference books, history books, biographies, cookbooks, natural history books, guidebooks, coffee-table books, and books for children. They also publish academic journals and magazines and are developing CD-ROMs.

According to the results of a survey conducted by the Saskatchewan Publishers Group, in 1996, thirteen companies directly employed over 50 people in editorial, design, marketing, and office management, and provided employment for a further 125 people in related fields such as libraries, printing, and retailing (the industry-standard multiplier of 2.5 for indirect employment comes from Lorimer, *Harvest of Books*).

It is important to note when comparing figures in this Strategy that whereas the other subsectors include creators in their economic impact statements, book publishing does not include the economic activity or employment generated by writers in the province. With over 700 members, the Saskatchewan Writers Guild is one of the oldest and most vigorous writing groups in the country. Members such as Gail Bowen, Maggie Siggins, Lois Simmie, and David Carpenter contribute to sales in Saskatchewan bookstores, and interest in their work attracts attention to other Saskatchewan writers and to book publishers operating in the province.

Publishers in Saskatchewan have entered into co-publishing agreements with publishers in the United States, Europe, Scandinavia, China, and Ukraine; and Saskatchewan-published authors have garnered international awards and attention. Governor-General's award winners from the province include Anne Szumagalski and Guy Vanderhaeghe; Sharon Butala and Bonnie Burnard both began their published careers here. Saskatchewan book publishers attract international attention to the province by nurturing its writers, celebrating its landscape, and documenting its history in the languages of its people.

The book publishing industry in the province is at a critical juncture. The early to mid-1990s witnessed the departure of three major publishing houses: one ceased operations; the other two transferred their operations to Alberta. The economic impact of these losses has been mitigated somewhat by the arrival of several small, new publishing houses, and by the expansion of the operations of existing houses; however, the industry in 1996 finds its total economic impact at about the level it was in 1991/92. Now is the time to ensure that further losses do not occur and that those houses that have chosen to set up business or remain in the province enjoy a climate of support and investment that will enhance their future growth and development.

#### ☒ **Craft and Visual Arts**

The term “craft” is used extensively in Saskatchewan, and often the work being represented is “handicraft” (work that does not require any technical or design skill). For the purposes of this Strategy, craft means an object that is the original idea of the maker or a skillful rendering of a traditional design (for example, a quilt); handicraft and items made from kits are not included.

The visual arts and crafts produced in Saskatchewan are of exceptionally high quality and are characterized by a great diversity in the media used to create the product, in the methods of production employed, and in the price of the product. At least 26 recognized media were identified in the 1996 Anderson Fast *Visual Arts and Crafts Economic Impact Assessment*. The level of production varies from one-of-a-kind objects, to multiples, to commissions and limited editions. Price points range from ten dollars to tens of thousands of dollars. This diversity is one of the industry’s strongest features.

The visual arts and craft industry comprises 800 individual producers, dozens of related businesses, private and public galleries, suppliers, educators, and retailers. All contribute to the economic and social well-being of our province. Through the work of Saskatchewan artists such as Dorothy Knowles, Michael Hosaluk, and Joe Fafard our quality of life is enriched; our values are conveyed; and our history is preserved, transformed, and interpreted to future generations and people of other places.

#### ☒ **Film and Video**

Saskatchewan’s film and video industry is the fastest-growing sector among the province’s cultural industries. It is also the largest sector in dollar terms because film and video production is labour intensive and requires a more sophisticated technical infrastructure than other cultural industries. For example, in some other sectors a single artisan working alone is able to produce cultural products of the highest order. By contrast, film and video production is a complex undertaking that requires close collaboration from conception to completion, typically involving many people with a wide variety of skills.

Film and video production activity in 1996 reached \$26.4 million, a 400% increase from 1991 levels, confirming the industry’s dramatic growth (*The Saskatchewan Motion Picture Tax Credit; Balcon, Film*). The Saskatchewan Motion Picture Association (SMPIA) supports the growth of our industry both for its intrinsic cultural value to the people of Saskatchewan, and for its economic benefits to our province. (For the purposes of this Strategy, the various elements of the industry – television, film, video, audio and

video post-production, CD-ROM, and multimedia – will be grouped under the umbrella terms “film and video” or “motion picture,” which are used interchangeably.)

The motion picture industry is a hybrid: it combines technical expertise with ingenuity and creativity to bring into being new stories that reflect our Saskatchewan way of life to one another and to audiences around the world, using media that are immediate and compelling. Our unique stories, our distinctive landscapes, the faces and accents of our people, and our way of seeing the human condition are incorporated into our products. The dramatic global growth in demand for motion picture product is testimony to its power in informing, enlightening, and entertaining us.

There are over 50 production and production services companies in Saskatchewan; several multimedia producers and audio, post-production facilities; and two artist-run equipment access centres. A number of these companies undertook major expansions and/or upgrades in 1996.

The industry is labour intensive and comprises a wide range of highly skilled creative and technical people. From 45% to 60% of total production budgets are allocated to labour costs. The motion picture industry provides opportunities for a diversity of people to work at creative, high-skill, high-value jobs. It also requires a wide range of materials and services, making an impact on the local economy.

In 1996 motion picture production directly provided 528 creative, technical, and administrative positions in Saskatchewan (*The Saskatchewan Motion Picture Tax Credit*). Many who freelance their services also own and operate incorporated businesses, which further extends the corporate foundation of the industry.

A vibrant arts and cultural community is essential to the industry infrastructure, as it contributes ideas, talent, and skills to the production environment. Many students and artists engage the film and video media to generate new approaches to the art form. This research and development extends and enlivens the range and quality of production in Saskatchewan and provides fertile ground for the development of film and video creators.

Motion pictures produced in Saskatchewan have received critical acclaim at festivals and markets throughout North America and the world. Our products compete for Gemini nominations (six Saskatchewan Gemini nominations in 1996), and draw international marquee talents such as Richard Chamberlain, Lynda Carter, and Kelly McGillis; and Canadian talents such as Andrea Martin, Tanya Allen, C. David Johnson, and Tom Jackson. Saskatchewan-based talents such as Bruce Steele, Brenda Baker, James Whittingham and Kevin Allardyce, Patti Drake, and Rylend Walters are also important contributors to the growth of the industry.

With a foundation built on five years of rapid growth and increasing recognition, Saskatchewan’s motion picture industry has come of age. It is poised to take advantage of the skyrocketing demand for motion picture product in both the domestic and international markets. At the same time, our industry is at a critical point in its evolution. Existing industrial development and investment mechanisms, designed to nurture the sector in its infancy, must be adapted to meet the needs of a maturing market and the producers who supply product to that market.

The motion picture industry is built on a vibrant cultural and heritage foundation and is driven by the business acumen of Saskatchewan producers, who raise significant amounts of capital – largely from outside the province – to be spent here on labour, materials, and services, contributing directly to the economic vitality of our province. This production capital enables the creation of a diversity of Saskatchewan motion pictures. The motion picture industry is exceptional in the range of artistic and economic opportunity it offers its participants.

### ✦ **Music and Sound Recording**

The Saskatchewan music and sound recording industry has grown at an incredible pace in the past two decades. In 1996 there were close to 3,000 people employed in all sectors of this industry, including musicians, recording engineers, sound and lighting technicians, instrument retailers, radio and record store employees, managers, agents, promoters, and publicists (*Balcon, Sound*).

The contribution of the music and sound recording industry to Saskatchewan's economy is as important as its role in establishing Saskatchewan's cultural identity, that unique prairie sound called "flatland music" that crosses all musical genres from country to pop, rock to Celtic, folk to blues. Saskatchewan's musical identity and distinctive sound is heard the world over, whether it's Connie Kaldor performing at army bases in Germany; Colin James touring Europe; Buffy St. Marie or Joni Mitchell winning Grammy Awards; or one of our thousands of musical exports who populate the orchestras of the world, including the National Arts Centre Orchestra in Ottawa, the Toronto Symphony, and the Canadian Opera Company Orchestra.

Music provides us with a soundtrack for our lives, and our most cherished memories can be brought back to us with a few distinctive notes, a chorus, a simple melody. In Saskatchewan, some of our best tourist attractions are the annual music festivals, including the Big Valley Jamboree, the Ness Creek Festival, and many others. These events not only celebrate the music of our province, but also the cultural richness and diversity of our people, from Ukrainian folk dance ensembles to the line dancers of today's country music. This is our history summed up in song, in dance, in movement, and in rhythm.

## **3.2 Economic and Employment Impact**

This Strategy recognizes the contribution cultural industries can make to job creation and economic renewal in Saskatchewan. Cultural industries play a vital role in Canada's economy. The direct economic impact of the arts and cultural industries sector in Canada, in terms of Gross Domestic Product, was some \$27.6 billion in 1993/94, or 4.4% of the total economy (*Canada's International Business Strategy, 1997/98*).

Cultural industries are labour intensive. The national arts and cultural industry labour force has grown by almost 122% in the past decade, double the rate of growth of the overall labour market in Canada. In 1993/94 almost 850,000 jobs were directly associated with the sector and another 1.1 million jobs were associated with it (*Creating Careers*). Because of this heavy reliance on people, the cultural industries, if they are

encouraged to develop and grow, are well placed to contribute to job creation in Saskatchewan.

Not only are the cultural industries labour intensive, they create employment at a much lower per-job cost than traditional manufacturing sectors. According to Statistics Canada (*The Arts and Economic Development*), it costs only \$20,000 to generate a job in the cultural industries, compared with \$100,000 for light industry and \$200,000 in heavy industry.

Finally, the jobs the cultural industries create are high skill and high value, the kinds of jobs that will enable Saskatchewan – and Canada – to compete in the international marketplace well into the 21st century.

#### ✦ **Book Publishing**

According to a survey conducted by the Saskatchewan Publishers Group, in 1996 the book publishing industry generated revenues of \$3 million and directly employed 50 people in editorial, design, marketing, and office management; however, in January of 1997, Fifth House Publishers relocated to Alberta. For the purposes of this Strategy, direct revenues were adjusted to \$2 million to reflect this loss, and the number of direct positions was reduced to 42. Using these base figures, Saskatchewan Economic Development calculated a combined direct and indirect impact of \$2.75 million and 51 positions in 1996/97. (It is to be noted that figures apply to the book publishing industry only and do not include the activity of the over 700 members of the Saskatchewan Writers Guild, a number of whom provide product to the industry.)

#### ✦ **Craft and Visual Arts**

In 1996, the craft and visual arts industry directly generated revenues of \$8.13 million from the sale of work. This figure does not include other income such as grants or teaching income, which when added brings the total industry-related income to \$12.4 million (*Anderson/Fast*). At least 800 people were employed as full- or part-time producers. Using these figures, Saskatchewan Economic Development calculated a combined direct and indirect impact of \$14.93 million and 848 positions in 1996.

#### ✦ **Film and Video**

The value of the Saskatchewan independent film and video production industry is measured by production volume generated by independent Saskatchewan production companies and producers. Total production value does not include revenues generated in related areas such as broadcasting, cable, sound recording, film and video equipment/materials sales and service, film and video exhibition, sales, and rental. In 1996, independent film and video production in Saskatchewan was \$26.4 million and sustained 528 direct positions. Saskatchewan Economic Development calculated a combined direct and indirect impact of \$29.8 million and 570 positions.

#### ✦ **Music and Sound Recording**

*Saskatchewan's Music Industry: An Independent Consultant's Study* (Balcon, Sound, 1994) provided the base figures for the development of our economic and employment impact objectives. According to Balcon, there were 2,780 people employed in the music and sound recording industry in 1994. We have adjusted those figures to remove persons employed in the record retail sectors, as well as in the broadcast and nightclub industries,

giving us a core industrial employment figure of 1,850 people. This number accurately reflects the musicians, recording engineers or technicians, and administrative people who are directly employed in the music and sound recording industry of Saskatchewan. From the figures provided by the music and sound recording sector, Saskatchewan Economic Development calculated a combined direct and indirect impact of \$27.01 million and 1932 positions.

## 4 Challenges and Opportunities

The cultural industries in Saskatchewan face all the challenges and opportunities that small businesses of any kind must deal with in a country with a widely dispersed population and a common border with the United States, which is such an important player in world markets.

In addition, cultural industries face unique challenges because of the nature of the products they sell. Most are produced primarily because they have a cultural or social benefit rather than to satisfy an economic end. Native wisdom handed down over generations is recorded to preserve what otherwise might be lost to future generations as oral traditions dies out. Prairie artists interpret a landscape vanishing under the encroachment of agriculture and industry. Song writers capture the essence of what it means to live in a harsh and unforgiving climate. Products developed specifically to serve a local marketplace may, if adapted for wider markets, lose the uniqueness that lends them much of their cultural value. For those who strike the right balance, this uniqueness can propel significant sales in a wide range of markets; however, the balancing act is precarious and success is difficult to predict.

Despite the environment in which they operate, with appropriate partnerships and support, the cultural industries have much to offer Saskatchewan in terms of economic development and job creation. The cultural industries in the province are just beginning to mature, and there are many as-yet untapped opportunities for them to explore.

The Committee has identified eight major challenges and opportunities, which are outlined below. In the next section of this report, The Strategy, these are developed into eight Key Result Areas (KRAs), each with recommendations as to how the cultural industries and the Government of Saskatchewan can work together to achieve sustainable growth and development in the book publishing, craft and visual arts, film and video, and music and sound recording industries in the province. In addition, each KRA contains industry-specific recommendations.

### ⚡ **Product Supply**

Saskatchewan cultural industries produce a diverse range of high-quality cultural product. The quality of Saskatchewan products provides a competitive edge; the challenge is to develop sufficient product to service identified markets. Factors affecting product supply across the cultural industries include the existence of a vibrant artistic community; access to capital to finance facilities and equipment, and product acquisition and development; and educational opportunities to develop the skills of cultural workers.

### ⚡ **Infrastructure**

Strong cultural associations have been at the heart of recent developments in the cultural industries and existing organizations are capable of taking on increased responsibility for programming and investment initiatives as the cultural industries grow and develop. For those areas that do not yet have a provincial association, such as professional art dealers in the province, an association would be an important asset in developing the industry. The visual arts and crafts would also benefit from the establishment of a common forum to bring together producers and gallery owners to discuss industry-specific concerns. Industry-specific provincial infrastructures – such as the Saskatchewan Communications

Network and SaskFILM – have also been critical to industry development. Above all, the Committee identified effective communication between the cultural industries and the Government of Saskatchewan as key if a long-term, mutually beneficial partnership is to be established.

#### ✦ **Investment**

Saskatchewan's cultural industries have achieved market success in Canada and abroad. The key to this success has been the superior quality of the products and the creativity and expertise of the producers and business people involved. Cultural products are expensive to develop and produce, and a certain level of public investment has always been, and will continue to be, important to the cultural industries. Private investment also needs to be encouraged. Many private investors, however, are uncomfortable with recognizing that intangible assets such as copyright and intellectual property are legitimate forms of security for lending purposes. Progress in this area will come with increased success in the marketplace. In the meantime, Saskatchewan's cultural industries can achieve greater market share and sustainable growth if a diversified range of investment options is available to them.

#### ✦ **Domestic Market Development**

Capturing a larger share of the domestic market is a key concern. Although the small companies and individuals that constitute the bulk of the cultural industries in Saskatchewan cannot compete directly with multinational corporations, they are well positioned to respond quickly to customers whose needs are not being met by current market forces, and they can exploit niche markets ignored by larger concerns. To serve their customers and facilitate access to the marketplace, the cultural industries need to create innovative marketing strategies and investigate new methods of distribution. This labour-intensive exercise involves a certain level of risk; however, innovation in the marketplace is necessary to ensure expansion and growth. Programs in this area need to be flexible to allow for a variety of market approaches; they also need to recognize the role the industry associations have to play in developing new markets for their members and recognize government as a partner in the push to expand markets.

#### ✦ **International Market Development**

Proximity to the United States, the world's largest and most dominant producer and consumer of cultural products, can be considered both a benefit and a disadvantage. The ability of the consumer to access products comparable to those produced in Saskatchewan means companies here must find a creative edge and search out appropriate niche markets. On the other hand, the American market could provide opportunities for co-ventures and projects to help build and strengthen Saskatchewan companies. Beyond North America, the global market for cultural products is extremely competitive; however, the high quality of Saskatchewan products, combined with effective marketing, should enable Saskatchewan cultural industries to capture a market share appropriate to their production capacity. Flexible programs and government partnership are seen as important elements in international market development, as they are for the domestic market.

#### ✦ **Professional Development and Training**

Human resources are key to the development of any industry, and in the case of a labour force-dependent area such as the cultural industries, concerted efforts towards training

and professional development must be undertaken if sustainable growth and development are to be realized. Training requirements can be very specific and training opportunities can be hard to find. Many sectors take advantage of self-directed training, including mentorships and on-the-job apprenticeships. Moreover, it is not only in-house staff who need to be kept up-to-date. The cultural industries rely on many self-employed individuals who do not have access to company training plans or traditional government-sponsored retraining programs. Indeed, due to the high level of involvement of those who are self-employed or operating small, home-based micro-businesses, the cultural industries have been recognized by Human Resources Development Canada as a model for the development of other industrial sectors.

#### ⚡ **Regulation and Policy**

In a small market such as Canada, where producers do not enjoy economies of scale and the price advantages of their foreign competitors, regulation and other government intervention can help create a more equitable operating environment. The trend for reduced support to culture and the arts will need to be balanced by the recognition that cultural industries are well placed to have a positive impact on both the economy and job creation. The Strategy also recognizes the support the provincial government can give to federal initiatives such as copyright reform and federal tax levies on cultural products. The partnership between the cultural industries and the provincial government can be advanced by a closer working relationship when it comes to government procurement policies, and dialogue with the cultural industries on issues that may affect them or the products they produce.

#### ⚡ **New Technology and Multimedia**

New and developing technologies will have a substantial impact on how cultural products are produced, marketed, and delivered, and, indeed, on the nature of the products themselves. Saskatchewan companies can make use of technology to help overcome some of the disadvantages posed by a small domestic market, distance from major centres, and a provincial economy that is recovering but not ideal. Producers will also need to maintain their presence at the cutting edge of production technology to ensure a supply of innovative products produced in an efficient and timely manner. The most successful companies will invest in technology prudently, keeping in mind the inevitability of obsolescence and the high cost of capital infrastructure development, while developing appropriate partnerships with other high technology business interests. The Committee recognizes the importance of inter-industry cooperation and partnership with the provincial government to ensure that opportunities in this rapidly developing sector are maximized.

In the development of these challenges and opportunities into eight Key Result Areas with accompanying recommendations for future action, the Strategy acknowledges the trend towards convergence between the cultural industries, identifies common strategic issues and opportunities for industry collaboration, and lists industry-specific concerns.

## 5 The Strategy

The eight Key Result Areas that form the foundation of the Cultural Industries Development Strategy are Product Supply, Infrastructure, Investment, Domestic Market Development, International Market Development, Professional Development and Training, Regulation and Policy, and New Technology and Multimedia. Each KRA starts with a definition and the strategic direction adopted by the Strategy. An overview of common concerns and a listing of common recommendations is followed by industry-specific perspectives and recommendations. For a summary of the recommendations, see Appendix 1.

### 5.1 Product Supply

The term “product supply” refers to the production of commercial or cultural product in sufficient quantities to satisfy existing markets and allow for the development of new ones.

☛ **Strategic Direction:** To ensure each of Saskatchewan’s cultural industries produces a wide range of products able to exploit domestic and international market opportunities.

#### 5.1.1 Common Perspectives

Saskatchewan’s cultural industries currently manufacture a diverse range of goods and services, destined primarily for domestic, or at least North American, sale. As the industries have matured, the calibre and intrinsic value of the products have increased. The most significant factors that determine demand on product supply are product design and quality, producer track record, and market access. The ability to meet demand rests largely on the capacity to finance production, the availability of production facilities, and the ability to manufacture products with indigenous production personnel.

Product lines can be undertaken for their cultural significance, their economic potential, or both. A perennial goal for most companies is to find the right mix of product lines to allow for appropriate levels of achievement in both the cultural and economic arenas. New methods of production, most due to the advent of new technologies and the resulting convergence between the cultural industries, are being explored as capital and human resources permit.

#### Recommendations

5.1.1.1 ☛ **That the cultural industries associations work with Municipal Government and the Department of Canadian Heritage to design a Small Business Loans Program for capital acquisitions and operations applicable to cultural businesses in Saskatchewan.**

**Rationale:** Each industry has indicated that businesses are hampered by lack of working capital and that they have difficulty providing traditional lenders with acceptable security for business development loans. A public lender can help fill this gap. While the intent of the former federal Cultural Industries Development Fund was appropriate, the guidelines included minimum sales and asset levels that were unattainable by the majority of

Saskatchewan's small cultural enterprises. Saskatchewan businesses and government can work together to set levels that are more reflective of the Saskatchewan reality.

- 5.1.1.2**    **☞**    **That the cultural industries associations work with Municipal Government to implement an annual data-gathering process designed to measure the type, variety, quantity, and sales trends of Saskatchewan cultural products.**

**Rationale:** This action will allow for both a more consistent marketing effort and an accurate measure of the success of the Cultural Industries Development Strategy.

- 5.1.1.3**    **☞**    **That the Saskatchewan Arts Board (SAB) maintain and enhance its Individual Assistance Program(s) in recognition of the key contribution such programs make to the development of human cultural resources and new products in Saskatchewan.**

**Rationale:** The SAB's Individual Assistance Programs develop artists by supporting artistic experimentation. This freedom to experiment not only has an intrinsic value for the arts community, it has spin-off benefits for the cultural industries: this research and development arena in the arts community is vital to the creation of indigenous, high-quality product for the cultural industries.

**(See also 5.8, New Technology and Multimedia, for product development.)**

## **5.1.2 Industry-Specific Perspectives**

### **☞ Book Publishing**

Product supply for book publishers is dependent on access to a continuous supply of high-quality manuscripts that can be shaped into finished books. Saskatchewan book publishers publish both new and established Canadian authors, and have a particular interest in promoting Saskatchewan talent; however, small Saskatchewan publishers have limited access to capital, which may mean they lose established authors to larger companies who can offer more substantial royalty advances and marketing support. Limited access to capital thus leads to a reliance on first-time authors for whom established markets do not already exist and whose work may require more editorial time and money to develop. The recommended Small Business Loans Program would improve product supply by providing capital so publishers can retain the authors they develop, leading to increased sales revenues and less costly operations. The capital generated can then be used to help the industry grow.

### **☞ Craft and Visual Arts**

The craft and visual arts industry is dominated by independent artists and craftspeople who together comprise a substantial work force of self-employed. These self-employed artists conceive and create their work, and they may also sell and market it. The time spent selling and marketing work is time away from production and thus may restrict increased production capabilities.

Expanding existing production capabilities has significant potential. The 1996 *Visual Arts and Craft Economic Assessment Report* identified technical and design information and education as a need for over half the respondents. Increased information about, and educational opportunities regarding, technical and design skills will enable the creation of new and different products. New technologies affecting production will also be important

(see 5.6, Professional Development, and 5.8, New Technology and Multimedia). Often, to increase production, small amounts of money are required for studio construction or upgrades, or for equipment purchases. Traditional lenders do not recognize this need and as a result, loans as small as \$5,000 are denied. Visual arts and crafts studios are not expensive and can be constructed or equipped for as little as \$10,000. The recommended Small Business Loans Program will help support studio equipment upgrades, new studio construction, and equipment purchases.

### **Craft and Visual Arts Recommendations**

#### **5.1.2.1 ✎ That the variety of media-specific technical and design skills training at recognized educational institutions be increased to ensure a sufficient supply of product in a variety of diverse media.**

**Rationale:** Currently there are visual arts programs at both universities; however, only three craft media programs are offered through the Saskatchewan Institute of Applied Science and Technology (SIASST): clay and weaving at Woodland Campus, and photography at Wascana Campus. Many creators leave the province to obtain training, and in many cases they do not return. To keep craftspeople in the province and to ensure a supply of product in a variety of media, craft programs in other media at SIASST should be considered.

#### **✎ Film and Video**

Any discussion of product supply in this sector cannot take place without considering the associated recommendations included in the Investment and Domestic and International Market Development sections (5.3, 5.4, and 5.5, respectively). In the case of sponsored or commissioned products, the financing and the market are already established when production proceeds. For Saskatchewan producers, the greater challenge is in the effective production of television, feature, or theatrical films. These productions are producer-driven (and owned or partly owned by the producer), and require two broad sets of skills that are inextricably related to one another: at the creative level, where concepts are developed and then tested in concert with the buyer, and are produced to meet market needs; and at the business level, where producers use their business skills to compete for investors, complete negotiations, and manage the project.

The strategy of Saskatchewan's motion picture industry depends on a diverse product base of documentary, educational, corporate, and sponsored products to provide a stable foundation that allows companies to develop larger-scale products. Building on the base in our province, the most significant growth area has been dramatic production. Dramas are considered to be the most "sophisticated" motion picture product. They provide both the greatest economic activity and the most potential for a return on investment. While dramatic production in Saskatchewan is increasing, more individual large-scale projects or long-term series in dramatic and other forms are needed to maintain the infrastructure that has been established and continue the growth trajectory. This is particularly true for the development of highly skilled personnel needed in the industry.

The industry has relied on equity investment from SaskFILM to foster series production and large-scale projects. However, SaskFILM has reached the limit of its ability to maintain or sustain the increased volumes of production, both in its mandate and in the funds available. This does not minimize SaskFILM's contribution to the development of

the industry. Indeed, it has performed beyond expectations, and the Saskatchewan Motion Picture Industry Association (SMPIA) believes SaskFILM will continue to play an important role in fostering indigenous production.

To encourage continued growth beyond the confines of SaskFILM's limitations, the industry recognizes the need to implement a tax credit mechanism. The tax credit is intended to encourage the continued growth of production, create Saskatchewan jobs, and provide a source of producer equity financing. To enhance product supply, SMPIA advocates that the provincial government implement a fully refundable Saskatchewan Employment Tax Credit (SETC) as soon as possible.

The proposed credit is modeled on the national Refundable Investment Tax Credit (RITC). As with its national counterpart, the SETC would offer producers the flexibility to use the credit either as a source of product financing or producer equity – a measure of the need to bolster the producer's capacity to inject capital into growing production companies. Unlike the RITC, the SETC will not be triggered by Canadian Radio-television and Telecommunications Commission certification eligibility. Instead, the eligibility criteria will be "automatic," based on eligible Saskatchewan resident labour costs. The SETC's automatic feature indicates its accessibility to all producers for all types of production, reducing the rigorous administration requirements for SaskFILM-eligible projects and making co-productions especially attractive for Saskatchewan producers. The SETC will encourage the production of a variety of projects, including some non-indigenous (that is to say, non-Canadian-content) production. However, projects must still meet the structural criteria for authorized co-productions, according to existing SaskFILM regulations.

The SETC will serve as an incentive to choose Saskatchewan technicians and creative crew personnel over those from outside the province, creating an increasingly skilled and experienced indigenous production community. The labour pool is, arguably, the most significant element of the industry infrastructure, since wages represent from 45% to as much as 60% of the production budget. An intensified, coordinated human resource strategy will be needed to ensure the development of the labour pool in step with the anticipated growth in production activity.

The SETC will generate increased volumes of production without drawing on the over-subscribed investment pool that SaskFILM has faced over the past three years. The tax credit will alleviate the pressure on SaskFILM to respond to the requirements of industry-generated production, allowing the agency to re-focus on its development mandate and act as a strategic equity investor in projects that are instrumental to the development of the indigenous production industry.

#### **Film and Video Recommendations**

- 5.1.2.2**    **☞    That the Government of Saskatchewan implement the proposed Saskatchewan Employment Tax Credit (SETC) in combination with a renewed investment in a re-focused SaskFILM.**

**Rationale:** It is estimated that the SETC will help to generate approximately \$64.4 million worth of production in Saskatchewan by the year 2000, a conservative estimate

based on current production growth figures. With this growth would come 1,750 highly skilled, well-paid Saskatchewan jobs (calculated as direct, indirect, and induced).

**Other provinces already offer a tax credit incentive harmonized with the national Refundable Investment Tax Credit. Without a similar incentive in Saskatchewan, our province is at a distinct disadvantage in attracting co-production opportunities. Without those opportunities, it will be difficult to keep skilled labour in the province.**

↳ **Music and Sound Recording**

Saskatchewan products include compact discs and audio cassettes; music videos; soundtracks for film, television, and theatre productions; new media products such as CD-ROMs, Web sites, and interactive computer programs; and merchandise such as T-shirts and posters. The industry also encompasses live performances of music locally, nationally, and internationally. This means that this subsector is dealing with a wide variety of products, people, and technical needs to deliver the finished goods.

While there are national programs available to help finance the recording costs of an album – through the Foundation to Assist Canadian Talent on Record (FACTOR) – there are gaps in support that a provincial initiative could assist in closing, for instance, in the area of manufacturing. Another gap is the seed money required to cover the administration costs incurred in recording, manufacturing, and distributing the final product. A Small Business Loans Program would provide Saskatchewan recording artists with the seed capital required to manufacture their product and effectively administrate their operations in their first years of career development.

## 5.2 Infrastructure

The term “infrastructure” refers to the industry organizations, funding agencies, and government departments that have a direct interest in or influence over the development of the cultural industries.

↳ **Strategic Direction:** To develop and support a strong and viable provincial association for each industry; to identify one government department responsible for provincial policy development; and to instigate an investment/funding system that addresses specific industry needs and encourages inter-industry cooperation and collaboration.

### 5.2.1 Common Perspectives

There are four non-profit Provincial Cultural Organizations (PCOs) active in the cultural industries: the Saskatchewan Publishers Group (SPG), the Saskatchewan Craft Council (SCC), the Saskatchewan Motion Picture Association (SMPIA), and the Saskatchewan Recording Industry Association (SRIA). The commercial visual arts sector does not, as yet, have a corresponding provincial umbrella structure. Each of the existing PCOs is a member of the Saskatchewan Council of Cultural Organizations (SCCO) and receives the majority of its operational funding from the Saskatchewan Lotteries Trust system. Each PCO is an independent organization, governed by an elected board of directors from its membership. Each is responsible for comparable activities, ranging from advocacy and strategic planning, to program administration and training. The industry

associations are uniquely positioned and mandated to enable the efficient mobilization of resources and information, either on behalf of the industries or from the industries, as the need arises.

In 1989 the Government of Saskatchewan and the film and video industry worked together to form the Saskatchewan Film and Video Development Corporation (SaskFILM). The mission of this non-profit, third-party agency is to enable the film and video community to enhance the quality, quantity, and marketability of its products and resources. None of the other cultural industries has access to funding and investment through a comparable provincially supported agency.

Activities in the cultural industries are also related to the Saskatchewan Arts Board (SAB). As the province's legislated agency responsible for the arts, the SAB has been instrumental in the growth and development of individual artists active in the cultural industries and of the two literary publishers in the province.

Government's formal responsibility for the cultural industries is assigned to the Department of Municipal Government, specifically the Arts, Cultural Industries and Multiculturalism (ACIM) Branch. In recognition of the economic and job creation potential of the cultural industries, a close and cooperative working relationship exists between the ACIM Branch and Saskatchewan Economic Development.

On a federal level, the Department of Canadian Heritage and the Government of Saskatchewan worked together on the Canada-Saskatchewan Partnership Agreement on Culture that was in place from 1991 to 1995. This agreement provided \$5 million over five years to book publishing, film and video, and music and sound recording in the areas of professional development and marketing.

### Recommendations

- 5.2.1.1** ✎ **That the Government of Saskatchewan maintain and enhance its financial support for the Saskatchewan Council of Cultural Organizations (SCCO) and the Saskatchewan Arts Board (SAB) so they may support cultural programs and initiatives.**

**Rationale:** Cultural associations provide the services and programs that support the creation of cultural products; support to individual artists ensures the continued production of raw materials for the cultural industries. While some of the funding to the SAB provides the research and development required to provide product to the cultural industries, the cultural industries associations – funded in part through SCCO – are vital to the development of the cultural industries themselves.

- 5.2.1.2** ✎ **That, whenever possible and appropriate, the cultural industries associations be empowered to develop and administer initiatives that result from the Cultural Industries Development Strategy.**

**Rationale:** Sophisticated and efficient support structures exist in each of the industries (except visual arts and crafts, which makes recommendations to address this issue in recommendations 5.2.2.3 and 5.2.2.4). Duplication and overlap can be reduced through the use of existing structures and delivery systems.

- 5.2.1.3**    **✦**    **That a Cultural Industries Development Council be created, with representation from each of the cultural industries through their respective industry associations and with ex-officio government representation.**

**Rationale:** The Council is to be a forum for cooperation and communication among the cultural industries so they can give policy direction to government and coordinate the implementation of the Cultural Industries Development Strategy. It will be a facilitator and not a regulator, and will not restrict the cultural industries from acting independently.

- 5.2.1.4**    **✦**    **That the Department of Municipal Government continue to act as the lead department responsible for provincial government policy development regarding cultural industries. Further, that Municipal Government continue to encourage and facilitate the involvement of other affected departments and agencies (in particular Economic Development) and the Cultural Industries Development Council, when it is formed, in this process.**

**Rationale:** The benefits of the cultural industries are cultural, social, and economic, and government policy needs to consider each of these components. Given that it is more efficient to assign formal responsibility to a single department and given Municipal Government's history and expertise, it is logical for that Ministry to continue to take the lead. However, the Cultural Industries Development Strategy recognizes that the policy development process should not be undertaken in a vacuum, and it is incumbent upon Municipal Government to ensure the meaningful involvement of affected parties, agencies, and departments whenever necessary.

- 5.2.1.5**                    **That the Government of Saskatchewan work with the Government of Canada to negotiate a revised Canada-Saskatchewan Partnership Agreement on Culture (C-SPAC) to replace the expired C-SPAC.**

**Rationale:** *The Evaluation of the Canada-Saskatchewan Partnership Agreement on Culture* (1996) indicates that the program was effective in promoting the development of the cultural industries. This Strategy outlines the current requirements of industries that have matured since the previous agreement and adds the perspective of the craft and visual arts industry. It can form a basis for government discussions to ensure a new C-SPAC based on industry needs.

## **5.2.2 Industry-Specific Perspectives**

### **✦ Book Publishing**

The Saskatchewan Publishers Group (SPG) is dedicated to promoting the book publishing industry in the province. On behalf of its 13 member publishers, the SPG coordinates marketing projects and workshops in Saskatchewan; liaises with government departments; works with other publishing associations on promotional publications; and is on the board for the annual Saskatchewan Book Awards. One full-time staff position is shared between two co-executive directors at the office in Regina. The organization has a solid track record, at both a provincial and a national level, and is well positioned to plan and administer future projects for the benefit of its members.

Provincial support for book publishers to date has been primarily through Saskatchewan Arts Board operational funding to literary publishers. This funding has been of the

utmost importance in ensuring the growth and development of the two literary publishers in the province, and it is critical that this funding be maintained and enhanced if literary publishing is to continue to thrive. However, publishing activity in Saskatchewan is not limited to literary publishing. The ten or so non-literary publishers that do not fall under the Arts Board mandate publish books that contribute to the province's cultural life by recording its stories, history, politics, and geography. These companies publish books in the languages of Saskatchewan's people (including Aboriginal languages and French), and produce scholarly and reference works that reflect research capabilities and specialized expertise available in the province. Members of the SPG would like to see the provincial support base for publishing in Saskatchewan widened to reflect the diversity of the industry operating here.

In the past, the province has also demonstrated its support for book publishing through its contributions to the now-expired Canada-Saskatchewan Partnership Agreement on Culture. This fund provided important resources for publishers to pursue marketing and professional development opportunities and should be renewed.

### **Book Publishing Recommendations**

- 5.2.2.1** ✎ **That the Saskatchewan Arts Board be encouraged to maintain and enhance its commitment to the development of literary publishing in Saskatchewan to ensure stable, multiyear operational funding.**

**Rationale:** The health and success enjoyed by the two literary publishers in the province is directly related to the operational funding they receive from the Arts Board. Only with a long-term commitment of funds can the companies plan adequately for future growth and development.

- 5.2.2.2** ✎ **That provincial support be expanded to include a broader range of investment in book publishing activities including both literary and non-literary publishing.**

**Rationale:** Provincial support to literary publishing has been a success. The two literary publishers in the province continue to grow and develop authors who go on to international reputations. In the past few years, the three largest non-literary publishers have either left the province or folded. Expanding provincial support to include non-literary publishing will help stem this exodus of Saskatchewan talent and expertise to other provinces. At the federal level and in most other provinces, programs exist to support non-literary publishing, and Saskatchewan companies have to compete with these publishers for domestic market share. Extending provincial support to encompass more than just literary publishing would help level the economic playing field, while acknowledging that books that record Saskatchewan's history and people and keep its Native languages alive have an important role to play in enhancing the quality of life in the province.

### **✎ Craft and Visual Arts**

The craft and visual arts industry is currently represented by CARFAC Saskatchewan (representing visual artists) and the Saskatchewan Craft Council (representing craftspeople). In addition, there are individuals who produce visual art or craft products who are not represented by any of the above. Commercial galleries do not currently have an association but are planning one, see recommendation 5.2.2.3.

There are at least 800 producers working full or part time in the province; and approximately seven major private galleries and eight major public galleries that exhibit and sell visual arts and crafts. In addition, there are several businesses directly related to the industry, including retail outlets, educational institutions, and suppliers.

The industry is diverse and this diversity is one of its strongest features. While diversity fosters independence of vision and creativity, it also results in decentralization. Producers share common goals and concerns, such as the desire to expand their markets and the debate over the conflict between increased production and creativity. What is missing is a common forum through which industry-wide issues can be addressed. In addition, in order to gain access to new markets, the industry needs to provide a forum through which commercial galleries and individual producers with common market interests can pool resources and take advantage of market information and industry support.

The proposed common forum will act as a liaison between government and the three organizations involved in the industry. With minimal staff support and in conjunction with these organizations, it will determine appropriate strategic direction for industry development, and design and administer investment programs.

#### **Craft and Visual Arts Recommendations**

##### **5.2.2.3   ✦   That Saskatchewan commercial galleries create a provincial professional association.**

**Rationale:** An umbrella organization for commercial galleries will enable a common vision for the development of these galleries. Coordinated action will improve professionalism by encouraging professional standards and sharing information. One result will be stronger businesses.

##### **5.2.2.4   ✦   That the three industry organizations (CARFAC, the Saskatchewan Craft Council, and the new association for the professional galleries) develop a common forum through which industry-wide issues can be cooperatively discussed and addressed. It will utilize existing infrastructures where appropriate and may require term support staff to complete certain tasks.**

**Rationale:** This industry includes three distinct groups – visual artists, craftspeople, and commercial galleries. As programs and services in these three areas sometimes overlap, the development of a common forum to discuss strategic development will avoid duplication of effort. It will also allow for information exchange and the development of a cooperative, focussed approach to industry development.

#### **✦   Film and Video**

##### **Association Infrastructure**

Members of the Saskatchewan Motion Picture Association (SMPIA) are a diverse group, committed to the intrinsic cultural and economic value of motion pictures. Members work together to create and advance opportunities for the production, promotion, and appreciation of motion pictures in Saskatchewan. SMPIA provides leadership, advocacy, networking, professional development, communication, and profile in the interest of

Saskatchewan's film and video community. SMPIA's priority initiatives are described in its platform, *Strategy for Success*.

SMPIA is not an industry association per se; it is committed to the growth of the community through an integrated industrial and cultural development strategy. Embracing this dichotomy through cooperation is a hallmark of the organization's success. In 1994, SMPIA had 262 members; in 1995, 333; in 1996, 385.

SMPIA provides a voice and leadership for the mobilization of the industry. Through effective partnerships with government and in an advisory role in the development of the industry, SMPIA has been integral to the growth of film and video production in Saskatchewan. It also supports (directly or indirectly) the following programs to enable Saskatchewan producers to achieve more consistent and effective representation at Canadian market and industry events: the SaskFILM Travel Assistance Program (which supports producer travel to specific North American markets); the SMPIA Individual Assistance Program (which offers travel assistance in response to individual requirements); the Market Support Program for Saskatchewan film and video festivals (the Yorkton Short Film and Video Festival, the Saskatchewan Film and Video Showcase); and industry profile at Saskatchewan trade shows and events.

As a Provincial Cultural Organization for the motion picture community, SMPIA represents four member-funded groups: Video Vérité Artist Run Centre, the Saskatchewan Filmpool Cooperative, the Yorkton Short Film and Video Festival, and the Regina Film and Video Students' Society. SMPIA acts as an umbrella organization in support of the member-funded groups, which offer diverse creative and professional development opportunities for Saskatchewan's film and video community.

The film and video community contains a number of other formal organizations such as guilds, unions, and associations, representing the interests of its members. These include actors, technical and creative crew personnel, writers, and producers. The list of groups includes, for example, ACTRA Saskatchewan, the DGC District Council of Saskatchewan, the IATSE 295, the Saskatchewan Writers Guild, Saskatoon Women in Film and Television, and the newly formed Saskatchewan Film Producers Association. Many members of these organizations are also members of SMPIA.

## **Investment Infrastructure**

Financing mechanisms such as SaskFILM were introduced specifically to generate industry growth. The Saskatchewan Employment Tax Credit (SETC) would augment SaskFILM in this area. The Sound Stage, established as a facility to support production, is also an element of infrastructure dedicated to the motion picture industry.

The Saskatchewan government also participates in the film and video industry through the Saskatchewan Communications Network (SCN) and the Saskatchewan Opportunities Corporation (SOCO). FutureSkills is an industry-accessible element that has been important in supporting human resource development in response to industrial growth in

the film and video sector. These mechanisms, initiated by the provincial government, are discussed below under the headings “Motion-picture Dedicated” (SaskFILM, SETC) and “Motion-picture Accessible” (SOCO, SCN, FutureSkills).

### **Motion-picture Dedicated**

#### *SaskFILM*

SaskFILM is entering an adjustment period that will distinguish its previous activities from those proposed through the implementation of the SETC. Historically, SaskFILM has provided development funding and equity investment that has enabled the film and video community to continually enhance the quantity, quality, and marketability of its projects. This mandate to assist the development of the industry distinguishes the agency from other industry-driven investment mechanisms. SaskFILM has fostered a strategic approach to industrial growth in motion picture production in Saskatchewan. This comprehensive approach to industrial development is multi-layered and has enabled the development of screenwriters, directors, and producers – core contributors to the production process. These people in turn have enabled increased production and more opportunities for creative and technical personnel, positioning Saskatchewan’s production industry to flourish in a competitive environment through more sophisticated investment mechanisms.

Beyond the core activities of development funding and equity investment, SaskFILM has also supported market travel assistance, locations marketing services, professional development funding, and the Special Projects Fund, a mechanism for equity investment in unique indigenous productions that challenge the typical parameters of production genres and markets. The proposed SETC would enable SaskFILM to re-focus on its development mandate and strategic equity investments in projects that are significant to the development of the indigenous production industry

SaskFILM’s total annual expenditures have averaged \$1.5 million. In an interim measure, SMPA advocates that an additional \$1.5 million be allocated to the end of fiscal 1997 (in addition to the allocation of \$1 million announced in March 1997) in advance of the introduction of the SETC. A renewed agreement for subsequent years is proposed to ensure the continued fostering of an effective and sophisticated core of production activity. The amount required by SaskFILM would depend on the status of the proposed SETC.

#### *Proposed Saskatchewan Employment Tax Credit (SETC)*

The SETC is designed to complement SaskFILM’s objectives (see recommendation 5.1.2.2). The SETC is specifically designed to meet the need for continued growth in film financing by using a producer equity mechanism triggered by the employment of Saskatchewan personnel. With increased producer equity, production companies will be better positioned to develop new product and respond to market demand. Domestic and international market demand provides the impetus for the dramatic increase in production activity SMPA estimates will result from the SETC.

#### *Saskatchewan Motion Picture Sound Stage*

Until 1996, Saskatchewan was the only jurisdiction in western Canada without a sound stage. Much of the recent growth in dramatic production results from access to the

Saskatchewan Motion Picture Sound Stage, a two-year pilot project supported cooperatively by the industry and government. The Sound Stage frees producers from reliance on exterior locations or multiple, short-term facilities to meet the needs of each project. The Sound Stage also alleviates the need to design contingencies due to weather, and protects the calibre of the product. Implementation of the proposed investment structure – including the SETC and SaskFILM – will enable the Sound Stage to attract the volume of production necessary to be economically viable.

Saskatchewan production companies are investigating the feasibility of creating a consortium of government and private sector owners for the Sound Stage, similar to an initiative in Nova Scotia that has created significant production growth in that province. The suggested ownership structure would include a 20% interest by a private consortium of Saskatchewan production companies, the Saskatchewan government with a 30% interest, and a 50% interest owned by the federal government.

### **Motion-picture Accessible**

#### *Saskatchewan Communications Network (SCN)*

Saskatchewan Communications Network (SCN), Saskatchewan's educational broadcaster, frequently provides Saskatchewan producers with the "first-broadcast-licence-in," which is crucial to building the financing structure for a project. SCN has the single largest catalogue of Saskatchewan productions of any broadcaster and plays an important role in ensuring that Saskatchewan productions are aired for Saskatchewan audiences. In 1996/97, SCN will invest over \$456,000 in the development and production of quality, independent Saskatchewan programming.

The partnership between SCN and the film and video industry leads to increased core television programming activity and gives the industry access to partnerships with other broadcasters. SCN's presence as a local broadcaster and its ability to license a variety of programming and facilitate production will be important elements in the industry's ongoing success.

SCN has recently opted to refrain from licensing dramatic productions. This is a concern to the film and video industry, which endorses the reinstatement of dramatic product as an eligible genre for licensing by SCN.

#### *The Saskatchewan Opportunities Corporation (SOCO)*

The Saskatchewan Opportunities Corporation (SOCO) is a Crown corporation that invests in business opportunities for the growth of the Saskatchewan economy. SOCO participates in the film and video industry through investment in and loans to Saskatchewan production companies for operations expansion, and by taking an equity position in a select number of large-scale dramatic motion picture projects.

SOCO has indicated a commitment to increased investment in the film and video sector. The implementation of the SETC will offer SOCO additional investment opportunities.

#### *FutureSkills*

FutureSkills is a provincial program with a mandate to support training in growth sectors of the economy. On the initiative of the film and video industry, and in response to the growth of the film and video sector, FutureSkills has become a valued partner in skills training, particularly for entry-level and work-based training. This activity has helped to ensure that human resource development for Saskatchewan residents keeps pace with the growth of the motion picture industry.

### **Film and Video Recommendations**

**5.2.2.5**    **✦**    **That the film and video industry and the Saskatchewan Communications Network (SCN) continue to work together to generate quality Saskatchewan-produced television programming for broadcast to Saskatchewan viewers.**

**5.2.2.6**    **✦**    **That SCN continue to work towards its goal of broadcasting 20% Saskatchewan content.**

**5.2.2.7**            **✦**            **That SCN's ability to license dramatic production be reinstated, and that additional funds of \$100,000 annually for licensing Saskatchewan dramatic product be made available. This allocation for the acquisition of dramatic product would augment the \$460,000 SCN typically spends on Saskatchewan product licences annually.**

**Rationale:** The Saskatchewan production industry works with SCN to achieve the broadcaster's programming objectives and create production opportunities. This liaison generates well-designed product and attracts additional investors. Recent changes in SCN's guidelines have excluded dramatic programming from the mix of eligible genres SCN is able to license. SMPIA recommends that additional funds be made available to SCN specifically for the licensing of dramatic product.

**5.2.2.8**    **✦**    **That a comprehensive strategy be developed for the Sound Stage before the pilot program expires, with the intent of establishing a secure lease for industry use, and to allow planning of facility upgrades.**

**Rationale:** In tandem with the proposed financing mechanism for the Saskatchewan motion picture industry, the Sound Stage has the potential to be an accessible and cost-effective production facility in the long term. Without the Sound Stage dramatic production – the core growth area – will decline, and may wither away. This would be a major setback for the industry in both economic and human terms.

Prior to fall 1998 all partners in the project – SMPIA, SaskFILM, Saskatchewan Municipal Government, Saskatchewan Economic Development, and the City of Regina,

plus an industry consortium – will review the pilot program and indicate a clear future for the facility.

#### ↳ **Music and Sound Recording**

The Saskatchewan Sound Recording Industry Association (SRIA) is a non-profit, member-based association, representing every element of the music and sound recording industry in Saskatchewan, including musicians, managers, agents, sound engineers, recording studios, record companies, and music publishers. SRIA has become an effective leader in the provincial music industry, providing educational opportunities, a strong lobbying presence on both the provincial and federal levels, and a strong link between the national and provincial music industries. Currently, SRIA receives global funding from the Saskatchewan Lotteries Trust Fund via the Saskatchewan Council of Cultural Organizations. While this provides minimal support for administration costs, it does not provide any funding to allow SRIA to create programs and events for the provincial industry on an effective scale.

The infrastructure of Saskatchewan’s music and sound recording industry is spread between Saskatoon, Regina, and secondary markets such as Prince Albert and Moose Jaw. There are also a number of recording artists in smaller communities across the province. The industry is in dire need of a stronger foundation upon which to grow in the next decade, a result of the mass migration of Saskatchewan talent to larger centres such as Toronto and Vancouver. Provincial initiatives must be designed to encourage our raw resources (our people) to remain in the province while on their path to success. This will only be possible through increased training opportunities and the creation of an educational and professional development program that will eliminate the need to relocate to develop job skills.

With a long-term commitment from government, by taking the steps described in the SRIA strategy titled *The Future Is Sound*, and with the adoption of the recommendations included in this Strategy, Saskatchewan’s music and sound recording industry will develop sustainable employment opportunities, increased economic activity within the province, and increased global recognition of Saskatchewan recording artists.

## 5.3 Investment

Investment includes private investment; investment by financial institutions; government initiatives that promote or enable investment in the cultural industries; government initiatives that promote investment in small business; and government assistance, grant, and subsidy programs.

- ✦ **Strategic Direction:** To research, design, and implement a comprehensive regime of measures to encourage and increase long-term public and private investment in Saskatchewan's cultural industries. Special attention will be paid to addressing the key issues of building strong and stable companies in each industry, increasing employment, encouraging self-reliance, and ensuring a reasonable return on investment.

### 5.3.1 Common Perspectives

Although many Saskatchewan firms have proven their profitability, they often have trouble attracting financing from traditional sources.

Private investment in the cultural industries has been difficult to garner, both due to the perceived high-risk nature of the business activity and the lack of a coordinated industry-based system of education and encouragement for potential investors. Private investment in the cultural industries is most common in the film and video industry, although businesses in each of the other industries have been able to attract smaller amounts of private investment.

By and large, financial institutions such as banks have not accepted intellectual property as sufficient security for a loan intended for production or general business operations, and the value of inventory is often restricted to production costs rather than anticipated selling price. Sales are often difficult to predict, and the time required for a return on investment can be daunting for traditional lenders, as can the debt-to-asset ratios typical in the cultural industries.

Given the high-risk nature of investing in the cultural industries, the problems in securing collateral, the uncertainty of the marketplace, the high debt-to-asset ratios common in the sector, and the length of time required to realize a return on investment, what is the rationale for governments to invest in cultural industries businesses? One reason is cultural: the cultural industries provide a means to interpret, preserve, and distribute culture and cultural products. Another has to do with economic development: as the cultural industries in Saskatchewan are as-yet underdeveloped, the growth enabled by public investment can lead to greater self-sufficiency and generate the level of activity required to qualify for more traditional forms of investment. Further reasons encompass economic diversification and increased employment opportunities: the cultural industries provide exposure to the kind of highly skilled, technical, and creative positions that will be in demand in the future; they also develop individual entrepreneurs, who will become increasingly important elements in the labour force as technological advances change the face of the modern workplace. Public investment in the cultural industries can thus lead to economic development and job creation.

Public investment in Saskatchewan has, to date, been concentrated in film and video. Channels for public investment include SaskFILM; the Canada-Saskatchewan Partnership Agreement on Culture (C-SPAC); support through the Saskatchewan Arts Board and the Saskatchewan Council of Cultural Organizations; and the activities of government agencies such as the Saskatchewan Opportunities Corporation (SOCO) and the Saskatchewan Communications Network (SCN).

SOCO is this province's primary example of a public Crown corporation whose mandate is to encourage and facilitate business opportunities. SOCO provides a range of financial services, including loans, guarantees, and equity investments. It is particularly interested in projects that feature loan and investment syndication with financial institutions and venture capital funds. SOCO has in the past few years become increasingly involved in the film industry but has not, to date, been an active participant in the other cultural industries.

To a much lesser extent, with the exception of the aforementioned C-SPAC and Canada Council funding to selected publishers in the province, the federal government and its agencies – such as Telefilm Canada, the Foundation to Assist Canadian Talent on Record (FACTOR), Western Economic Diversification, and the Federal Business Development Bank – have also invested in Saskatchewan cultural industry projects and enterprises.

To ensure Saskatchewan's cultural industries have better and more consistent access to financing, government and industry must work together to ensure existing sources are used effectively and new sources are developed. The intent of the recommended programs is to assist the cultural industries in growth and development. An essential element in industry development is for each industry to develop within its infrastructure the business skills and expertise to pursue private investment and financing on its own. For this reason, active involvement by each of the industry associations in the design, implementation, and administration of these programs for their respective subsectors is seen as a highly desirable tool for the development of the cultural industries.

### Recommendations

#### 5.3.1.1 ✎ **That a Product Investment/Loan Program be developed for the music and sound recording, book publishing, and craft and visual arts industries.**

**Rationale:** The film and video industry has been greatly assisted by the capacity of SaskFILM to make equity investments in productions, and has experienced growth of 400% in the past five years. Although the investment needed in the other industries is less than that needed in film, a properly designed Product Investment/Loan Program will allow Saskatchewan cultural businesses to accelerate growth and job creation while minimizing risks to both lender and borrower. Given the existence of SaskFILM, the film and video industry would not need to be a part of this program. The design of the program should include a variety of payback options that can be implemented according to the particular needs of the project in question. Because of unique needs and characteristics, each industry and industry association will need to be involved in program design. In view of the potential administrative burden of such a program, a delivery partnership arrangement might be considered.

**5.3.1.2 ✎ That the Government of Saskatchewan work with the cultural industries associations to design and establish a Private Investor Tax Credit Program that will enable and encourage individuals to make equity investments in Saskatchewan cultural businesses.**

**Rationale:** Small amounts of private investment, even as little as \$5,000 to \$10,000, can often enable cultural businesses to introduce new products or undertake new initiatives. A Private Investor Tax Credit Program will make it more feasible for individual investors to support cultural business activities. This support, in turn, will lead to increased interest in and support for the products of the industries from local communities, which will be to the industries' benefit.

**5.3.1.3 ✎ That the cultural industries associations, Municipal Government, and Economic Development form a Working Group to research and evaluate alternate methods for enabling and encouraging private investment in Saskatchewan's cultural industries.**

**Rationale:** Enabling private investment will take time and effort. A Working Group to examine alternatives for action is seen as the first step in a long-term process of research and education. It is also recognized that during the Ministers of Culture meeting held in Saskatoon in October 1996, federal, provincial, and territorial ministers agreed to explore ways to encourage public and private sector partnerships for funding of the arts, cultural industries, and heritage. With this in mind, the Working Group should attempt to coordinate its actions with those being taken elsewhere.

**5.3.1.4 ✎ That the Cultural Industries Development Council (5.2.1.3) initiate discussions with the Saskatchewan Opportunities Corporation (SOCO) to explore ways in which a broader cross-section of businesses in the cultural industries might take advantage of SOCO's range of financial services.**

**Rationale:** SOCO has identified tourism and culture as one of its six primary areas of participation. To date, only the film industry has gained SOCO investment in projects and business infrastructure. With SOCO's limitations and mandate in mind, the cultural industries associations are well positioned to initiate joint discussions to facilitate SOCO's involvement in a wider range of cultural industries projects.

**(See 5.1, Product Supply; 5.4, Marketing; 5.6, Professional Development; and 5.8, New Technology and Multimedia, for investment recommendations in these areas.)**

**5.3.2 Industry-Specific Perspectives**

**✎ Book Publishing**

A relatively modest equity investment program will help maintain and enhance literary publishing in the province, ensure solid growth for institutional publishers, and take recently established non-literary book publishers from fledgling companies to mature businesses. As the companies mature, the province will benefit from small business development, increased direct and indirect employment, as well as other contributions to the overall culture and economy of Saskatchewan.

The unit cost of producing a book declines the more books you print. American publishers produce books for a larger market than Canadian publishers, therefore they

can print more books, therefore they can produce books less expensively than Canadian publishers can. Canadian book buyers have ready access to books published by American companies. To ensure Canadian books are attractive to Canadian book buyers, Canadian publishers have to price their books competitively with American books, despite their higher production costs. This means there is a significant funding gap between the investment capital required to develop and publish Canadian authors and the revenues the market can generate.

Unfortunately, while Canadian book buyers are happy to buy American books because of the pervasive influence of American culture in Canada, American audiences are less willing to embrace Canadian culture. This is one of the reasons Canadian publishers do not have the same access to American markets that American publishers have to Canadian ones.

Because of the economics of production, from a strictly business standpoint, it makes better sense to distribute imported titles than to publish Canadian ones; however, if Canadian publishers do not publish books by Canadian authors and about Canada, these books will not get published. It seems then that one of the most important reasons for the existence of a Canadian publishing industry is to ensure that Canadian voices get heard. This projection of ourselves and the values we stand for is not without economic benefits. As small businesses are nurtured and grow, the local economy is stimulated and jobs are created. As products are exported and reputations are built, international recognition brings financial rewards in the form of additional economic development in non-related industries: "To the extent that foreign policy is dependent on foreign public recognition – an identifiable image and a sense at all levels of what we stand for, what kind of society we are, what we sell – that policy is dependent on our projection of our culture." (John Ralston Saul).

Industrial measures can assist publishing companies as they develop a history of profitable operations; however, they cannot be a substitute for measures that address the basic economics of Canadian publishing. The book publishing sector of the Cultural Industries Development Strategy endorses the industrial incentives outlined in the plan; however, it also points out that in order to continue to have a supply of culturally relevant material published in book form there needs to be some level of basic support to products deemed to be of cultural significance to the province.

In 1991/92, Nova Scotia, Newfoundland, Labrador, Prince Edward Island, New Brunswick, Ontario, Manitoba, Alberta, and British Columbia all had provincial subsidy programs that covered the publication of products deemed to be of cultural significance (*Harvest of Books*, 1993). The concern of the Saskatchewan Publishers Group is that, in contrast to other provincial support programs, provincial support in Saskatchewan has been restricted to literary publishers and has not been available to publishers of, say, books in Aboriginal languages. Non-literary book publishers in Saskatchewan compete with non-literary publishers in other provinces. To date this competition has not been as successful as it might have been. In the early to mid-1990s the province witnessed the departure or demise of its three largest publishers: two general trade publishers and one educational publisher.

According to Rowland Lorimer, who completed an in-depth study of the book publishing industry in Saskatchewan in 1993: “The economic contribution of the book publishers of Saskatchewan is tempered by realities of the market economy of Canada and Saskatchewan. Those realities mean that the only way in which Saskatchewan book publishing can continue, especially if it is going to publish fiction, drama, poetry, children’s books, and non-fiction for the general public and for specific smaller linguistic, ethnic, and racial groups, is through public subsidy of writers and book publishers. . . . Once that support is in place, . . . the industry can create . . . direct and indirect employment as well as other contributions to the overall culture and economy of Saskatchewan.” (*A Harvest of Books*, p. 149)

For these reasons, in addition to the industrial programs outlined in this Strategy, it is important to maintain and enhance the operational support provided to literary publishers in the province through the Saskatchewan Arts Board and, where possible and appropriate, to find vehicles to design non-repayable grant programs accessible to publishers of cultural product.

Publishers have identified areas where the industrial investment recommended in this Strategy would be most beneficial. Marketing and professional development are key to the growth of the industry. The Marketing Initiatives Fund and the non-repayable Professional Development and Training Fund will both be of critical importance to book publishers. The recommended Small Business Loans Program would ensure access to capital for business expansion. The recommended Product Investment/Loan Program will help underwrite the ongoing costs of developing and producing product. (This program could also allow the publication of projects of particular significance to the province that, in the normal course of events, might not be undertaken because of the initial outlay of capital required or the risks inherent in the project.) The New Technology Product Investment Program could allow for technology acquisitions and research into multimedia partnerships.

#### ☞ **Craft and Visual Arts**

Although the visual arts and crafts industry is a relatively large cultural industry in the province, its size is belied by the fact that net personal incomes from the sales of work are, on average, quite low. Figures for 1996 indicate average net incomes of \$6,400 after deducting operating expenses, placing producers below the traditional poverty line. Most producers supplement their activity in the visual arts and crafts industries through work in other areas, and this dependence on non-related activities to provide income restricts the growth of the industry. A modest investment in this industry would take producers to a higher level of net personal income, increase the overall economic impact of this industry in the province, and free up jobs by reducing the reliance of artists and craftspeople on non-related work.

Unlike the other cultural industries, commercial galleries have received negligible financial assistance to expand their capabilities to market and promote Saskatchewan product. However, the few galleries that have entered the national and international marketplace have been successful in promoting the artists they represent. Investment in commercial galleries will result in a healthier industry by providing stability, more income for artists, and expanded job opportunities within and outside the industry. The

recommended Product Investment/Loan Program will be used to ensure continued new product development.

#### ✦ **Film and Video**

The film and video industry is very effective in attracting investments from the private sector. Of the total \$26.4 million in production activity recorded in 1996, SaskFILM's total investment was \$1.7 million, or 8.5%. The remaining 91.5% of funds came from private, federal, and other sources. An analysis of \$23 million of production activity shows that an average 75%, or \$17.4 million, was private investment, with 70% coming from outside Saskatchewan (*The Saskatchewan Motion Picture Tax Credit*).

In piecing together a production financing structure, Saskatchewan producers lever provincial partners to access national and international investments. Those partners can be public – SaskFILM, the Saskatchewan Communications Network (SCN), the Saskatchewan Opportunities Corporation (SOCO), and the proposed Saskatchewan Employment Tax Credit (SETC) – or private – Saskatchewan's BBS network or CanWest Global's stations in Regina and Saskatoon (STV). Armed with the commitment from any one of these provincial partners, producers can lever investment from outside Saskatchewan. In many cases provincial partners such as SaskFILM or SCN provide the first money in, giving a project the momentum it needs to lever other financing. In other cases, these agencies cap the deal by investing the last money in.

With regard to the production of television programming, a broadcaster partner is a must. With a broadcast licence – often through SCN alone, or in concert with other broadcasters – a producer is eligible for an allocation from the Canadian Television and Cable Production Fund (CTCPF), which is privately financed by Canada's cable companies. (In a recent federal initiative, the CTCPF received an additional allocation for 1997 as part of the "Copps Fund.") In recognition of the disparity between developing and established production centres, Saskatchewan productions are eligible to apply for bonus funds amounting to 10% of the production budget. The broadcast licence required to trigger the CTCPF funds must meet a minimum threshold, which varies by program type, allowing producers to secure as much as 45% of the production budget in combined licence and CTCPF support. The remaining 55% must be raised through additional investors.

Other broadcaster involvement in Saskatchewan productions comes from organizations such as the Canadian Broadcasting Corporation (CBC) or Western International Communications (WIC), an Edmonton-based private broadcaster. CBC has partnered on some significant series projects such as *Utopia Cafe*, *Prairie Roadhouse*, and *What on Earth* and two made-for-television dramatic movies, *Guitarman* and *Lyddie*. In these cases, the broadcast licence can be coupled with arranged facilities to offset some of the hard costs associated with production. These arrangements also eliminate some of the practical problems producers face, making their jobs simpler and easier. At the creative level producers have experienced a strong commitment and helpful creative support from the Canadian Broadcasting Corporation (CBC) during these projects. These producers believe they will be able to maintain the positive relationships they have built with the CBC based on their track records, even though it appears those relationships will now extend beyond the regional level. However, it is difficult to predict the future of CBC regional production at this time. It seems more likely that future regional productions

involving the CBC will require more involvement from other investors, including other broadcasters, as well as funding through Telefilm Canada and the CTCPPF.

WIC, with its affiliates ITV and Superchannel, has also been a significant partner in licensed product, including *Eli's Lesson* and *The Lost Daughter*. The CBC and WIC licences are substantial, and have provided a national opportunity for the distribution of large-scale Saskatchewan-based productions. In contrast to SCN, which is a significant niche market for Saskatchewan producers, the CBC and WIC provide more substantial licence fees, and reach a broader mainstream market.

Telefilm Canada is a federal Crown corporation investing in television programming, theatrical films, and new media. Telefilm's investment ceiling is 49% of the production budget. It continues to increase its involvement in Saskatchewan productions, and has become a frequent partner with SaskFILM in financing projects. Telefilm Canada is also considering investing in the capitalization of production companies. If Telefilm proceeds with such a program, Saskatchewan production companies – which may offer capital investment opportunities to SOCO – would have an additional opportunity to respond to their internal infrastructure needs and the expanding market opportunities.

Telefilm received an additional \$250 million over two years (year one ended March 1997) as a partial adjustment to compensate for the downsizing of the CBC. However, the additional funding also signals confidence in Canada's rapidly growing film and television industry. Although the fund may represent a temporary windfall, Saskatchewan producers stand to gain a great deal by using the funding to create productions that enhance their reputations, thus allowing them to be more competitive in the future, when producers' track records may be crucial.

Telefilm includes regional incentives. Those jurisdictions positioned to respond to the opportunity will have the greatest immediate and long-term advantage. This is a critical two-year period for producers to establish their credibility and their reputations, as the broadcast industry becomes more centralized and access to key decision-makers becomes more difficult. The additional allocation to the fund does not mean more market opportunities, but it does mean more money will be spent on production, leading to higher-calibre products. Saskatchewan producers must make their mark by engaging broadcasters to license Saskatchewan productions in this extremely competitive environment.

National and niche broadcasters outside Saskatchewan make up another group of production investment partners. While a single national licence from CTV or CBC is lucrative and desirable, it is more common for Saskatchewan producers to engage a myriad of broadcast licences across the country.

Distribution companies provide advances based on sales projections. Each distribution company focusses on certain markets, and Saskatchewan producers partner with the one that best matches the scope of their product. Saskatchewan has two established distribution companies, which are affiliated with two prominent production companies. These distribution companies compete with distributors in the national production centres of Toronto, Montreal, and Vancouver.

Saskatchewan producers are automatically eligible for the new federal Refundable Investment Tax Credit (RITC), where programs are produced for Canadian broadcasters according to the Canadian-content guidelines of the Canadian Radio-television and Telecommunications Commission (CRTC). This program allows flexibility in that producers can apply the credit as a component of production financing for the eligible project or net the claim directly to the production company. Unlike the RITC, the proposed Saskatchewan Employment Tax Credit (see 5.1, Product Supply) will not be triggered by CRTC certification eligibility, but will focus on eligible Saskatchewan labour expenditures.

Canada also has a number of private production investment agencies. Eligibility for these funds is typically related to the type of production: children's programming via the Shaw Cable Children's Programming Initiative, dramatic programs through the Foundation to Underwrite New Drama (F.U.N.D.) and the Independent Production Fund, to name a select few.

Each private and public investment agency has rigorous investment eligibility and reporting criteria, compelling producers to be creatively and fiscally diligent. Many permutations of investment partnerships are possible, and often necessary. International partnerships and co-productions add further possibilities and complexities to the list of opportunities.

## Film and Video Recommendations

### **5.3.2.1      ↙      That the Government of Saskatchewan immediately allocate an additional \$1.5 million to SaskFILM to enable equity investment and development to the end of fiscal 1997/98.**

**Rationale:** There is currently a backlog of production-ready projects that have secured production financing for their projects waiting for investment from SaskFILM, which is typically 10% of the total budget. Despite the \$1 million supplemental allocation to SaskFILM announced on March 22, 1997, many viable projects will not get the critical provincial investment piece needed to complete their investment structures. Competition for scarce resources at the provincial level thwarts Saskatchewan's ability to respond to the increase in production activity nationally and internationally. A total allocation of \$2.5 million (including the recently announced \$1 million allocation) will ensure Saskatchewan remains competitive.

New federal production financing mechanisms and increased investment allocations have created a boom in activity across Canada. Through proactive business skills development and marketing programs, and with the support of SaskFILM, the Saskatchewan industry now has a critical mass of highly skilled producers with solid reputations and a network of excellent relationships within the industry. Increased sophistication has led to more success on the national and international level in bringing together partners and projects. However, additional SaskFILM investment is necessary to

complete production financing now, before the Saskatchewan Employment Tax Credit is implemented.

**5.3.2.2            ↙            That the focus for SaskFILM be adjusted in response to the availability of the proposed Saskatchewan Employment Tax Credit (SETC).**

**Rationale:** SaskFILM's role in a changing environment, both provincially and nationally, must be reassessed. The development of a core of high-calibre producers and production companies indicates a reduced demand for competitive, large-scale equity investments through SaskFILM, which will be supplanted by the SETC. SaskFILM can now focus on its important role as a development agency supporting the diversity of indigenous film and television products created in Saskatchewan. SaskFILM would continue to make strategic investments in larger projects that support the development of the indigenous industry.

**5.3.2.3            ↙            That SaskFILM be renewed by legislation in March 1998.**

**Rationale:** The combined approach of SaskFILM and the Saskatchewan Employment Tax Credit (see recommendation 5.1.2.2) efficiently supports development, responding to the cultural and economic imperatives that contribute to a flourishing cultural industry. SaskFILM has outperformed expectations and is an effective, efficient vehicle for the development and sustenance of the production community. Endorsing and maintaining SaskFILM as a legislated agency will ensure the continued vitality of motion picture production in Saskatchewan.

**↙            Music and Sound Recording**

A relatively small amount of financial support would generate tremendous growth within the industry, on a provincial, national, and international level. This subsector differs greatly from film, in that sound recordings do not require enormous amounts of investment capital to produce a finished product. Each recording project can generate a year of sustainable employment for up to ten people, including musicians and technical crew. This, in turn, generates further income from touring, nightclub and alcohol revenues, equipment and vehicle rentals, and an ever-widening circle of related economic activity. This subsector encourages the provincial government to consider each of the avenues for investment in the cultural industries outlined in the recommendations of the Cultural Industries Development Strategy.

## **5.4            Domestic Market Development**

“Domestic market” refers to the available market across Canada.

- ✦ **Strategic Direction:** To develop and implement initiatives to support and expand Saskatchewan’s share of the domestic (Canadian) market.

#### 5.4.1 Common Perspectives

The small size and large breadth of our domestic market, coupled with our free-trade business environment and proximity to the United States, make it difficult for most Saskatchewan companies to generate the revenue and profits they need to capture a large share of the domestic market. Saskatchewan’s cultural industries have indicated that expansion of their market share within Canada is a key priority. The use of new technology in creating and reaching new markets will be important.

As a business development strategy, each cultural industry needs to develop additional marketing expertise. A modest front-end investment in these activities will help each area gather valuable market intelligence, develop domestic and international contacts, and test new markets with a minimum of risk to capital. In addition, these initiatives will encourage the formation of partnerships between industries and eventual self-reliance, while helping to overcome Saskatchewan's relative geographic isolation. Finally, and perhaps most importantly, targeted marketing initiatives will speed job creation and increase cultural industries revenues more quickly.

(It is noted that the nature of film and video products and their domestic distribution presents a bit of an anomaly to the problems and models referred to above. Distribution of film and video products is most often a function of the production financing, and as such, often has international implications built in from the beginning.)

#### Recommendations

- 5.4.1.1 ✦ **That the cultural industries associations work with Municipal Government and Canadian Heritage to create a Marketing Initiatives Fund.**

**Rationale:** With the expiry of the Canada-Saskatchewan Partnership Agreement on Culture, cultural industries lost an important source of marketing funds. Businesses are often restricted by time and human and financial resources in their efforts to present products to prospective buyers, even though the amounts required to launch a marketing campaign are often modest. In order for companies to capitalize on niche markets, the fund must be flexible to allow individual companies and entrepreneurs to structure marketing plans that work for their particular situations.

- 5.4.1.2 ✦ **That the Marketing Initiatives Fund include a program component accessible to cultural industries associations for the development and implementation of industry-wide marketing initiatives.**

**Rationale:** The industry associations have performed this function well in the past and should be able to continue to mount joint marketing initiatives on behalf of their members.

- 5.4.1.3 ✦ **That cultural industries associations and businesses be encouraged to make strategic linkages with the Saskatchewan Tourism Authority and individual**

**cultural tourism providers to ensure quality Saskatchewan products are made available to tourists and visitors to the province.**

**Rationale:** Visitors and tourists are a significant market for Saskatchewan cultural products. Strong strategic linkages with the tourism industry will increase sales of product, assist cultural businesses to develop appropriate products and marketing approaches, and enhance existing efforts of the Saskatchewan Tourism Authority to attract more tourists to the province.

**5.4.1.4 ☞ That the cultural industries identify market opportunities outside Saskatchewan in cooperation with other government and non-government agencies, as appropriate.**

**Rationale:** Programs such as Saskatchewan Trade and Export Program (STEP) can assist the cultural industries with market development within Canada.

**5.4.2 Industry-Specific Perspectives**

**☞ Book Publishing**

Saskatchewan's book publishers employ a wide variety of marketing strategies. Tools include cooperative brochures and displays, trade shows, direct-mail lists, and the electronic media. In addition to selling finished books, publishers also generate revenue by selling reprint or extract rights to magazines and book clubs, or by licensing books for radio dramas, made-for-television movies, full-length feature films, or electronic adaptations. Although it is not an avenue many publishers are actively pursuing, at least one Canadian publisher, Kids Can Press in Toronto, has also successfully marketed a plush toy turtle called Franklin, named after a storybook character.

The jury is out on just how the increased presence of large chains will affect the retail landscape for book publishers. There is a general consensus, however, that publishers will benefit by seeking out non-traditional outlets for their products to reduce their reliance on traditional retail outlets.

A Marketing Initiatives Fund to replace the marketing component of the expired Canada-Saskatchewan Partnership Agreement on Culture for book publishing would be extremely beneficial. Certain aspects of the design of a new fund would be important to book publishers. Given the wide range of books published in Saskatchewan, the marketing strategies appropriate for each publisher can vary widely. Where a cooperative marketing approach makes sense, the Saskatchewan Publishers Group can coordinate joint marketing projects on behalf of its members. When individual markets come into play, it is imperative that each company have the autonomy to custom design its own marketing program. As the funds required to mount marketing campaigns are often modest, mechanisms also need to allow access to small amounts of money as required.

**☞ Craft and Visual Arts**

The Saskatchewan market is the focus of sales for most producers. The majority state that over half their sales are generated in Saskatchewan, and of these, close to one half state that all their sales are generated here (*Anderson/Fast*). However, the purchasing power of Saskatchewan residents and businesses is finite, and many producers indicate the provincial market is saturated. The majority of producers are interested in developing additional markets in other regions of Canada and the United States.

The majority of commercial galleries sell their product in the province. A few promote and sell visual art and craft beyond our borders and are interested in expanding into the Canadian and international marketplace. Although the major senior artists in the province are represented by Saskatchewan commercial galleries and other Canadian galleries, the number of artists with representation is relatively small compared with the total estimated to be working in the province. With sufficient resources and increased markets, galleries may be able to expand their representation of artists.

The craft and visual arts industry employs a range of marketing and distribution avenues. Craft fairs and visual arts shows are common, and some of the larger galleries attend national and international trade shows to exhibit and sell product as time and resources permit. Some artists have expressed an interest in undertaking marketing efforts themselves, provided they have the necessary tools (such as information) and finances at hand, thus requiring flexibility within the strategic marketing plan.

The proposed common forum for artists, craftspeople, and commercial galleries could help expand the domestic market by developing and implementing a cooperative, integrated strategic marketing plan that would enhance the provincial market and take visual arts and craft products beyond the Saskatchewan market; by providing an opportunity for interaction between Saskatchewan commercial galleries, agents, and artists wishing representation; and by maintaining a product supply database.

#### ✦ **Film and Video**

Film and video marketing and distribution are linked to the financing of production, where distribution advances (pre-sales) are often a key component of the budget. Sales of product into other markets take place after the original user – a broadcaster or a distributor of feature films – has had the negotiated opportunity to take advantage of the product's salability. It usually takes two or three years for a successful project to begin recouping its original investment through sales in the larger marketplace. Financing for films and videos often involves both domestic and international interests. Success in the domestic market is strengthened by the ability to attract additional investment and to access world markets.

The domestic market for commercially viable product includes television programming and theatrical films. Maintaining a presence in the Canadian market leads Saskatchewan producers to develop profile; cultivate business relationships; increase credibility; monitor the changing market; produce market-driven product in response to broadcaster and distributor needs; and build effective administrative and financial expertise and systems to process proof-of-performance to investors. Producers develop and maintain relationships through regular visits to larger production centres and attendance at national and international industry events and markets. Local events like the Yorkton Short Film and Video Festival are important to smaller companies, and the entire industry is involved in the Saskatchewan Film and Video Showcase.

#### **Television**

Television programming is the most significant domestic market for commercially viable Saskatchewan product. There is a finite market for product, as there are only so many

available broadcast time slots. This encourages competition, driving up production values, which in turn often generates larger production budgets.

Although funding to Telefilm Canada and the Canadian Television and Cable Production Fund has increased, it remains difficult to finance Canadian television productions. Each financing structure contains a myriad of investors, broadcast licences, and agency investments, each with specific investment criteria and financial management parameters. Producers must report to investors based on rigorous criteria. Producers must develop and maintain integrated administration and accounting mechanisms to ensure accurate reporting. This level of administrative expertise is a prerequisite for any project that includes various production investment partners.

### **Theatrical or Feature Films**

The Canadian domestic market for theatrical films is weak, due to the extremely limited potential for theatrical release. Nearly 95% of theatre screens in Canada are owned by foreign corporations. Competing for screen time against American studio blockbusters is generally a thankless task, although there are notable exceptions, such as Atom Egoyan's *Exotica*. As a result, many Canadian feature films are direct-to-video projects, distributed through video rental and sales without the benefit of big-screen exposure. The limited domestic market makes financing Canadian features difficult. However, features production will increase in 1997 due to additional funding from the Canadian Television and Cable Production Fund and Telefilm Canada, and incentives to support theatrical films. While Canadian producers support regulation to encourage screening more Canadian product, the issue has not carried sufficient momentum to effect change.

Niche broadcasters also offer opportunities for theatrical films. These include HBO, SuperChannel, the Movie Network, MoviePix, Showcase, the Family Channel, and others. The rapid growth of this market is expected to continue.

The critical success of Canadian films internationally helps overcome the limitations in the domestic market. International acclaim at film competitions and festivals heightens the profile of films and increases their attractiveness in the distribution market. The success of Saskatchewan's film and video industry depends on nurturing creative indigenous products that appeal to Canadian and international audiences

Continued and enhanced mechanisms are required to enable Saskatchewan producers to access domestic markets. A Marketing Initiatives Loan Fund would supplement the SaskFILM Travel Assistance Program, and the Saskatchewan Motion Picture Association's (SMPIA's) Individual Assistance and Market Support Programs, which were established to help the industry achieve a more effective representation at Canadian market and industry events. (See Association Infrastructure under 5.2.2 for more details.)

The proposed Marketing Initiatives Loan Fund would strengthen SMPIA's ability to represent Saskatchewan's interests and respond effectively to significant developments at the national level. For example, recent meetings between SMPIA and representatives of the western provinces led to changes to the proposed Canadian Television and Cable Production Fund Licence Fee Program, to allow important regional incentives.

Prior to 1995, SMPIA's regional and national travel was supported by Heritage Canada, but this funding is no longer available. At present, SMPIA relies on self-generated funds to support a limited amount of travel each year.

SMPIA plans to establish a Business Skills Development Program to encourage the development of producers and production companies in accessing information and training in administrative expertise to meet investor reporting demands, as the film and video industry demands high standards of administrative performance and financial accountability.

In 1996/97 SMPIA introduced the Debut Program, with SaskFILM providing investment financing for two half-hour dramatic films, to launch productions from developing producer/director/writer teams. SMPIA plans to expand the Debut Program with the addition of one Low-Budget Feature annually that will offer a parallel development opportunity for one team to create original work in the feature film genre. The success of Saskatchewan's film and television industry depends on nurturing creative indigenous products in this way.

## Film and Video Recommendations

### 5.4.2.1 ✎ **That the Saskatchewan Motion Picture Association work with the Government of Saskatchewan to endorse opportunities for the expanded distribution and viewing of Canadian theatrical films.**

**Rationale:** Similar to audiences in other provinces, Saskatchewan people have extremely limited opportunities to view Canadian theatrical films. Venues such as the Broadway Theatre in Saskatoon and the Regina Public Library Theatre contribute to our culture by making Canadian films accessible to Canadians. A variety of screening programs are offered through organizations such as the Saskatchewan Filmpool Cooperative, Video Vérité, art galleries, and film festival events. These activities primarily serve niche audience interests and tend not to capture the attention of mainstream audiences.

### 5.4.2.2 ✎ **That the Saskatchewan film and video industry and the Government of Saskatchewan make joint representation to the Government of Canada to encourage the introduction of regulations enabling Canadian productions access to a higher percentage of theatre screen time.**

**Rationale:** Currently, less than 3% of theatre screen time in Canada is available for Canadian productions. Canadian-content regulations in broadcasting have been successful in assisting and enabling the development of the Canadian music and television production industries. Similar measures are needed for Canada's feature film industry.

### ⚡ **Music and Sound Recording**

The products sold by the music and sound recording industry are equally as personal and diverse as those in book publishing and craft and visual arts, and their relatively low cost encourages any number of innovative marketing plans. The low cost of the product and its relatively low profit margins are offset by the need to support sales activities with live performances to market the personality and visibility of the performer. In light of these factors, the province's sound recording industry has focussed on a multilevel approach to marketing and distribution that will encourage touring, festival performances, a Saskatchewan-controlled distribution system, and a variety of inter-provincial initiatives.

The creation of innovative distribution systems for Saskatchewan products needs to be investigated. The barriers to getting products into retail shops exist across Canada for all businesses who do not have a commercial distributor. Whether it is through an association-administered system, an artist-run cooperative effort, or a private enterprise, a way must be found to open the doors to retail outlets for independent artists.

The music and sound recording industry views its domestic market development on two levels: provincial and national. The initial strategy is to develop the provincial market to a greater degree than currently exists, and then to expand efforts into the rest of Canada with the assistance of the music industry associations in each province. The industry has already introduced some specific initiatives to the other provincial associations and is developing partnerships with those associations. A Marketing Initiatives Fund would greatly assist and support the implementation and success of these initiatives.

## **5.5 International Market Development**

"International markets" refers to the available market outside Canada's borders.

- ⚡ **Strategic Direction:** Saskatchewan needs to support and focus industry-wide activities directed at key world markets. Industry-wide activities should not restrict the ability of individual companies to undertake solo ventures.

### **5.5.1 Common Perspectives**

Saskatchewan's cultural industries have been involved in provincial initiatives to develop and expand business relationships in Jilin, China, and in Ukraine. In addition, individual companies in each industry have undertaken international market development activities of their own. Also, the Saskatchewan Trade and Export Partnership (STEP) is working with Saskatchewan exporters to develop and penetrate domestic and international markets. Selected businesses in each of the industries have made inroads into international markets, but the limitations of human resources and the incremental costs of doing business in other countries has made this a lower priority than increasing domestic market share.

#### **Recommendations**

- 5.5.1.1** ⚡ **That the Marketing Initiatives Fund (5.4.1.1) include a component to allow Saskatchewan-owned and -controlled businesses to attend international cultural industry trade shows.**

**Rationale:** International trade shows provide a low-risk opportunity for companies unfamiliar with doing business in other countries to identify key targets and make contacts. It can take a number of repeat visits to such venues before results are generated.

- 5.5.1.2**    **☞**    **That the cultural industries associations and businesses initiate discussion with the Saskatchewan Trade and Export Partnership (STEP) to increase the participation of the cultural industries in STEP-sponsored activities and to make better use of STEP’s market intelligence.**

**Rationale:** STEP is a government/industry trade development partnership with significant educational and intelligence resources. By developing a closer relationship with STEP, the cultural industries can ensure they are afforded appropriate involvement in market development activities sponsored by STEP.

- 5.5.1.3**    **☞**    **That the cultural industries associations and businesses work with the Governments of Saskatchewan and Canada to ensure Canada’s embassies and missions abroad have access to information on Saskatchewan’s cultural industries and their products.**

**Rationale:** By ensuring Canada’s embassies and missions abroad have information specific to Saskatchewan, business opportunities can be more readily identified and acted upon. This could be accomplished through joint information packages, meetings, and/or industry presentations.

- 5.5.1.4**    **☞**    **That Municipal Government and Saskatchewan Economic Development work together to ensure cultural industries companies have access to, and are included in, the New Exporters Database.**

**Rationale:** Both the federal and provincial governments have identified increasing the number of exporting and export-ready companies as a priority. The New Exporters Database is used by federal trade commissioners and other commercial officers to identify potential Canadian supply sources for opportunities around the world. Businesses in Saskatchewan’s cultural industries need to be included on the database, as appropriate. In addition, non-exporting businesses in the cultural industries who may be export ready, and businesses who want to develop export capability, may also take advantage of the initiative to evaluate their status and determine what assistance they might require.

## **5.5.2 Industry-Specific Perspectives**

### **☞ Book Publishing**

Books can either be distributed as finished products into foreign markets, or rights can be licensed to foreign publishers, who then publish their own editions of the work. Rights sales are typically made at international book fairs or through foreign rights agents who attend such fairs on the publisher’s behalf. In Saskatchewan, book publishers publish primarily for the domestic market. A number of the titles produced here, however, have international market potential, and in recent years, rights to Saskatchewan titles have been licensed to publishers in Scandinavia, Europe, China, Ukraine, and the United States.

### ☒ **Craft and Visual Arts**

In general, producers accept that expanding sales beyond Saskatchewan involves making more direct contact with the market, which in turn requires the dedication of financial and human resources. The time required for market development, however, takes away from time available for creative development, which is the heart of the industry. This conflict between the demands of creativity and the demands of production is ongoing.

To further industry growth, producers need to enhance efficiencies in production and marketing without sacrificing creative development. To do this, they require information, education, access to small business loans programs, and cooperative interaction within the sector and with related industry associations. There is currently a demand for this type of information, but no source to meet it.

At present there is no major international art fair located in Canada. If there were, Saskatchewan galleries would have an ideal venue to introduce work by Saskatchewan artists to collectors, dealers, curators, and the media. The Professional Art Dealers Association of Canada is considering such an event, and the proposed Saskatchewan professional galleries association would benefit from being involved in its organization from the outset. Also, unlike other cultural industries, there has been limited financial assistance available to commercial galleries to attend art shows and sales outside Canada.

While the industry shares a strong interest in expanding markets outside Saskatchewan, a tactical plan or vision has not yet been articulated, hence the recommendations for a common forum for information and discussion of issues, and an industry-specific strategic marketing plan. The tasks that would fall to this common forum include:

- ☒ developing a strategic marketing plan for the visual arts and crafts industry, including development of markets outside Canada;
- ☒ ensuring increased representation of Saskatchewan artists and galleries at international trade fairs;
- ☒ providing incentives to international curators, event organizers, art dealers, and art critics to come to Saskatchewan to acquaint themselves with Saskatchewan galleries and artists;
- ☒ participating in the development of a Canadian international art fair;
- ☒ helping private gallery owners and businesses strengthen their affiliations with galleries abroad to increase the exposure of Saskatchewan artists through exchange, exhibition, and sales; and
- ☒ developing visual aids for domestic and international market development (for example, art catalogues, CD-ROMs, or an Internet site).

### ☒ **Film and Video**

The rapidly expanding international film and television market presents new opportunities for Canadian product. The Canadian Film and Television Production Association (CFTPA) reports that Canadian production volume doubled in five years reaching \$2.664 million in 1995. Significant growth is also seen in export value, which increased 175% from 1993, reaching nearly \$1.4 billion in 1995. Saskatchewan's motion picture industry is quickly increasing its share of Canadian production activity.

To access and capitalize on the demand in international markets, Saskatchewan producers must establish business relationships outside Canada. Exporting has proven to be crucial for virtually every industrial sector in Canada, and the film and video industry is no exception. Successful exports in the film and television sector require a consistent and credible presence in international markets.

For Saskatchewan producers, access to international markets is a valued means of gathering market intelligence, developing business partnerships, securing investment for production, and increasing product sales. International markets offer Saskatchewan distributors a cost-effective means to sell film and television product to buyers from every country in the world. This activity increases revenues and profitability for the producers and investors, and strengthens the industry infrastructure.

Canada has been a world leader in co-production film and television financing with 22 International Co-production Treaties. Saskatchewan companies have successfully partnered with American, German, and British companies, generating revenue and attracting investment and expertise to the province.

Revenues from “independent” product have increased as producers and distributors meet the needs of the new television and video services around the world. In direct response to the demand for independent product, major markets such as NATPE (North American Television Production Executives held in host American cities) and MIPTV and MIPCOM (both hosted in France, these are the two largest film and television markets in the world) are making efforts to accommodate participation by smaller independents.

In 1995 the Saskatchewan Motion Picture Association (SMPIA) initiated the MIPCOM Fellowship, which supports 15 Canadian producers, including three Saskatchewan participants, to attend MIPCOM each year. The program includes advanced orientation and mentorship before and during the market. Because it takes two to three return visits to establish business relationships and credibility, SMPIA is developing a Marketing Assistance Program (MAP) for those who have had initial experience in the international market and are restructuring their companies to capitalize on the trend towards co-production investment and exporting. This program was supported in 1996 by Saskatchewan Economic Development. In the future, SMPIA proposes to expand MAP to allow production and distribution companies to attend the three largest television markets in the world: MIPCOM, MIPTV, and NATPE.

As a diversity of specialty markets can be of significance in individual marketing plans, an expanded MAP would also be responsive to the unique marketing needs of specific projects. SMPIA is working to finance the program with federal, provincial, and industry partners.

SMPIA has been delivering training in business skills and marketing since 1992. Past programs have involved federal and provincial partners, including the Federal Business Development Bank, Telefilm, Human Resources Development Canada, Saskatchewan Economic Development, SaskFILM, and the previous Canada-Saskatchewan Partnership Agreement on Culture.

The proposed Marketing Initiatives Loan Fund would support the delivery of film and video marketing programs in a consistent and comprehensive fashion, with a complement

of funding partners. Marketing programs are enhanced by professional development activity, the skills required apply to both international and domestic markets (see 5.4, Domestic Market Development, Business Skills Development Program).

#### ⚡ **Music and Sound Recording**

Within five years, the Saskatchewan Recording Industry Association hopes to coordinate touring opportunities for Saskatchewan artists in virtually every major international market by working with Canadian embassies worldwide to present a regular series of Saskatchewan artist showcases. The music industry is a global industry, a community that is becoming smaller every day with connections made via the Internet. There are a growing number of international trade shows and conferences that provide additional showcase opportunities for a Saskatchewan presence, including MIDEM France, MIDEM Asia, MIDEM South America, Berlin's PopKomm, London's Music Week, and SXSW and NXNW in the United States.

Some of these opportunities could be developed as joint marketing initiatives with the other cultural industries of Saskatchewan. The potential for the growth of all the cultural industries internationally is unlimited, and an attitude of cooperation and partnering among the province's cultural industries is essential and of immeasurable value to the future of these industries.

## 5.6 Professional Development and Training

This section refers to the development and training required to keep the skills of in-house and freelance staff and self-employed individuals up to industry standards, and to prepare individuals for entry into the cultural industries.

⚡ **Strategic Direction:** To identify and consolidate existing professional development and training initiatives across the cultural industries to ensure the logical application of resources and, where appropriate, to facilitate a coordinated inter-agency approach to program design and delivery. New technology, both as a topic and a delivery tool, will be an important focus.

### 5.6.1 Common Perspectives

If Saskatchewan is to realize its economic potential in the cultural industries, it must invest in the professional development and training of the people who will create and produce the products that allow us to be competitive. Each industry currently has an expanding need for a highly trained and adaptable workforce, and each industry has implemented formal, informal, and on-the-job training initiatives. In the face of federal government intentions to further devolve responsibility for training to the provinces without a concomitant transfer of resources, the need for consolidated and prudent action is critical.

Each of the cultural industries associations makes available a range of short-term training and professional development opportunities. They range from one-day seminars on specific topics to multi-week courses. Little work has been done to coordinate these initiatives across industry lines, although some potential for this is evident.

Movement at the federal level to transfer responsibility for training to the provinces has caused a flurry of positioning and strategic planning to take place. The cultural industries are active participants on the Saskatchewan Sectoral Council for Culture and, especially in the case of film, provincial programs such as FutureSkills have been successful in facilitating on-the-job training or mentoring.

Programs like the current Strategic Initiatives Program have done little to support or enhance the training available in the cultural industries sector. Recent studies completed by Human Resources and Development Canada (HRDC) identified the cultural industries as “the model for labour market trends, i.e., self-employment, in the new economy. They represent the workforce of the future: self-employed, entrepreneurial and highly motivated” (*Creating Careers: Human Resource Issues in the Cultural Sectors*). That same study recognized that the first step in developing a strategy for human resource training in the cultural industries would be to identify all existing resources, and then create new and innovative methods of training that would be appropriate for the cultural sectors and that would reflect the high number of self-employed workers. Unfortunately, the programs currently available through HRDC and through Post-Secondary Education do not conform to these guidelines.

### Recommendations

- 5.6.1.1** ✎ **That Post-Secondary Education and Skills Training be directed to include the cultural industries in developing future training programs, or that their funding programs be flexible enough to reflect the wide scope of training required for the cultural industries, and that they consult with Human Resources and Development Canada (HRDC) on the recommendations laid out in the six reports that were a result of the HRDC Creating Careers study.**

**Rationale:** Current programs are structured towards other industrial sectors and do not reflect the needs of the cultural industries community. They do not recognize self-employment or the need for auditing existing programs.

- 5.6.1.2** ✎ **That the cultural industries associations work with FutureSkills and Post-Secondary Education and Skills Training to encourage and enable the inclusion of cultural industries beyond film.**

**Rationale:** FutureSkills has worked well for the film and video industry. This type of approach could be implemented in the other cultural industries with little modification.

- 5.6.1.3** ✎ **That a Professional Development and Training Fund be established. This fund should allow for a variety of approaches in business skills, and technical and design training, and should be accessible to individuals, cultural businesses, cultural industries associations, and formal organizations affiliated with each cultural industry.**

**Rationale:** A great number of the people employed in the cultural industries are considered to be self-employed. The specialized and often highly technical nature of their work requires that they work diligently at upgrading and advancing their skills. The ability to access this type of training within the province is of critical importance, as is

the acknowledgement that out-of-province opportunities will still be necessary when the costs of holding the training here are prohibitive. The fund would facilitate a wide range of developmental and cross-industry training.

## 5.6.2 Industry-Specific Perspectives

### ✦ Book Publishing

Hand in hand with the investment in product supply and maintaining viable companies goes investment in well-trained staff to produce books cost effectively and in accordance with the highest standards in book publishing. In an industry in which product is evolving and methods of production are constantly changing, it is important for staff to continually update their skills. Opportunities for specialized training in book publishing – such as book layout and design, working with authors, managing the returns process, and dealing with printers – are few and far between, and most require extensive travel. Training close to home is imperative.

### ✦ Craft and Visual Arts

The *Visual Arts and Crafts Assessment Report* showed a clear need for more educational opportunities. More than half the producers would like education in technical and design skills (see recommendations under 5.1, Product Supply), as well as marketing, small business management, and financial planning.

At present, educational resources and opportunities are limited. For instance, there is a need for business skills training, which would enable those interested in representing themselves to become more knowledgeable in marketing and business management. It would also be of benefit to those wishing representation, as they would have a general understanding of what to expect from their representatives. In addition there is a need for development of a wider variety of courses in technical and design skills. Instructional opportunities vary from one-on-one training, to workshops, to informational reports. For the programs that already exist in the province, there is a need for enhanced distribution of course materials (for example, SIAST Applied Arts Programs).

In addition, most producers have at least six years experience in the industry, and almost one half have more than 15 years experience. This may indicate that the sharing and transfer of information to a new generation of producers does not appear to be happening, which may spell danger for the long-term survival of the industry, as well as the unique cultural vision and heritage it sustains. This issue is linked to the educational needs of the industry and its profile in the public eye.

Professional development is another area where the proposed common forum would have an important role to play. Tasks for the forum could include determining the skills needed for market development that are currently unavailable, recommending a suitable method of delivery, and creating marketing materials (for example, booklets or videos) to aid producers in their marketing efforts.

### Craft and Visual Arts Recommendations

- 5.6.2.1 ✦ **That the common forum investigate existing business skills training and form recommendations for the promotion of them in conjunction with the institutions delivering them.**

**Rationale:** Some business programs specific to this industry already exist but have not been highly promoted. The common forum can play a proactive role in promoting existing programs in conjunction with the institutions offering them.

#### ✦ **Film and Video**

Human resources are a key component of Saskatchewan's motion picture infrastructure and must keep pace with the expansion of the industry. Our province has produced many highly skilled production personnel in creative, technical, and administrative areas. These people have established reputations for professionalism and quality, which are significant factors in attracting investment and co-productions to our province. The labour base of qualified Saskatchewan people has grown with the industry, resulting in less need to import skilled personnel from other jurisdictions. Because wages and benefits typically represent 45% to 60% of production budgets, Saskatchewan benefits by employing Saskatchewan people in high-skill, high-value, creative jobs that offer a bright future. The proposed Saskatchewan Employment Tax Credit (SETC), an investment incentive based on the employment of Saskatchewan labour, will significantly increase both the volume of production activity and the numbers of Saskatchewan residents employed on those productions.

Since 1989 the Saskatchewan Motion Picture Association (SMPIA) has been a lead organization in the development and implementation of a coordinated professional development and training strategy for our motion picture industry. An intensified effort will be required to ensure our human resources grow in step with the increased production activity. Because SMPIA considers professional development and training to be critical areas, the association is working with the motion picture industry to determine the availability of resources and appropriate programming delivery methods, in light of the data gathered in the study, *Needs Assessment for Training and Professional Development Requirements in the Saskatchewan Film and Video Industry, 1996*.

Managing the comprehensive needs of training and professional development and gauging opportunities to secure sources of program funding place critical demands on SMPIA. The proposed Professional Development Fund would enable SMPIA to engage a professional development officer/coordinator to identify, coordinate, and lever financing for strategic training and professional development opportunities for the community. A coordinated approach to professional development and training will ensure the investment in targeted skill development is productive. The proposed fund would also support coordination activities, including ongoing needs assessment of human resources; consultation and coordination with industry partners; development of cooperative strategies with related agencies and institutions for the design and implementation of skill development programs; and consultation and information services to individuals and production companies.

Skills training involves a set of complementary activities along a development path: entry-level orientation workshops are combined with workplace-based training, followed by skills upgrading in the workplace in tandem with specialized and advanced professional development. FutureSkills has encouraged work-based training and offered targeted courses for technical and creative personnel, and for the administrative and financial functions within production companies. The industry supports the continuation

of the successful partnership with SIAST and FutureSkills in delivering entry-level and work-based training opportunities.

As more entry-level people join the industry, it is both necessary and desirable to provide opportunities for more experienced people to move to higher-level positions. The complexity of the production environment and investor demand set high performance standards for everyone in the industry. The proposed SETC not only encourages the hiring of more Saskatchewan people, but also increases their opportunities to advance to higher levels within the production environment. However, advanced skill development cannot usually be achieved solely through on-the-job experience, especially in an industry experiencing such rapid growth. Most of the more than 50 occupations in the industry require specialized skills and/or a depth of knowledge that must be acquired through advanced training. Some of this training may be acquired in Saskatchewan when sufficient numbers are involved. The remainder will require people to participate in programs offered outside the province.

SMPIA has supported a limited amount of advanced training through its Individual Assistance Program, which recognizes that training and professional development programs often result from the initiative of interested individuals. The program also offers flexibility by encouraging applicants to access quality programs wherever they exist. The current \$12,000 available through the program to SMPIA's 385 members does not come close to meeting the demand for advanced skill development. The proposed Professional Development Fund would enable SMPIA to respond to individual needs for professional development opportunities.

#### ☛ **Music and Sound Recording**

The Saskatchewan Recording Industry Association (SRIA) recently entered into a partnership with a national trade association, the Canadian Independent Record Production Association, to create a new Professional Development Strategy and Information and Resource Centre. This new partnership will put Saskatchewan at the forefront of the national music industry's efforts in professional development and gives the provincial industry the opportunity to become a leader in this growing field.

The proposal is a comprehensive strategy that starts with the introduction of music industry activities at the elementary school level, continuing through career development programs at the secondary school level, into job training and skills development at the career-entry level, into skills upgrading and new technology-related education in the mid-career level, and continuing into mentoring roles and partnering opportunities at the career exit level. The program will provide a foundation of education and information sharing for the entire industry structure. Distance learning programs, new technology courses, computer-related skills, everything relevant to the music and sound recording industry, will be considered in the development of this timely strategy. The first phase of this strategy is the creation of a database of existing programs, courses, and institutions that provide educational or training programs. It is expected to be completed by November 1997.

SRIA is strongly in favour of working with the other cultural industries and with existing educational institutions to ensure the best possible delivery of any required programs,

and encourages the establishment of the cultural industries Professional Development and Training Fund as an immediate priority in Saskatchewan.

## 5.7 Regulation and Policy

Governments put into place regulations and policies that encourage or hinder industrial development. Often these policies and regulations are applied inconsistently or are at odds with each other.

☞ **Strategic Direction:** To draft and implement regulations and policies that contribute to the development of Saskatchewan's cultural industries.

### 5.7.1 Common Perspectives

At the federal level, recent amendments to *The Copyright Act* are being monitored by the cultural industries. While Neighbouring Rights measures and the levy on blank recording tapes are perceived as important gains, the industries are quick to note that *The Copyright Act* is still woefully inadequate with regard to copyright protection in the context of new digital technologies.

Limited progress has been made with including the cultural industries on provincial and federal trade development missions, but the Government of Saskatchewan has yet to make a firm commitment to viewing cultural industries and projects as more than the "handshake of friendship" when trade relationships are sought .

Canada's cultural industries benefit from government protection to level the playing field. According to *Canada's International Business Strategy, 1997*, Canada's cultural imports exceed its exports by a ratio of 3 to 1. This means it is important to maintain existing support measures, and perhaps to develop new ones, to ensure a reasonable share of the domestic market is retained. The craft and visual arts sector is an anomaly in the cultural industries in that the domestic market for arts and craft is less dominated by foreign imports than is the case for other sectors.

The provincial government's Buy Saskatchewan preference is seen as a valuable way of ensuring Saskatchewan businesses are used when cultural products or services are needed. While Saskatchewan's cultural industries are not currently affected by interprovincial trade barriers, the government should continue to ensure the interests of the cultural industries are considered in future discussions and trade negotiations with other provinces.

### Recommendations

5.7.1.1 ☞ **That the Government of Saskatchewan support federal amendments to *The Copyright Act* and encourage the federal government to undertake additional revisions to protect the rights of creators in the digital age.**

**Rationale:** The amendments to *The Copyright Act* are important and strengthen the rights of creators for fair and reasonable compensation for the use of their work; however, the act still does not properly address creator's rights in light of new digital technologies and the Internet.

- 5.7.1.2**    ❏    **That the Government of Saskatchewan acknowledge and support the important role the Canadian Broadcasting Corporation (CBC) and the Saskatchewan Communications Network (SCN) have to play in the future of Saskatchewan's cultural industries.**

**Rationale:** CBC television and radio services have been and are expected to continue to be important to the distribution and development of Saskatchewan's cultural products. Recent reductions to CBC's regional operations in Saskatchewan have made the ability of SCN to license and produce programming even more crucial to the provincial film and video industry. As the only broadcaster, educational or otherwise, resident in the province, SCN's importance to the cultural industries as a whole is expected to increase.

- 5.7.1.3**    ❏    **That the Government of Saskatchewan require all Crown corporations, agencies, and agents of the Crown to implement a Buy Saskatchewan preference when purchasing, commissioning, or licensing cultural products, similar to the arrangement currently in place for the film and video industry.**

**Rationale:** Crown corporations and agents of the Crown are potentially large consumers of cultural products. Saskatchewan-owned and -operated companies should have every opportunity to provide goods and services purchased by the Crown and, where cost and quality are comparable, should receive preference.

- 5.7.1.4**    ❏    **That Municipal Government and Saskatchewan Economic Development review all Government of Saskatchewan programs and services to small business to ensure that businesses in the cultural industries have equitable and appropriate access.**

**Rationale:** In the past, initiatives designed to assist small business have not always taken into consideration the unique nature of the cultural industries. The intent of the review would not be to make special accommodation for businesses in the cultural industries, but to ensure that no unreasonable barriers to participation exist.

- 5.7.1.5**    ❏    **That the Governments of Saskatchewan and Canada work cooperatively to reduce international trade barriers, while maintaining support and regulatory measures to ensure that an appropriate share of the domestic market is retained.**

**Rationale:** The cultural industries in Saskatchewan cannot achieve their potential without expanding into markets beyond the borders of this province. Only the provincial and federal governments can negotiate to remove trade barriers and establish treaties and trade agreements to facilitate growth.

- 5.7.1.6**    ❏    **That the Government of Saskatchewan recognize the intellectual property and attendant rights of its artists, writers, creators, and publishers and, where appropriate and applicable, sign interprovincial agreements with cultural collectives that ensure their recognition and further assure appropriate compensation for the use of copyrighted material in provincial institutions.**

**Rationale:** It is appropriate and proper that government show leadership to other public and private institutions and businesses in this area.

### 5.7.1.7 ✎ That the Government of Saskatchewan adopt a cultural policy.

**Rationale:** In any business plan the broader picture is often defined as a vision. From the vision come the objectives to be attained and the measures to be taken to achieve those objectives. While the Saskatchewan government has been supportive of the development of the cultural industries, there is a need for a comprehensive cultural policy to ensure that the initiatives taken in this Strategy are consistent with policy development in other areas. Such a policy would ensure that the recommendations in this Strategy are consistent with government's agenda to enhance the quality of life in Saskatchewan and diversify the economy. It would also provide a framework for policy development in Economic Development, Education, and other departments as they relate to culture and the development of the cultural industries. This cultural policy should be long term and its development should not in any way hinder the process of the Cultural Industries Development Strategy.

## 5.7.2 Industry-Specific Perspectives

### ✎ Book Publishing

Canada's external and internal borders are open to a free flow of traffic in books. While book publishers do not want restrictions placed on this flow of information, in the face of the unrestricted entry of thousands of new titles into the country each year, financial measures such as those addressed in previous sections of this Strategy will help ensure that our voices are heard in our own country.

In addition to support programs, governments can play a key role in providing useful partnerships and connections between those with a need and those with an area of expertise. For instance, policies such as a closer synergy between Saskatchewan Education and publishers in the province; monitoring of copyright agreements and fair use; mandatory library deposits; bidding out appropriate government publications to publishers in the province; promotion of literacy; and zero-rating of Goods and Services Tax on books and keeping the provincial sales tax off the sale of books all help build partnerships between publishers and government.

### Book Publishing Recommendations

#### 5.7.2.1 ✎ That publishers work together with the Provincial Library to establish and maintain a complete archival record of provincial publishing activity.

**Rationale:** A comprehensive record of past publishing activity will be of interest to future generations.

#### 5.7.2.2 ✎ That Saskatchewan-published materials be used in government-sponsored literacy campaigns, and that, all things being equal, Saskatchewan Education use Saskatchewan-owned, Canadian-owned, and other sources in that order for both recommended texts and supplementary reading materials.

**Rationale:** This is an extension of the government's Buy Saskatchewan preference as applied specifically to book publishing.

#### 5.7.2.3 ✎ That Saskatchewan Education put visual designations on their bibliography of sources to indicate materials published by Saskatchewan-owned and Canadian-owned publishing companies.

**Rationale:** Many educators actively seek out Canadian- and Saskatchewan-produced materials. This is an effective, inexpensive way of making it easier for them to do so.

- 5.7.2.4** ✎ **That a standing committee between representatives of the Saskatchewan Publishers Group and Saskatchewan Education provide for information exchange, policy and program development, and the establishment of partnerships.**

**Rationale:** Children are avid readers of material they can identify with and understand. Saskatchewan publishers are able to provide a familiar perspective for the students of this province.

- 5.7.2.5** ✎ **That provincial government departments, agencies, and other operations develop policies for producing proposed book-length publications with Saskatchewan publishers and maintain a central database of planned government publications so Saskatchewan publishers have a chance to bid on these projects.**

**Rationale:** Saskatchewan publishers have the expertise to produce quality publications cost effectively. Rather than produce book-length publications in-house, government departments should consider contracting this work out to publishers in the province. Both sides will benefit: the government from cost-effective, professional production services and the industry from the partnership with government.

- 5.7.2.6** ✎ **That the Government of Saskatchewan support the zero-rating of Goods and Services Tax on books, and keep the provincial sales tax off the sale of books.**

**Rationale:** Keeping taxes down encourages spending on cultural products.

**✎ Craft and Visual Arts**

Key to the long-term development of the visual arts and crafts industry, as well as the other cultural industries, is the protection of creators' rights. This relates directly to the federal government's initiative to reform *The Copyright Act*. The Government of Saskatchewan can take a proactive role in applying pressure for reform. In addition, regulations for artists and businesses crossing international borders to show or sell work are extremely prohibitive, and the provincial government can play a role in revising these regulations and, where appropriate, recommending their removal.

**Craft and Visual Arts Recommendations**

- 5.7.2.8** ✎ **That industry-standard agreements, regulations, terminology, and definitions be developed by the common forum, where appropriate, and that the Saskatchewan professional commercial gallery association encourage the adoption of professional guidelines and ethical standards for gallery operations.**

**Rationale:** An example of an issue that requires review is that of "print" versus "reproduction." Many reproductions (a photo-mechanical reproduction of a work originally conceived by the artist in another medium) are being promoted and sold as prints. The adoption of professional guidelines and ethical standards will enhance the national and international reputation of commercial galleries in the province.

**5.7.2.9 ✎ That the Government of Saskatchewan establish a policy whereby 1% of the provincial contribution towards the construction of any public building or facility is dedicated to the acquisition of Saskatchewan visual art and craft for display in the building or facility.**

**Rationale:** Such a policy would demonstrate the government's commitment to its artists, as well as promote visual arts and craft products to residents and visitors. When the government is seen to be supportive of a particular industry, the public recognizes the value of investment in that industry.

**✎ Film and Video**

The Governments of Canada and Saskatchewan currently employ a variety of mechanisms to assist the motion picture industry, including legislation, direct acquisition of goods and services from the industry through line departments and Crown agencies, financial support to public and educational broadcasting, direct funding and investment, and indirect funding through tax measures.

**✎ Music and Sound Recording**

The biggest issue currently affecting this industry are the aforementioned amendments to the *Copyright Act*. While the amendments take steps to correct an unbalanced system, they do not go far enough to protect the creators of musical works against further infringement of copyright, especially given the rapid progression of technology. Pressure should be applied to the federal government to speed up the process of copyright reform, to ensure that the federal government is taking every precaution not only to protect the creators of musical works but also to make sure that the government is acting in advance of technology and not just reacting to change years after it happens. Any delay in creating effective legislation results in enormous losses of income for the owners of copyright. Information sessions targeted at provincial broadcasters who opposed the Neighbouring Rights legislation may help to assure these broadcasters of the worthiness of such a royalty, and of the minimal impact that this royalty will have on their net income.

The presence of the Canadian Broadcasting Corporation's regional programming has had an immeasurable effect in the support and promotion of Saskatchewan's recording artists. To lose these regional programs to budget cuts would mean the loss of the only outlet available to a great number of Saskatchewan recording artists for the performance of their works.

The next issue that should be addressed is the problem of the global monopoly that exists with the dominant market control of the five major record labels. This monopoly is under investigation in the British Parliament by the Monopolies and Mergers Commission. A recent class-action lawsuit launched in the United States charges that the five major labels have been illegally price-fixing compact discs above a fair market value for years, a charge that has been widely accepted industry knowledge for some time. A request by the provincial government to the federal Minister of Industry to investigate these situations in Canada could greatly assist both Saskatchewan recording artists and consumers of recorded product.

Global dominance by the five major labels is evidenced in Canada, where over 85% of the market share of retail sales of recorded product belongs to the five labels. None of these labels is Canadian owned, and they have no obligation to produce any Canadian-content recordings.

## 5.8 New Technology and Multimedia

Three major considerations are fundamental to the discussion: new technology and multimedia have fundamentally changed the processes by which traditional cultural products are developed; new technology and multimedia are ushering in a whole new generation of cultural products and services; and the innovative use of multimedia technology has suggested new ways of advertising, marketing, and distribution that will profoundly influence the cultural industries.

- ✦ **Strategic Direction:** To strengthen links between the cultural industries and related sectors to position Saskatchewan businesses as industry leaders in the development of multimedia products, and to exploit marketing and distribution opportunities made possible through new technologies.

### 5.8.1 Common Perspectives

The issues and opportunities afforded by the advent of multimedia and new technology in today's marketplace will have a profound effect on both the implementation of the recommendations in this Strategy and the future growth and profitability of Saskatchewan's cultural industries.

Each of the industries has begun incorporating new technologies into the regular scope of its business activities. Exploration into new methods of production, marketing, and distribution is well under way, particularly in film and video and sound recording, where digital technologies have become the norm. The industries have just begun to examine how new technologies can contribute to professional development and training. The development of new products has also begun, with several Saskatchewan companies having developed, for example, CD-ROM learning resources for the education system. More commercial and entertainment applications are being developed.

The Cultural Industries Development Strategy is aware of the business plan for a Prairie New Media Content Development Centre (PNMCDC), proposed as a virtual facility that would function as a project or business animator to seek out new clients and opportunities for Saskatchewan companies. However, the Business Plan also recommends a multi-million dollar investment from both the provincial and federal governments to enable the Centre, an investment that is unlikely to occur in the current fiscal climate.

The Strategy concurs with the three primary concepts in the PNMCDC business plan (as follows), but recommends a more measured set of actions that take advantage of existing infrastructure and related initiatives that may be undertaken in the near future:

- ✦ seed capital and measured strategic equity investments to develop Saskatchewan new media capability and products
- ✦ educational programs to develop personnel and markets, and
- ✦ information services to promote and inform new media developers and potential partners.

Each of the cultural industries has a unique perspective on the potential impact that new technology and multimedia will have both on their businesses and on the way they do

business. Book publishers, for example, may well embrace new production technologies, but the end product may still be a book. The sound recording industry, in comparison, perceives digital technologies as an entirely new way of developing, selling, distributing, and delivering products, which could make the days of the record store part of the not-so-distant past. Why would a consumer travel to the local mall to buy a compact disc when in a few seconds she can download a digital copy from the artist's home page on the Internet? This is not to say that book publishers will not exploit multimedia to develop new product lines or that the sound recording industry is without concerns regarding copyright and piracy of product on the information highway; however, these examples illustrate the different perspectives the industries have on the impact of and uses for new technology.

### Recommendations

#### 5.8.1.1 ✎ **That the development of business opportunities related to new technology and multimedia be facilitated by a New Technologies Product Investment Program.**

**Rationale:** The proposed Prairie New Media Content Development Centre is a large enterprise dependent on government for the majority of its start-up funding. The Cultural Industries Development Strategy, while recognizing the validity of many of the concepts in the plan, proposes a less ambitious program that focusses on product development and takes advantage of existing infrastructures for delivery. Specifically, it is recommended that SaskFILM be contracted to deliver the New Technologies Product Investment Program and that the Program be capitalized by a combination of provincial and federal sources. The Program should be designed to require public sector companies to make a substantial financial commitment to the projects undertaken, and the Program should also have the capacity to take an equity position in the project if it is deemed appropriate.

#### 5.8.1.2 ✎ **That the cultural industries associations, Municipal Government, and Saskatchewan Economic Development develop and enact a plan to develop strategic partnerships and business relationships between cultural businesses and those in related areas such as software development and the telecommunications industry.**

**Rationale:** The cultural industries bring the creative and value-added edge to new technology and multimedia products that make them attractive to the consumer. Related industries bring their unique perspectives to the process. Only by these industries working together can Saskatchewan's product development capacity be increased.

#### 5.8.1.3 ✎ **That the cultural industries associations prepare cross-industry market and professional development initiatives.**

**Rationale:** New technology and multimedia can have significant effects in both areas. Industry associations should work collaboratively to avoid duplication of effort and to benefit from cross-industry synergies.

### 5.8.2 Industry-Specific Perspectives

#### ✎ **Book Publishing**

Partnerships in multimedia endeavours are important because of the capital investment required for multimedia development and the need for in-depth market research. Whether

or not book publishers choose to develop multimedia products themselves, they hold valuable content rights, and they have a long tradition of sublicensing such rights – for example, sublicensing books to film companies. In the future, book publishers will be looking to forge mutually beneficial partnerships with other cultural industries to exploit opportunities offered by new technologies.

In addition to the potential for developing or sublicensing material for the development of new products, book publishers will be monitoring carefully the potential for marketing books on the Internet and the activity of on-line bookstores. Once questions of copyright and securing financial transactions have been investigated further, they will also be exploring the possibility of publishing books on-line.

Finally, new technology has an impact on how books are produced. Publishers need to upgrade in-house equipment and train staff as layout programs and scanning technologies improve and more of the production process can be brought in-house.

The recommended New Technologies Product Investment Program would allow publishers to pursue innovative products such as short-run books, on-line publications, and audio books; and to develop multimedia expertise for use in partnerships with related industries.

#### ✦ **Craft and Visual Arts**

Multimedia represents a rapidly expanding new frontier, with artists providing creative content in many innovative applications. The Internet provides a variety of resources and opportunities for artists and craftspeople. Artists can advertise their work and services, as well as exhibit their artwork on the Internet. Many resources are available, including arts suppliers, job postings, exhibition opportunities and calls for submissions, commissions, internships, grants and foundations, arts education and training information, and information on arts groups and organizations for artists.

Artists are now using computers to make digital artworks (including interactive works) that are displayed on the World Wide Web or are available on CD-ROM. Reva Stone's exhibitions at the Dunlop Art Gallery in 1996 was an example of this.

Multimedia is also being used for arts education. Saskatchewan Education presented an interactive CD-ROM for art educators in high schools. It focusses on contemporary Canadian artists and includes many Saskatchewan artists, craftspeople, and designers. As well, artists with user knowledge of multimedia design software programs and the Internet have job skills that are in demand.

As technology rapidly progresses, the creator can be at risk. Intellectual property rights relate to creative ideas. These ideas are the raw material for the visual arts and crafts products. While technology can be advantageous for distribution and marketing, the producer must be assured that his or her creative rights are not lost in the whirlwind of activity and advances.

The proposed common forum will work closely with the other cultural industries, collaborating in product and market development as appropriate. It will also study and

develop strategies to address the copyright and distribution concerns of artists working in the medium.

### ✦ **Film and Video**

New media comprises two areas, which are usually linked: Internet and server-based applications that operate on specific networks or the World Wide Web, and CD-ROM and other disc-based applications that are primarily accessed by single users from the disc or drive.

Saskatchewan's new media industry has grown considerably in the last few years. The industry now comprises a small but thriving group of companies with their own provincial New Media Developers Association. Several of these new media companies are offshoots of computer-based training and information technology companies. However, the largest and most aggressive new media companies originate in the film and video industry. As with the film and video industry, associated businesses benefit from multimedia production by providing support services, including sound recording, graphic arts, and non-linear editing.

Most companies have some expertise in both Internet and CD-ROM technology, but their primary focus is usually in one area or the other. Film and video companies traditionally lean towards the CD-ROM format, since it incorporates the video and audio elements they are familiar with. Information technology and computer-based training companies incline towards Internet-based services, which are composed primarily of text, graphics, and programming. While there is some overlap, this gives a general description of the industry.

What the entire new media industry shares is the challenge of developing new skills, particularly in learning the language of interactivity. Many elements are needed to create an effective interactive product, all keyed to how the user interacts with it. To be successful, it must be easy to use and understand, it must work well, and it must be fast. It must engage users, without leaving them feeling like they're lost. This is particularly true today of CD-ROM products, where designers must contend with more elements to present to the user. However, within a few years affordable high-speed networks will bring the capabilities and challenges of the CD-ROM format to designers of Internet applications. Also, computers will soon be capable of delivering full-screen, full-motion video, a significant advance over current technology. When these network and computer capabilities converge, all producers will face the same design issues.

Companies that originated in the film and video industry – Mind's Eye New Media, Pebble Beach Interactive, Partners in Motion, and Points North – have an advantage over their Internet-based counterparts because of their experience in telling stories using audio and visual elements. This is evident in CD-ROM products such as Pebble Beach Interactive's "Ideas and Inspiration," which received awards at the Saskatchewan Motion Picture Association's Showcase and the Houston Film Festival; and Partners in Motion's "Physics," nominated for an award at the Yorkton Film Festival. For producers who are already familiar with digital editing and sound production equipment, learning to use the technology involved in CD-ROM or Web site is not difficult. Developing the requisite creative and artistic skills involves a longer, steeper learning curve.

Saskatchewan has an opportunity to duplicate the spectacular growth experienced in its film and video industry in multimedia production. It is a global marketplace that is wide open to good product, no matter where it originates.

#### ✦ **Music and Sound Recording**

In the music and sound recording industry the impact of the new technologies is felt at every turn. From the introduction of the compact disc as a medium for music, to CD-ROMs, interactive CDs, music videos, digital delivery systems, the Internet, and real-time audio – all these developments have had, and will continue to have, a profound impact on this industry. It has been predicted that within ten years all music products will be delivered via the Internet and digital delivery systems, virtually eliminating both the retail infrastructure and the record companies. More than ever, the principle of “whoever owns the copyright, wins” will apply. The Saskatchewan Recording Industry Association (SRIA) is currently working in partnership with SaskTel to develop secure distribution of recorded product via the Internet.

The provincial music industry must continue to understand the implications of these new developments and educate their natural resource – the music creators – about the importance of these changes and their impact on their future livelihood. SRIA’s strategy is titled *The Future Is Sound*. Steps must be taken to ensure that the future of sound will be secure; that Saskatchewan artists will finally be able to sustain themselves through self-employment in the industry; and that they will have the tools, the knowledge, and the education to survive the impending advances in computer-based technology and digital delivery systems. New technologies and multimedia applications are not only a high priority in our Professional Development Strategy, they are also one of our main sources for delivery of our programming, through distance-learning courses and the development of CD-ROMs and other materials.

A New Technologies Product Investment Program will provide the Saskatchewan music and sound recording industry with the means to ensure that the industry is able to compete in a global market and develop the materials that needed to ensure the industry’s future.

**Rationale:** Similar to audiences in other provinces, Saskatchewan people have extremely limited opportunities to view Canadian theatrical films. Venues such as the Broadway Theatre in Saskatoon and the Regina Public Library Theatre contribute to our culture by making Canadian films accessible to Canadians. A variety of screening programs are offered through organizations such as the Saskatchewan Filmpool Cooperative, Video Vérité, art galleries, and film festival events. These activities primarily serve niche audience interests and tend not to capture the attention of mainstream audiences.

#### 5.4.2.2 ✦ **That the Saskatchewan film and video industry and the Government of Saskatchewan make joint representation to the Government of Canada to encourage the introduction of regulations enabling Canadian productions access to a higher percentage of theatre screen time.**

**Rationale:** Currently, less than 3% of theatre screen time in Canada is available for

Canadian productions. Canadian-content regulations in broadcasting have been successful in assisting and enabling the development of the Canadian music and television production industries. Similar measures are needed for Canada's feature film industry.

#### ☒ **Music and Sound Recording**

The products sold by the music and sound recording industry are equally as personal and diverse as those in book publishing and craft and visual arts, and their relatively low cost encourages any number of innovative marketing plans. The low cost of the product and its relatively low profit margins are offset by the need to support sales activities with live performances to market the personality and visibility of the performer. In light of these factors, the province's sound recording industry has focussed on a multilevel approach to marketing and distribution that will encourage touring, festival performances, a Saskatchewan-controlled distribution system, and a variety of inter-provincial initiatives.

The creation of innovative distribution systems for Saskatchewan products needs to be investigated. The barriers to getting products into retail shops exist across Canada for all businesses who do not have a commercial distributor. Whether it is through an association-administered system, an artist-run cooperative effort, or a private enterprise, a way must be found to open the doors to retail outlets for independent artists.

The music and sound recording industry views its domestic market development on two levels: provincial and national. The initial strategy is to develop the provincial market to a greater degree than currently exists, and then to expand efforts into the rest of Canada with the assistance of the music industry associations in each province. The industry has already introduced some specific initiatives to the other provincial associations and is developing partnerships with those associations. A Marketing Initiatives Fund would greatly assist and support the implementation and success of these initiatives.

## 5.5 International Market Development

"International markets" refers to the available market outside Canada's borders.

☒ **Strategic Direction:** Saskatchewan needs to support and focus industry-wide activities directed at key world markets. Industry-wide activities should not restrict the ability of individual companies to undertake solo ventures.

### 5.5.1 Common Perspectives

Saskatchewan's cultural industries have been involved in provincial initiatives to develop and expand business relationships in Jilin, China, and in Ukraine. In addition, individual companies in each industry have undertaken international market development activities of their own. Also, the Saskatchewan Trade and Export Partnership (STEP) is working with Saskatchewan exporters to develop and penetrate domestic and international markets. Selected businesses in each of the industries have made inroads into international markets, but the limitations of human resources and the incremental costs of doing business in other countries has made this a lower priority than increasing domestic market share.

#### **Recommendations**

- 5.5.1.1**    **☞**    **That the Marketing Initiatives Fund (5.4.1.1) include a component to allow Saskatchewan-owned and -controlled businesses to attend international cultural industry trade shows.**

**Rationale:** International trade shows provide a low-risk opportunity for companies unfamiliar with doing business in other countries to identify key targets and make contacts. It can take a number of repeat visits to such venues before results are generated.

- 5.5.1.2**    **☞**    **That the cultural industries associations and businesses initiate discussion with the Saskatchewan Trade and Export Partnership (STEP) to increase the participation of the cultural industries in STEP-sponsored activities and to make better use of STEP's market intelligence.**

**Rationale:** STEP is a government/industry trade development partnership with significant educational and intelligence resources. By developing a closer relationship with STEP, the cultural industries can ensure they are afforded appropriate involvement in market development activities sponsored by STEP.

- 5.5.1.3**    **☞**    **That the cultural industries associations and businesses work with the Governments of Saskatchewan and Canada to ensure Canada's embassies and missions abroad have access to information on Saskatchewan's cultural industries and their products.**

**Rationale:** By ensuring Canada's embassies and missions abroad have information specific to Saskatchewan, business opportunities can be more readily identified and acted upon. This could be accomplished through joint information packages, meetings, and/or industry presentations.

- 5.5.1.4**    **☞**    **That Municipal Government and Saskatchewan Economic Development work together to ensure cultural industries companies have access to, and are included in, the New Exporters Database.**

**Rationale:** Both the federal and provincial governments have identified increasing the number of exporting and export-ready companies as a priority. The New Exporters Database is used by federal trade commissioners and other commercial officers to identify potential Canadian supply sources for opportunities around the world. Businesses in Saskatchewan's cultural industries need to be included on the database, as appropriate. In addition, non-exporting businesses in the cultural industries who may be export ready, and businesses who want to develop export capability, may also take advantage of the initiative to evaluate their status and determine what assistance they might require.

## **5.5.2 Industry-Specific Perspectives**

### **☞ Book Publishing**

Books can either be distributed as finished products into foreign markets, or rights can be licensed to foreign publishers, who then publish their own editions of the work. Rights sales are typically made at international book fairs or through foreign rights agents who attend such fairs on the publisher's behalf. In Saskatchewan, book publishers publish primarily for the domestic market. A number of the titles produced here, however, have

international market potential, and in recent years, rights to Saskatchewan titles have been licensed to publishers in Scandinavia, Europe, China, Ukraine, and the United States.

#### ✦ **Craft and Visual Arts**

In general, producers accept that expanding sales beyond Saskatchewan involves making more direct contact with the market, which in turn requires the dedication of financial and human resources. The time required for market development, however, takes away from time available for creative development, which is the heart of the industry. This conflict between the demands of creativity and the demands of production is ongoing.

To further industry growth, producers need to enhance efficiencies in production and marketing without sacrificing creative development. To do this, they require information, education, access to small business loans programs, and cooperative interaction within the sector and with related industry associations. There is currently a demand for this type of information, but no source to meet it.

At present there is no major international art fair located in Canada. If there were, Saskatchewan galleries would have an ideal venue to introduce work by Saskatchewan artists to collectors, dealers, curators, and the media. The Professional Art Dealers Association of Canada is considering such an event, and the proposed Saskatchewan professional galleries association would benefit from being involved in its organization from the outset. Also, unlike other cultural industries, there has been limited financial assistance available to commercial galleries to attend art shows and sales outside Canada.

While the industry shares a strong interest in expanding markets outside Saskatchewan, a tactical plan or vision has not yet been articulated, hence the recommendations for a common forum for information and discussion of issues, and an industry-specific strategic marketing plan. The tasks that would fall to this common forum include:

- ✦ developing a strategic marketing plan for the visual arts and crafts industry, including development of markets outside Canada;
- ✦ ensuring increased representation of Saskatchewan artists and galleries at international trade fairs;
- ✦ providing incentives to international curators, event organizers, art dealers, and art critics to come to Saskatchewan to acquaint themselves with Saskatchewan galleries and artists;
- ✦ participating in the development of a Canadian international art fair;
- ✦ helping private gallery owners and businesses strengthen their affiliations with galleries abroad to increase the exposure of Saskatchewan artists through exchange, exhibition, and sales; and
- ✦ developing visual aids for domestic and international market development (for example, art catalogues, CD-ROMs, or an Internet site).

#### ✦ **Film and Video**

The rapidly expanding international film and television market presents new opportunities for Canadian product. The Canadian Film and Television Production Association (CFTPA) reports that Canadian production volume doubled in five years reaching \$2.664 million in 1995. Significant growth is also seen in export value, which

increased 175% from 1993, reaching nearly \$1.4 billion in 1995. Saskatchewan's motion picture industry is quickly increasing its share of Canadian production activity.

To access and capitalize on the demand in international markets, Saskatchewan producers must establish business relationships outside Canada. Exporting has proven to be crucial for virtually every industrial sector in Canada, and the film and video industry is no exception. Successful exports in the film and television sector require a consistent and credible presence in international markets.

For Saskatchewan producers, access to international markets is a valued means of gathering market intelligence, developing business partnerships, securing investment for production, and increasing product sales. International markets offer Saskatchewan distributors a cost-effective means to sell film and television product to buyers from every country in the world. This activity increases revenues and profitability for the producers and investors, and strengthens the industry infrastructure.

Canada has been a world leader in co-production film and television financing with 22 International Co-production Treaties. Saskatchewan companies have successfully partnered with American, German, and British companies, generating revenue and attracting investment and expertise to the province.

Revenues from "independent" product have increased as producers and distributors meet the needs of the new television and video services around the world. In direct response to the demand for independent product, major markets such as NATPE (North American Television Production Executives held in host American cities) and MIPTV and MIPCOM (both hosted in France, these are the two largest film and television markets in the world) are making efforts to accommodate participation by smaller independents.

In 1995 the Saskatchewan Motion Picture Association (SMPIA) initiated the MIPCOM Fellowship, which supports 15 Canadian producers, including three Saskatchewan participants, to attend MIPCOM each year. The program includes advanced orientation and mentorship before and during the market. Because it takes two to three return visits to establish business relationships and credibility, SMPIA is developing a Marketing Assistance Program (MAP) for those who have had initial experience in the international market and are restructuring their companies to capitalize on the trend towards co-production investment and exporting. This program was supported in 1996 by Saskatchewan Economic Development. In the future, SMPIA proposes to expand MAP to allow production and distribution companies to attend the three largest television markets in the world: MIPCOM, MIPTV, and NATPE.

As a diversity of specialty markets can be of significance in individual marketing plans, an expanded MAP would also be responsive to the unique marketing needs of specific projects. SMPIA is working to finance the program with federal, provincial, and industry partners.

SMPIA has been delivering training in business skills and marketing since 1992. Past programs have involved federal and provincial partners, including the Federal Business Development Bank, Telefilm, Human Resources Development Canada, Saskatchewan Economic Development, SaskFILM, and the previous Canada-Saskatchewan Partnership Agreement on Culture.

The proposed Marketing Initiatives Loan Fund would support the delivery of film and video marketing programs in a consistent and comprehensive fashion, with a complement of funding partners. Marketing programs are enhanced by professional development activity, the skills required apply to both international and domestic markets (see 5.4, Domestic Market Development, Business Skills Development Program).

#### ↳ **Music and Sound Recording**

Within five years, the Saskatchewan Recording Industry Association hopes to coordinate touring opportunities for Saskatchewan artists in virtually every major international market by working with Canadian embassies worldwide to present a regular series of Saskatchewan artist showcases. The music industry is a global industry, a community that is becoming smaller every day with connections made via the Internet. There are a growing number of international trade shows and conferences that provide additional showcase opportunities for a Saskatchewan presence, including MIDEM France, MIDEM Asia, MIDEM South America, Berlin's PopKomm, London's Music Week, and SXSW and NXNW in the United States.

Some of these opportunities could be developed as joint marketing initiatives with the other cultural industries of Saskatchewan. The potential for the growth of all the cultural industries internationally is unlimited, and an attitude of cooperation and partnering among the province's cultural industries is essential and of immeasurable value to the future of these industries.

## **5.6 Professional Development and Training**

This section refers to the development and training required to keep the skills of in-house and freelance staff and self-employed individuals up to industry standards, and to prepare individuals for entry into the cultural industries.

↳ **Strategic Direction:** To identify and consolidate existing professional development and training initiatives across the cultural industries to ensure the logical application of resources and, where appropriate, to facilitate a coordinated inter-agency approach to program design and delivery. New technology, both as a topic and a delivery tool, will be an important focus.

### **5.6.1 Common Perspectives**

If Saskatchewan is to realize its economic potential in the cultural industries, it must invest in the professional development and training of the people who will create and produce the products that allow us to be competitive. Each industry currently has an expanding need for a highly trained and adaptable workforce, and each industry has implemented formal, informal, and on-the-job training initiatives. In the face of federal government intentions to further devolve responsibility for training to the provinces without a concomitant transfer of resources, the need for consolidated and prudent action is critical.

Each of the cultural industries associations makes available a range of short-term training and professional development opportunities. They range from one-day seminars

on specific topics to multi-week courses. Little work has been done to coordinate these initiatives across industry lines, although some potential for this is evident.

Movement at the federal level to transfer responsibility for training to the provinces has caused a flurry of positioning and strategic planning to take place. The cultural industries are active participants on the Saskatchewan Sectoral Council for Culture and, especially in the case of film, provincial programs such as FutureSkills have been successful in facilitating on-the-job training or mentoring.

Programs like the current Strategic Initiatives Program have done little to support or enhance the training available in the cultural industries sector. Recent studies completed by Human Resources and Development Canada (HRDC) identified the cultural industries as “the model for labour market trends, i.e., self-employment, in the new economy. They represent the workforce of the future: self-employed, entrepreneurial and highly motivated” (*Creating Careers: Human Resource Issues in the Cultural Sectors*). That same study recognized that the first step in developing a strategy for human resource training in the cultural industries would be to identify all existing resources, and then create new and innovative methods of training that would be appropriate for the cultural sectors and that would reflect the high number of self-employed workers. Unfortunately, the programs currently available through HRDC and through Post-Secondary Education do not conform to these guidelines.

### Recommendations

- 5.6.1.1** ☞ **That Post-Secondary Education and Skills Training be directed to include the cultural industries in developing future training programs, or that their funding programs be flexible enough to reflect the wide scope of training required for the cultural industries, and that they consult with Human Resources and Development Canada (HRDC) on the recommendations laid out in the six reports that were a result of the HRDC Creating Careers study.**

**Rationale:** Current programs are structured towards other industrial sectors and do not reflect the needs of the cultural industries community. They do not recognize self-employment or the need for auditing existing programs.

- 5.6.1.2** ☞ **That the cultural industries associations work with FutureSkills and Post-Secondary Education and Skills Training to encourage and enable the inclusion of cultural industries beyond film.**

**Rationale:** FutureSkills has worked well for the film and video industry. This type of approach could be implemented in the other cultural industries with little modification.

- 5.6.1.3** ☞ **That a Professional Development and Training Fund be established. This fund should allow for a variety of approaches in business skills, and technical and design training, and should be accessible to individuals, cultural businesses, cultural industries associations, and formal organizations affiliated with each cultural industry.**

**Rationale:** A great number of the people employed in the cultural industries are considered to be self-employed. The specialized and often highly technical nature of their work requires that they work diligently at upgrading and advancing their skills. The ability to access this type of training within the province is of critical importance, as is the acknowledgement that out-of-province opportunities will still be necessary when the costs of holding the training here are prohibitive. The fund would facilitate a wide range of developmental and cross-industry training.

## 5.6.2 Industry-Specific Perspectives

### ✍ Book Publishing

Hand in hand with the investment in product supply and maintaining viable companies goes investment in well-trained staff to produce books cost effectively and in accordance with the highest standards in book publishing. In an industry in which product is evolving and methods of production are constantly changing, it is important for staff to continually update their skills. Opportunities for specialized training in book publishing – such as book layout and design, working with authors, managing the returns process, and dealing with printers – are few and far between, and most require extensive travel. Training close to home is imperative.

### ✍ Craft and Visual Arts

The *Visual Arts and Crafts Assessment Report* showed a clear need for more educational opportunities. More than half the producers would like education in technical and design skills (see recommendations under 5.1, Product Supply), as well as marketing, small business management, and financial planning.

At present, educational resources and opportunities are limited. For instance, there is a need for business skills training, which would enable those interested in representing themselves to become more knowledgeable in marketing and business management. It would also be of benefit to those wishing representation, as they would have a general understanding of what to expect from their representatives. In addition there is a need for development of a wider variety of courses in technical and design skills. Instructional opportunities vary from one-on-one training, to workshops, to informational reports. For the programs that already exist in the province, there is a need for enhanced distribution of course materials (for example, SIAST Applied Arts Programs).

In addition, most producers have at least six years experience in the industry, and almost one half have more than 15 years experience. This may indicate that the sharing and transfer of information to a new generation of producers does not appear to be happening, which may spell danger for the long-term survival of the industry, as well as the unique cultural vision and heritage it sustains. This issue is linked to the educational needs of the industry and its profile in the public eye.

Professional development is another area where the proposed common forum would have an important role to play. Tasks for the forum could include determining the skills needed for market development that are currently unavailable, recommending a suitable method of delivery, and creating marketing materials (for example, booklets or videos) to aid producers in their marketing efforts.

### Craft and Visual Arts Recommendations

**5.6.2.1**    **✦**    **That the common forum investigate existing business skills training and form recommendations for the promotion of them in conjunction with the institutions delivering them.**

**Rationale:** Some business programs specific to this industry already exist but have not been highly promoted. The common forum can play a proactive role in promoting existing programs in conjunction with the institutions offering them.

**✦**    **Film and Video**

Human resources are a key component of Saskatchewan's motion picture infrastructure and must keep pace with the expansion of the industry. Our province has produced many highly skilled production personnel in creative, technical, and administrative areas. These people have established reputations for professionalism and quality, which are significant factors in attracting investment and co-productions to our province. The labour base of qualified Saskatchewan people has grown with the industry, resulting in less need to import skilled personnel from other jurisdictions. Because wages and benefits typically represent 45% to 60% of production budgets, Saskatchewan benefits by employing Saskatchewan people in high-skill, high-value, creative jobs that offer a bright future. The proposed Saskatchewan Employment Tax Credit (SETC), an investment incentive based on the employment of Saskatchewan labour, will significantly increase both the volume of production activity and the numbers of Saskatchewan residents employed on those productions.

Since 1989 the Saskatchewan Motion Picture Association (SMPIA) has been a lead organization in the development and implementation of a coordinated professional development and training strategy for our motion picture industry. An intensified effort will be required to ensure our human resources grow in step with the increased production activity. Because SMPIA considers professional development and training to be critical areas, the association is working with the motion picture industry to determine the availability of resources and appropriate programming delivery methods, in light of the data gathered in the study, *Needs Assessment for Training and Professional Development Requirements in the Saskatchewan Film and Video Industry, 1996*.

Managing the comprehensive needs of training and professional development and gauging opportunities to secure sources of program funding place critical demands on SMPIA. The proposed Professional Development Fund would enable SMPIA to engage a professional development officer/coordinator to identify, coordinate, and lever financing for strategic training and professional development opportunities for the community. A coordinated approach to professional development and training will ensure the investment in targeted skill development is productive. The proposed fund would also support coordination activities, including ongoing needs assessment of human resources; consultation and coordination with industry partners; development of cooperative strategies with related agencies and institutions for the design and implementation of skill development programs; and consultation and information services to individuals and production companies.

Skills training involves a set of complementary activities along a development path: entry-level orientation workshops are combined with workplace-based training, followed by skills upgrading in the workplace in tandem with specialized and advanced

professional development. FutureSkills has encouraged work-based training and offered targeted courses for technical and creative personnel, and for the administrative and financial functions within production companies. The industry supports the continuation of the successful partnership with SIAST and FutureSkills in delivering entry-level and work-based training opportunities.

As more entry-level people join the industry, it is both necessary and desirable to provide opportunities for more experienced people to move to higher-level positions. The complexity of the production environment and investor demand set high performance standards for everyone in the industry. The proposed SETC not only encourages the hiring of more Saskatchewan people, but also increases their opportunities to advance to higher levels within the production environment. However, advanced skill development cannot usually be achieved solely through on-the-job experience, especially in an industry experiencing such rapid growth. Most of the more than 50 occupations in the industry require specialized skills and/or a depth of knowledge that must be acquired through advanced training. Some of this training may be acquired in Saskatchewan when sufficient numbers are involved. The remainder will require people to participate in programs offered outside the province.

SMPIA has supported a limited amount of advanced training through its Individual Assistance Program, which recognizes that training and professional development programs often result from the initiative of interested individuals. The program also offers flexibility by encouraging applicants to access quality programs wherever they exist. The current \$12,000 available through the program to SMPIA's 385 members does not come close to meeting the demand for advanced skill development. The proposed Professional Development Fund would enable SMPIA to respond to individual needs for professional development opportunities.

#### ⚡ **Music and Sound Recording**

The Saskatchewan Recording Industry Association (SRIA) recently entered into a partnership with a national trade association, the Canadian Independent Record Production Association, to create a new Professional Development Strategy and Information and Resource Centre. This new partnership will put Saskatchewan at the forefront of the national music industry's efforts in professional development and gives the provincial industry the opportunity to become a leader in this growing field.

The proposal is a comprehensive strategy that starts with the introduction of music industry activities at the elementary school level, continuing through career development programs at the secondary school level, into job training and skills development at the career-entry level, into skills upgrading and new technology-related education in the mid-career level, and continuing into mentoring roles and partnering opportunities at the career exit level. The program will provide a foundation of education and information sharing for the entire industry structure. Distance learning programs, new technology courses, computer-related skills, everything relevant to the music and sound recording industry, will be considered in the development of this timely strategy. The first phase of this strategy is the creation of a database of existing programs, courses, and institutions that provide educational or training programs. It is expected to be completed by November 1997.

SRIA is strongly in favour of working with the other cultural industries and with existing educational institutions to ensure the best possible delivery of any required programs, and encourages the establishment of the cultural industries Professional Development and Training Fund as an immediate priority in Saskatchewan.

## 5.7 Regulation and Policy

Governments put into place regulations and policies that encourage or hinder industrial development. Often these policies and regulations are applied inconsistently or are at odds with each other.

- ✦ **Strategic Direction:** To draft and implement regulations and policies that contribute to the development of Saskatchewan's cultural industries.

### 5.7.1 Common Perspectives

At the federal level, recent amendments to *The Copyright Act* are being monitored by the cultural industries. While Neighbouring Rights measures and the levy on blank recording tapes are perceived as important gains, the industries are quick to note that *The Copyright Act* is still woefully inadequate with regard to copyright protection in the context of new digital technologies.

Limited progress has been made with including the cultural industries on provincial and federal trade development missions, but the Government of Saskatchewan has yet to make a firm commitment to viewing cultural industries and projects as more than the "handshake of friendship" when trade relationships are sought .

Canada's cultural industries benefit from government protection to level the playing field. According to *Canada's International Business Strategy, 1997*, Canada's cultural imports exceed its exports by a ratio of 3 to 1. This means it is important to maintain existing support measures, and perhaps to develop new ones, to ensure a reasonable share of the domestic market is retained. The craft and visual arts sector is an anomaly in the cultural industries in that the domestic market for arts and craft is less dominated by foreign imports than is the case for other sectors.

The provincial government's Buy Saskatchewan preference is seen as a valuable way of ensuring Saskatchewan businesses are used when cultural products or services are needed. While Saskatchewan's cultural industries are not currently affected by interprovincial trade barriers, the government should continue to ensure the interests of the cultural industries are considered in future discussions and trade negotiations with other provinces.

#### Recommendations

- 5.7.1.1 ✦ **That the Government of Saskatchewan support federal amendments to *The Copyright Act* and encourage the federal government to undertake additional revisions to protect the rights of creators in the digital age.**

**Rationale:** The amendments to *The Copyright Act* are important and strengthen the rights of creators for fair and reasonable compensation for the use of their work;

however, the act still does not properly address creator's rights in light of new digital technologies and the Internet.

- 5.7.1.2** ✎ **That the Government of Saskatchewan acknowledge and support the important role the Canadian Broadcasting Corporation (CBC) and the Saskatchewan Communications Network (SCN) have to play in the future of Saskatchewan's cultural industries.**

**Rationale:** CBC television and radio services have been and are expected to continue to be important to the distribution and development of Saskatchewan's cultural products. Recent reductions to CBC's regional operations in Saskatchewan have made the ability of SCN to license and produce programming even more crucial to the provincial film and video industry. As the only broadcaster, educational or otherwise, resident in the province, SCN's importance to the cultural industries as a whole is expected to increase.

- 5.7.1.3** ✎ **That the Government of Saskatchewan require all Crown corporations, agencies, and agents of the Crown to implement a Buy Saskatchewan preference when purchasing, commissioning, or licensing cultural products, similar to the arrangement currently in place for the film and video industry.**

**Rationale:** Crown corporations and agents of the Crown are potentially large consumers of cultural products. Saskatchewan-owned and -operated companies should have every opportunity to provide goods and services purchased by the Crown and, where cost and quality are comparable, should receive preference.

- 5.7.1.4** ✎ **That Municipal Government and Saskatchewan Economic Development review all Government of Saskatchewan programs and services to small business to ensure that businesses in the cultural industries have equitable and appropriate access.**

**Rationale:** In the past, initiatives designed to assist small business have not always taken into consideration the unique nature of the cultural industries. The intent of the review would not be to make special accommodation for businesses in the cultural industries, but to ensure that no unreasonable barriers to participation exist.

- 5.7.1.5** ✎ **That the Governments of Saskatchewan and Canada work cooperatively to reduce international trade barriers, while maintaining support and regulatory measures to ensure that an appropriate share of the domestic market is retained.**

**Rationale:** The cultural industries in Saskatchewan cannot achieve their potential without expanding into markets beyond the borders of this province. Only the provincial and federal governments can negotiate to remove trade barriers and establish treaties and trade agreements to facilitate growth.

- 5.7.1.6** ✎ **That the Government of Saskatchewan recognize the intellectual property and attendant rights of its artists, writers, creators, and publishers and, where appropriate and applicable, sign interprovincial agreements with cultural collectives that ensure their recognition and further assure appropriate compensation for the use of copyrighted material in provincial institutions.**

**Rationale:** It is appropriate and proper that government show leadership to other public and private institutions and businesses in this area.

**5.7.1.7 ☞ That the Government of Saskatchewan adopt a cultural policy.**

**Rationale:** In any business plan the broader picture is often defined as a vision. From the vision come the objectives to be attained and the measures to be taken to achieve those objectives. While the Saskatchewan government has been supportive of the development of the cultural industries, there is a need for a comprehensive cultural policy to ensure that the initiatives taken in this Strategy are consistent with policy development in other areas. Such a policy would ensure that the recommendations in this Strategy are consistent with government's agenda to enhance the quality of life in Saskatchewan and diversify the economy. It would also provide a framework for policy development in Economic Development, Education, and other departments as they relate to culture and the development of the cultural industries. This cultural policy should be long term and its development should not in any way hinder the process of the Cultural Industries Development Strategy.

**5.7.2 Industry-Specific Perspectives**

**☞ Book Publishing**

Canada's external and internal borders are open to a free flow of traffic in books. While book publishers do not want restrictions placed on this flow of information, in the face of the unrestricted entry of thousands of new titles into the country each year, financial measures such as those addressed in previous sections of this Strategy will help ensure that our voices are heard in our own country.

In addition to support programs, governments can play a key role in providing useful partnerships and connections between those with a need and those with an area of expertise. For instance, policies such as a closer synergy between Saskatchewan Education and publishers in the province; monitoring of copyright agreements and fair use; mandatory library deposits; bidding out appropriate government publications to publishers in the province; promotion of literacy; and zero-rating of Goods and Services Tax on books and keeping the provincial sales tax off the sale of books all help build partnerships between publishers and government.

**Book Publishing Recommendations**

**5.7.2.1 ☞ That publishers work together with the Provincial Library to establish and maintain a complete archival record of provincial publishing activity.**

**Rationale:** A comprehensive record of past publishing activity will be of interest to future generations.

**5.7.2.2 ☞ That Saskatchewan-published materials be used in government-sponsored literacy campaigns, and that, all things being equal, Saskatchewan Education use Saskatchewan-owned, Canadian-owned, and other sources in that order for both recommended texts and supplementary reading materials.**

**Rationale:** This is an extension of the government's Buy Saskatchewan preference as applied specifically to book publishing.

- 5.7.2.3**    ❏    **That Saskatchewan Education put visual designations on their bibliography of sources to indicate materials published by Saskatchewan-owned and Canadian-owned publishing companies.**

**Rationale:** Many educators actively seek out Canadian- and Saskatchewan-produced materials. This is an effective, inexpensive way of making it easier for them to do so.

- 5.7.2.4**    ❏    **That a standing committee between representatives of the Saskatchewan Publishers Group and Saskatchewan Education provide for information exchange, policy and program development, and the establishment of partnerships.**

**Rationale:** Children are avid readers of material they can identify with and understand. Saskatchewan publishers are able to provide a familiar perspective for the students of this province.

- 5.7.2.5**    ❏    **That provincial government departments, agencies, and other operations develop policies for producing proposed book-length publications with Saskatchewan publishers and maintain a central database of planned government publications so Saskatchewan publishers have a chance to bid on these projects.**

**Rationale:** Saskatchewan publishers have the expertise to produce quality publications cost effectively. Rather than produce book-length publications in-house, government departments should consider contracting this work out to publishers in the province. Both sides will benefit: the government from cost-effective, professional production services and the industry from the partnership with government.

- 5.7.2.6**    ❏    **That the Government of Saskatchewan support the zero-rating of Goods and Services Tax on books, and keep the provincial sales tax off the sale of books.**

**Rationale:** Keeping taxes down encourages spending on cultural products.

**❏    Craft and Visual Arts**

Key to the long-term development of the visual arts and crafts industry, as well as the other cultural industries, is the protection of creators' rights. This relates directly to the federal government's initiative to reform *The Copyright Act*. The Government of Saskatchewan can take a proactive role in applying pressure for reform. In addition, regulations for artists and businesses crossing international borders to show or sell work are extremely prohibitive, and the provincial government can play a role in revising these regulations and, where appropriate, recommending their removal.

**Craft and Visual Arts Recommendations**

- 5.7.2.8**    ❏    **That industry-standard agreements, regulations, terminology, and definitions be developed by the common forum, where appropriate, and that the Saskatchewan professional commercial gallery association encourage the adoption of professional guidelines and ethical standards for gallery operations.**

**Rationale:** An example of an issue that requires review is that of "print" versus "reproduction." Many reproductions (a photo-mechanical reproduction of a work

originally conceived by the artist in another medium) are being promoted and sold as prints. The adoption of professional guidelines and ethical standards will enhance the national and international reputation of commercial galleries in the province.

**5.7.2.9 ✎ That the Government of Saskatchewan establish a policy whereby 1% of the provincial contribution towards the construction of any public building or facility is dedicated to the acquisition of Saskatchewan visual art and craft for display in the building or facility.**

**Rationale:** Such a policy would demonstrate the government's commitment to its artists, as well as promote visual arts and craft products to residents and visitors. When the government is seen to be supportive of a particular industry, the public recognizes the value of investment in that industry.

**✎ Film and Video**

The Governments of Canada and Saskatchewan currently employ a variety of mechanisms to assist the motion picture industry, including legislation, direct acquisition of goods and services from the industry through line departments and Crown agencies, financial support to public and educational broadcasting, direct funding and investment, and indirect funding through tax measures.

**✎ Music and Sound Recording**

The biggest issue currently affecting this industry are the aforementioned amendments to the *Copyright Act*. While the amendments take steps to correct an unbalanced system, they do not go far enough to protect the creators of musical works against further infringement of copyright, especially given the rapid progression of technology. Pressure should be applied to the federal government to speed up the process of copyright reform, to ensure that the federal government is taking every precaution not only to protect the creators of musical works but also to make sure that the government is acting in advance of technology and not just reacting to change years after it happens. Any delay in creating effective legislation results in enormous losses of income for the owners of copyright. Information sessions targeted at provincial broadcasters who opposed the Neighbouring Rights legislation may help to assure these broadcasters of the worthiness of such a royalty, and of the minimal impact that this royalty will have on their net income.

The presence of the Canadian Broadcasting Corporation's regional programming has had an immeasurable effect in the support and promotion of Saskatchewan's recording artists. To lose these regional programs to budget cuts would mean the loss of the only outlet available to a great number of Saskatchewan recording artists for the performance of their works.

The next issue that should be addressed is the problem of the global monopoly that exists with the dominant market control of the five major record labels. This monopoly is under investigation in the British Parliament by the Monopolies and Mergers Commission. A recent class-action lawsuit launched in the United States charges that the five major labels have been illegally price-fixing compact discs above a fair market value for years, a charge that has been widely accepted industry knowledge for some time. A request by the provincial government to the federal Minister of Industry to investigate these

situations in Canada could greatly assist both Saskatchewan recording artists and consumers of recorded product.

Global dominance by the five major labels is evidenced in Canada, where over 85% of the market share of retail sales of recorded product belongs to the five labels. None of these labels is Canadian owned, and they have no obligation to produce any Canadian-content recordings.

## 5.8 New Technology and Multimedia

Three major considerations are fundamental to the discussion: new technology and multimedia have fundamentally changed the processes by which traditional cultural products are developed; new technology and multimedia are ushering in a whole new generation of cultural products and services; and the innovative use of multimedia technology has suggested new ways of advertising, marketing, and distribution that will profoundly influence the cultural industries.

- ⚡ **Strategic Direction:** To strengthen links between the cultural industries and related sectors to position Saskatchewan businesses as industry leaders in the development of multimedia products, and to exploit marketing and distribution opportunities made possible through new technologies.

### 5.8.1 Common Perspectives

The issues and opportunities afforded by the advent of multimedia and new technology in today's marketplace will have a profound effect on both the implementation of the recommendations in this Strategy and the future growth and profitability of Saskatchewan's cultural industries.

Each of the industries has begun incorporating new technologies into the regular scope of its business activities. Exploration into new methods of production, marketing, and distribution is well under way, particularly in film and video and sound recording, where digital technologies have become the norm. The industries have just begun to examine how new technologies can contribute to professional development and training. The development of new products has also begun, with several Saskatchewan companies having developed, for example, CD-ROM learning resources for the education system. More commercial and entertainment applications are being developed.

The Cultural Industries Development Strategy is aware of the business plan for a Prairie New Media Content Development Centre (PNMCDC), proposed as a virtual facility that would function as a project or business animateur to seek out new clients and opportunities for Saskatchewan companies. However, the Business Plan also recommends a multi-million dollar investment from both the provincial and federal governments to enable the Centre, an investment that is unlikely to occur in the current fiscal climate.

The Strategy concurs with the three primary concepts in the PNMCDC business plan (as follows), but recommends a more measured set of actions that take advantage of existing infrastructure and related initiatives that may be undertaken in the near future:

- ⚡ seed capital and measured strategic equity investments to develop Saskatchewan new media capability and products
- ⚡ educational programs to develop personnel and markets, and
- ⚡ information services to promote and inform new media developers and potential partners.

Each of the cultural industries has a unique perspective on the potential impact that new technology and multimedia will have both on their businesses and on the way they do business. Book publishers, for example, may well embrace new production technologies, but the end

product may still be a book. The sound recording industry, in comparison, perceives digital technologies as an entirely new way of developing, selling, distributing, and delivering products, which could make the days of the record store part of the not-so-distant past. Why would a consumer travel to the local mall to buy a compact disc when in a few seconds she can download a digital copy from the artist's home page on the Internet? This is not to say that book publishers will not exploit multimedia to develop new product lines or that the sound recording industry is without concerns regarding copyright and piracy of product on the information highway; however, these examples illustrate the different perspectives the industries have on the impact of and uses for new technology.

### Recommendations

#### 5.8.1.1 ☞ **That the development of business opportunities related to new technology and multimedia be facilitated by a New Technologies Product Investment Program.**

**Rationale:** The proposed Prairie New Media Content Development Centre is a large enterprise dependent on government for the majority of its start-up funding. The Cultural Industries Development Strategy, while recognizing the validity of many of the concepts in the plan, proposes a less ambitious program that focusses on product development and takes advantage of existing infrastructures for delivery. Specifically, it is recommended that SaskFILM be contracted to deliver the New Technologies Product Investment Program and that the Program be capitalized by a combination of provincial and federal sources. The Program should be designed to require public sector companies to make a substantial financial commitment to the projects undertaken, and the Program should also have the capacity to take an equity position in the project if it is deemed appropriate.

#### 5.8.1.2 ☞ **That the cultural industries associations, Municipal Government, and Saskatchewan Economic Development develop and enact a plan to develop strategic partnerships and business relationships between cultural businesses and those in related areas such as software development and the telecommunications industry.**

**Rationale:** The cultural industries bring the creative and value-added edge to new technology and multimedia products that make them attractive to the consumer. Related industries bring their unique perspectives to the process. Only by these industries working together can Saskatchewan's product development capacity be increased.

#### 5.8.1.3 ☞ **That the cultural industries associations prepare cross-industry market and professional development initiatives.**

**Rationale:** New technology and multimedia can have significant effects in both areas. Industry associations should work collaboratively to avoid duplication of effort and to benefit from cross-industry synergies.

### 5.8.2 Industry-Specific Perspectives

#### ☞ **Book Publishing**

Partnerships in multimedia endeavours are important because of the capital investment required for multimedia development and the need for in-depth market research. Whether or not book publishers choose to develop multimedia products themselves, they hold valuable content rights,

and they have a long tradition of sublicensing such rights – for example, sublicensing books to film companies. In the future, book publishers will be looking to forge mutually beneficial partnerships with other cultural industries to exploit opportunities offered by new technologies.

In addition to the potential for developing or sublicensing material for the development of new products, book publishers will be monitoring carefully the potential for marketing books on the Internet and the activity of on-line bookstores. Once questions of copyright and securing financial transactions have been investigated further, they will also be exploring the possibility of publishing books on-line.

Finally, new technology has an impact on how books are produced. Publishers need to upgrade in-house equipment and train staff as layout programs and scanning technologies improve and more of the production process can be brought in-house.

The recommended New Technologies Product Investment Program would allow publishers to pursue innovative products such as short-run books, on-line publications, and audio books; and to develop multimedia expertise for use in partnerships with related industries.

#### ✦ **Craft and Visual Arts**

Multimedia represents a rapidly expanding new frontier, with artists providing creative content in many innovative applications. The Internet provides a variety of resources and opportunities for artists and craftspeople. Artists can advertise their work and services, as well as exhibit their artwork on the Internet. Many resources are available, including arts suppliers, job postings, exhibition opportunities and calls for submissions, commissions, internships, grants and foundations, arts education and training information, and information on arts groups and organizations for artists.

Artists are now using computers to make digital artworks (including interactive works) that are displayed on the World Wide Web or are available on CD-ROM. Reva Stone's exhibitions at the Dunlop Art Gallery in 1996 was an example of this.

Multimedia is also being used for arts education. Saskatchewan Education presented an interactive CD-ROM for art educators in high schools. It focusses on contemporary Canadian artists and includes many Saskatchewan artists, craftspeople, and designers. As well, artists with user knowledge of multimedia design software programs and the Internet have job skills that are in demand.

As technology rapidly progresses, the creator can be at risk. Intellectual property rights relate to creative ideas. These ideas are the raw material for the visual arts and crafts products. While technology can be advantageous for distribution and marketing, the producer must be assured that his or her creative rights are not lost in the whirlwind of activity and advances.

The proposed common forum will work closely with the other cultural industries, collaborating in product and market development as appropriate. It will also study and develop strategies to address the copyright and distribution concerns of artists working in the medium.

## ☛ **Film and Video**

New media comprises two areas, which are usually linked: Internet and server-based applications that operate on specific networks or the World Wide Web, and CD-ROM and other disc-based applications that are primarily accessed by single users from the disc or drive.

Saskatchewan's new media industry has grown considerably in the last few years. The industry now comprises a small but thriving group of companies with their own provincial New Media Developers Association. Several of these new media companies are offshoots of computer-based training and information technology companies. However, the largest and most aggressive new media companies originate in the film and video industry. As with the film and video industry, associated businesses benefit from multimedia production by providing support services, including sound recording, graphic arts, and non-linear editing.

Most companies have some expertise in both Internet and CD-ROM technology, but their primary focus is usually in one area or the other. Film and video companies traditionally lean towards the CD-ROM format, since it incorporates the video and audio elements they are familiar with. Information technology and computer-based training companies incline towards Internet-based services, which are composed primarily of text, graphics, and programming. While there is some overlap, this gives a general description of the industry.

What the entire new media industry shares is the challenge of developing new skills, particularly in learning the language of interactivity. Many elements are needed to create an effective interactive product, all keyed to how the user interacts with it. To be successful, it must be easy to use and understand, it must work well, and it must be fast. It must engage users, without leaving them feeling like they're lost. This is particularly true today of CD-ROM products, where designers must contend with more elements to present to the user. However, within a few years affordable high-speed networks will bring the capabilities and challenges of the CD-ROM format to designers of Internet applications. Also, computers will soon be capable of delivering full-screen, full-motion video, a significant advance over current technology. When these network and computer capabilities converge, all producers will face the same design issues.

Companies that originated in the film and video industry – Mind's Eye New Media, Pebble Beach Interactive, Partners in Motion, and Points North – have an advantage over their Internet-based counterparts because of their experience in telling stories using audio and visual elements. This is evident in CD-ROM products such as Pebble Beach Interactive's "Ideas and Inspiration," which received awards at the Saskatchewan Motion Picture Association's Showcase and the Houston Film Festival; and Partners in Motion's "Physics," nominated for an award at the Yorkton Film Festival. For producers who are already familiar with digital editing and sound production equipment, learning to use the technology involved in CD-ROM or Web site is not difficult. Developing the requisite creative and artistic skills involves a longer, steeper learning curve.

Saskatchewan has an opportunity to duplicate the spectacular growth experienced in its film and video industry in multimedia production. It is a global marketplace that is wide open to good product, no matter where it originates.

## ☛ **Music and Sound Recording**

In the music and sound recording industry the impact of the new technologies is felt at every turn. From the introduction of the compact disc as a medium for music, to CD-ROMs, interactive CDs, music videos, digital delivery systems, the Internet, and real-time audio – all these developments have had, and will continue to have, a profound impact on this industry. It has been predicted that within ten years all music products will be delivered via the Internet and digital delivery systems, virtually eliminating both the retail infrastructure and the record companies. More than ever, the principle of “whoever owns the copyright, wins” will apply. The Saskatchewan Recording Industry Association (SRIA) is currently working in partnership with SaskTel to develop secure distribution of recorded product via the Internet.

The provincial music industry must continue to understand the implications of these new developments and educate their natural resource – the music creators – about the importance of these changes and their impact on their future livelihood. SRIA’s strategy is titled *The Future Is Sound*. Steps must be taken to ensure that the future of sound will be secure; that Saskatchewan artists will finally be able to sustain themselves through self-employment in the industry; and that they will have the tools, the knowledge, and the education to survive the impending advances in computer-based technology and digital delivery systems. New technologies and multimedia applications are not only a high priority in our Professional Development Strategy, they are also one of our main sources for delivery of our programming, through distance-learning courses and the development of CD-ROMs and other materials.

A New Technologies Product Investment Program will provide the Saskatchewan music and sound recording industry with the means to ensure that the industry is able to compete in a global market and develop the materials that needed to ensure the industry’s future.

## 6 Financial Programs and Objectives

### 6.1 Common Perspectives

The Cultural Industries Development Strategy has identified six financial programs in which the cultural industries and the Government of Saskatchewan can work together to develop the sector in the province. These programs will be a combination of loan, equity, and grant financing, with repayment schedules built in as appropriate. The programs are

- ✦ a Small Business Loans Program to cover operations and capital acquisitions
- ✦ a Product Investment/Loan Program to cover project funding
- ✦ a Private Investor's Tax Credit Program to encourage private investment
- ✦ a Marketing Initiatives Fund for domestic and international market development
- ✦ a Professional Development and Training Fund for training self-employed individuals, and in-house and freelance staff; and
- ✦ a New Technologies Product Investment Program to develop new products and opportunities in new media.

In addition, the film industry is basing its performance objectives on two provincial film investment programs with distinct and complementary roles: SaskFILM and the Saskatchewan Employment Tax Credit Program (SETC).

Records will be kept from the initiation of the programs, and an evaluation of the success of the programs will be initiated in Year 3. The performance objectives for each industry are outlined in Tables 6.5 to 6.8. The performance objectives assume that the full range of programs will be undertaken and are based on the current understanding of how the programs will operate. Table 6.1 summarizes the overall impact of the proposed Cultural Industries Development Strategy.

	<b>Books</b>	<b>Craft/Vis. Arts</b>	<b>Film &amp; Video</b>	<b>Music &amp; Sound</b>	<b>Totals</b>
Econ. Imp. 1996	\$2.75 million	\$14.93 million	\$29.80 million	\$27.01 million	\$ 74.49 million
Econ. Imp. 2003	\$3.64 million	\$17.75 million	\$72.71 million*	\$58.27 million	\$152.37 million
% Increase	32%	19%	144%	116%	105%
Positions 1996	51	848	570	1932	3401
Positions 2003	63	977	1625*	3207	5872
% Increase	23%	15%	185%	66%	70%
<i>Source:</i> Calculated by Saskatchewan Economic Development based on industry-supplied data.					
<i>Notes:</i> Figures are rounded off. See Appendix 4 for a more detailed analysis.					
*Film and video impacts are calculated to 2000/01, based on a recently prepared rigorous analysis of a three-year assessment, so are likely understated.					

Tables 6.5 to 6.8 in section 6.2, Industry-Specific Perspectives, list the direct impacts in each sector that were used by Saskatchewan Economic Development to calculate the combined direct and indirect impacts listed in Table 6.1.

<b>Program</b>	<b>To be used for</b>	<b>Intended for</b>	<b>Conditions</b>
Small Business Loans Program	Capital acquisitions or upgrades, operating capital for business expansion and development	Registered businesses in the cultural industries	Fully repayable at no-interest; multiple repayment options; applicants to show a significant contribution
Product Investment/Loan Program	Product development and production	Registered businesses in the cultural industries	Contribution may be either investment or loan, repayable as sales and development allow; applicants to show a significant contribution
Private Investor's Tax Credit Program	To encourage private investment by individuals	Residents of Saskatchewan	To be developed in conjunction with the Department of Finance
Marketing Initiatives Fund	To undertake market research and activities	Registered businesses in the cultural industries; cultural industries associations	Repayable on sales/increased sales/as a percentage of sales; applicants to show a significant contribution
Professional Development and Training Fund	For a variety of professional development initiatives in and out of province	Registered businesses in the cultural industries; cultural industries associations; individuals	Non-repayable; applicants to show a significant contribution
New Technologies Product Investment Program	To research partnerships and possibilities for new product; new methods of production; and new methods of delivery	Registered business in the cultural industries; cultural industries associations	Contribution may be either investment or loan, repayable as sales and development allow; applicants to show a significant contribution

<b>Programs</b>	<b>Book Publishing</b>	<b>Craft &amp; Visual Arts</b>	<b>Music &amp; Sound</b>	<b>Film &amp; Video</b>	<b>Totals</b>
Small Business Loans Program	\$ 260,000	\$ 156,000	\$ 400,000	\$ 285,000	\$ 1,101,000
Product Investment/Loan Program	\$ 610,000	\$ 135,000	\$ 350,000	\$ 0	\$ 1,095,000
Private Investor's Tax Credit Program					
Marketing Initiatives Loan Fund	\$ 545,000	\$ 377,500	\$ 575,000	\$ 555,000	\$ 2,052,500
Professional Development and Training Fund	\$ 73,000	\$ 135,000	\$ 375,000	\$ 600,000	\$ 1,183,000
New Technology Product Investment Program	\$ 215,000	\$ 20,000	\$ 250,000	\$ 300,000	\$ 785,000
Subtotals	\$ 1,703,000	\$ 823,500	\$ 1,950,000	\$ 1,740,000	\$ 6,216,500
SaskFILM				\$ 6,000,000*	
SETC				\$12,400,000*	
Subtotals				\$18,400,000*	\$18,400,000
Totals				\$20,140,000	\$24,616,500

*Note: \*The figures for SaskFILM and the SETC are for a start-up period and following three, not five, years.*

<b>Table 6.4: Summary of Annual Dollar Uptake by Program</b>							
<b>Program</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>Totals</b>
Small Business Loans Program	\$ 17,500	\$ 304,500	\$ 290,000	\$ 270,500	\$ 156,500	\$ 62,000	\$1,101,000
Product Investment/Loan Program	\$ 10,000	\$ 320,000	\$ 295,000	\$ 272,500	\$ 192,500	\$ 5,000	\$1,095,000
Marketing Initiatives Fund	\$ 84,500	\$ 378,600	\$ 473,600	\$ 473,600	\$ 428,600	\$ 208,600	\$2,047,500
Professional Development and Training Fund	\$ 59,000	\$ 242,800	\$ 239,800	\$ 251,800	\$ 253,800	\$ 135,800	\$1,183,000
New Technologies Prod. Investment Program	\$ 25,000	\$ 160,000	\$ 190,000	\$ 190,000	\$ 160,000	\$ 65,000	\$ 790,000
<b>Totals</b>	<b>\$ 196,000</b>	<b>\$1,405,900</b>	<b>\$1,488,900</b>	<b>\$1,458,400</b>	<b>\$1,191,400</b>	<b>\$ 476,400</b>	<b>\$6,216,500</b>
<b>Film-specific Programs</b>							
SaskFILM	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	*	*	\$ 6,000,000
SETC	0	\$3,300,000	\$4,100,000	\$5,000,000	*	*	\$12,400,000
<b>Totals</b>	<b>\$1,500,000</b>	<b>\$4,800,000</b>	<b>\$5,600,000</b>	<b>\$6,500,000</b>			<b>\$18,400,000</b>
<p><i>Notes:</i> The costs of the Private Investor's Tax Credit Program have not yet been worked out; hence, this program is not included.                      * indicates that the amounts for these years have not yet been calculated. As proposed by SMPIA, requirements for SaskFILM and the SETC beyond the year 2000 will be determined based on review.</p>							

## 6.2 Industry-Specific Perspectives

### ✦ Book Publishing

Performance objectives were drawn up by the Saskatchewan Publishers Group (SPG) based on figures submitted by members in response to the programs outlined in the Cultural Industries Development Strategy. They start by reducing the revenues generated by the industry from the \$3 million generated in 1996, to a base of \$2 million. This reduction reflects the departure from the province in January of 1997 of Fifth House Publishers, with approximate annual revenues of \$1 million. As a result of this move, eight direct jobs were lost, reducing the number of direct positions in book publishing in the province from 50 to 42. The performance objectives for book publishing assume that the current level of operational funding available to the two literary publishers in the province through the Saskatchewan Arts Board will be maintained and enhanced. The performance objectives are based on current understanding of how programs will operate in terms of eligibility and payback, and on the understanding that the full complement of programs will be undertaken at the requested level of funding. Should the profile of the programs change significantly, the performance objectives would need to be revised.

Although some level of public funding will always be required to support the Canadian publishing industry – given the economics of book manufacturing and an environment dominated by American cultural product – book publishers in Saskatchewan see the Strategy as an important industrial development tool that will help maintain and enhance literary publishing in the province, ensure solid growth for institutional publishers, and take recently established non-literary book publishers from fledgling companies to mature businesses. Over and above the economic gains are the added benefits of a vibrant book publishing community to reflect the values of Saskatchewan and its people to the world.

### ✦ Craft and Visual Arts

The performance objectives for craft and visual arts start by outlining the number of visual arts and crafts producers working full and part time (800 total). Overall, this number is projected to increase by 15% over the five-year period. The increase may be a combination of part-time producers moving to full-time production and/or additions to full-time and part-time producers, and/or new producers being added to each category.

The performance objectives also include a base figure of \$8.135 million for total producer income. This figure reflects the total income on sales only, and does not include related income such as grants, gifts, or teaching income. The objective is to increase producer sales income by a total of 20% over the five-year period.

The performance objectives also include a base figure of \$7.8 million for total retail sales. This figure includes the total sales of retail gift shops, private galleries, and public galleries with retail outlets. These sales are projected to increase by 15% overall by the end of the five-year period.

The performance objectives assume that a common forum will be created for the craft and visual arts sector, through which the three lead agencies – the Saskatchewan Craft Council (SCC) representing craft producers, CARFAC Saskatchewan representing visual arts producers, and a provincial association for professional galleries – will collectively determine the development plan

for the producers and commercial galleries. Unlike book publishing, film and video, and music and sound recording, craft and visual arts has no such mechanism for decision-making. The objectives assume that funding for the two Provincial Cultural Associations – SCC and CARFAC – will remain intact for artistic development activities in each organization. The three lead agencies do not see the need to create a combined agency. The three lead agencies participating in the common forum will continue to undertake initiatives on behalf of their members, with the common forum initiating projects that will benefit members of all three groups.

The performance objectives were created using base-line information from the Anderson Fast *Visual Arts and Crafts Economic Assessment Report*. The projections assume that all programs will be initiated and funded at the requested level. Should the programs or level of funding change significantly, the performance objectives would need to be revised.

#### ✦ **Film and Video**

The following assumptions were used to project the dollar allocations to each proposed program.

#### **Saskatchewan Employment Tax Credit (SETC) and SaskFILM**

To capitalize on the surge of growth experienced by the Saskatchewan film and video sector, SETC has been proposed, providing an opportunity to maintain Saskatchewan's newly secured competitive rank in the independent production environment in Canada. The SETC requires a continued commitment to SaskFILM. If these two objectives are met as proposed, the film and video sector expects to increase production values to \$64.4 million by the year 2000, with a corresponding increase in employment to 1625 direct and indirect positions by the same year.

The Saskatchewan motion picture industry has three priority objectives:

- ✦ the implementation of the SETC
- ✦ reinforced support for existing core infrastructure - the Saskatchewan Motion Picture Association (SMPIA) and its member-funded groups, SaskFILM, SCN, SOCO, FutureSkills, and the Sound Stage, and
- ✦ the implementation of the Cultural Industries Development Strategy.

The Cultural Industries Development Strategy offers the motion picture industry a vehicle to support its primary objectives and also provides an opportunity to participate in new programming that has been developed through a four-sector approach. Of the six collaborative programs advocated in this Strategy, four are suitable for the Saskatchewan film and video sector; the other two are more suitable for book publishing, craft and visual arts, and music and sound recording than they are for film and video.

The four opportunities the Strategy offers are: additional funding to augment existing programs and to meet new needs in the areas of Professional Development and Marketing, in expectation of the demand for these resulting from the surge in growth that will continue with the installation of the SETC. SMPIA also endorses the creation of a Small Business Loans Program unique to the cultural industries, to be designed as receptive to the needs of cultural businesses. For the new technology sector, SMPIA encourages a product development investment fund, to aid in the continued growth of the indigenous new media sector.

The Strategy also proposes two programs that SMPIA has opted not to subscribe to: the Product Investment/Loan Program and the Private Investor's Tax Credit. SaskFILM and the SETC are parallel programs independent of the Strategy and more strategically designed to fit the requirements of the film and video sector.

#### **Uptake on Small Business Loans Program**

There are small, medium, and large production companies in Saskatchewan. There are also independent producers and filmmakers who may choose to step up from their individual activities by developing their skills and services into larger-scale activity as new production companies. This range in size of companies makes the Small Business Loans Program an attractive alternative to existing financing mechanisms for corporate growth. The film and video sector sees 10 to 12 eligible companies per year applying for loans of \$5,000 each.

#### **Uptake on Marketing Initiatives Loan Fund**

Developing market intelligence in the film and video sector requires a presence at high-profile market events, both internationally and domestically, throughout the year. The Marketing Initiatives Loan Fund will support travel and associated costs for as many as three forays by 10 to 12 eligible companies, each with three representatives per event; as well, the fund will allow travel support for the industry association to maintain an active presence at these events, where policy developments and trends are established and discussed in a forum setting. A portion of the Marketing Initiatives Loan Fund will assist in the administrative costs of this support.

#### **Uptake on the Professional Development and Training Fund**

Professional development and training figures prominently in the film and video sector, where individual skills are essential to the collaborative creation of projects. The labour component of film and video projects is the core to the costs of production – from 45% to 65% of production budgets are labour expenses – salaries and wages.

To maintain the skills sets of the established personnel in technical, creative, administrative, and management roles in the film and video sector, a number of successful initiatives have been implemented at various stages in the industry's development through strategic partnerships with industry, institutions, and government. To ensure human resource development is in step with projected industry growth, ongoing coordination of human resource strategies is required. The Professional Development and Training Fund would support this coordination and would also be used to augment SMPIA's Individual Assistance Program and to enable strategic program partnerships to effectively address priority skill development areas identified by the industry.

#### **Uptake on the New Technology Production Development Fund**

This fund would be for companies accessing development or equity financing, with three companies accessing \$20,000 per year.

#### **⚡ Music and Sound Recording**

The performance objectives for the music and sound recording industry were based on data from Saskatchewan's Music Industry (*Balcon, Sound*), a survey of the industry conducted by the Sound Recording Industry Association in 1996, and consultations with representatives of the

Saskatchewan Arts Board and FACTOR. Each of these sources contributed to our current estimates of the number of recording artists in Saskatchewan, the number of albums released per year by Saskatchewan artists, and their respective sales or income estimates. The number of companies registered was based on information provided by the Registrar of Companies in Saskatchewan, and the number of workers was taken from the Balcon report.

The performance objectives and the increase in economic activity over the next five years are based on the complete implementation of the programs outlined in the Cultural Industries Development Strategy. A Small Business Loan Program and a Product Investment/Loan Program will assist in increasing the number of albums recorded, and in improving the quality of those recordings. A Marketing Initiatives Fund will increase the sales of those albums, and improve opportunities for artists to tour across Canada and internationally, further increasing their value as performance artists (and their income). Professional development programs will create an increase in jobs, an increase in the number of companies registered, and an improved industry infrastructure in the province. The New Technologies Initiatives Fund will improve the ability of Saskatchewan artists, recording studios, and multimedia firms to compete on a global level, and distribute their products to an international market, which will also substantially increase the number of albums sold.

The programs work as a package to create a healthier climate for the music and sound recording industry and to increase economic activity in the industry, the incomes of companies and those who work for them, and the number of employed and self-employed individuals. With the support of the provincial government, the music and sound recording industry is planning to achieve a level of growth that is sustainable in the long term and that will provide jobs and opportunities for Saskatchewan's talented recording artists, songwriters, musicians, technicians, and administrative staff.

<b>Program</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>Totals</b>
Small Business Loan	0	\$ 80,000	\$ 70,000	\$ 60,000	\$ 50,000	0	\$ 260,000
Product Investment/Loan	\$ 10,000	\$ 180,000	\$ 160,000	\$ 140,000	\$ 120,000	0	\$ 610,000
Marketing Initiatives	\$ 10,000	\$ 100,000	\$ 110,000	\$ 115,000	\$ 110,000	\$ 100,000	\$ 545,000
Professional Development	\$ 3,000	\$ 10,000	\$ 12,000	\$ 14,000	\$ 16,000	\$ 18,000	\$ 73,000
New Technology	\$ 5,000	\$ 65,000	\$ 50,000	\$ 50,000	\$ 45,000	0	\$ 215,000
Totals	\$ 28,000	\$ 435,000	\$ 402,000	\$ 379,000	\$ 341,000	\$ 118,000	\$ 1,703,000
<b>Performance Objectives (Direct Impacts Only)</b>							<i>Increase</i>
# of publishers	12	13	13	14	15	15	+ 25%
# of new titles	48	36	52	56	58	60	+ 25%
Revenue	\$ 2,000,000	\$ 2,102,500	\$ 2,217,813	\$ 2,347,539	\$ 2,493,481	\$ 2,657,667	+ \$657,667
Percentage increase		5.13%	5.48%	5.85%	6.22%	6.58%	+ 32.88%
Positions	42	43.68	45.43	47.24	49.13	51.10	+ 9.1
Percentage increase		4%	4%	4%	4%	4%	+ 21.66%

*Notes:* Revenues in 1996 were \$3 million. The base figure has been adjusted to reflect the departure, in January of 1997, of the largest trade publisher in the province. The measurements for success assume that operational funding will continue at the present or enhanced levels to the two literary publishers in the province through the Saskatchewan Arts Board.

<b>Program</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>Totals</b>
Small Business Loan	\$ 17,500	\$ 42,500	\$ 38,000	\$ 28,500	\$ 24,500	\$ 5,000	\$ 156,000
Product Investment/Loan	0	\$ 40,000	\$ 35,000	\$ 32,500	\$ 22,500	\$ 5,000	\$ 135,000
Marketing Initiatives	\$ 2,500	\$ 100,000	\$ 105,000	\$ 95,000	\$ 65,000	\$ 5,000	\$ 377,500
Professional Development	0	\$ 45,000	\$ 35,000	\$ 25,000	\$ 25,000	\$ 5,000	\$ 135,000
New Technology	0	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 20,000
Totals	\$ 20,000	\$ 232,500	\$ 218,000	\$ 186,000	\$ 142,000	\$ 25,000	\$ 823,500
<b>Performance Objectives (Direct Impacts Only)</b>							<i>Increase</i>
Number of producers	800	816	840	872	904	920	+ 120
Percentage increase		2%	3%	4%	4%	2%	+ 15%
Total producer income	\$ 8,135,000	\$ 8,298,000	\$ 8,623,000	\$ 9,030,000	\$ 9,437,000	\$ 9,672,000	+ \$1,537,000
Percentage increase		2%	4%	5%	5%	4%	+ 20%
Retail sales	□\$ 7,800,000	\$ 7,960,000	\$ 8,190,000	\$ 8,500,000	\$ 8,800,000	\$ 8,970,000	+ \$1,170,000
Percentage increase		2%	3%	4%	4%	2%	+ 15%

<b>Program</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>Totals</b>
Small Business Loan	0	\$ 57,000	\$ 57,000	\$ 57,000	\$ 57,000	\$ 57,000	\$ 285,000
Product Investment/Loan	0	0	0	0	0	0	0
Marketing Initiatives	\$ 37,000	\$ 103,600	\$ 103,600	\$ 103,600	\$ 103,600	\$ 103,600	\$ 555,000
Professional Development	\$ 36,000	\$ 112,800	\$ 112,800	\$ 112,800	\$ 112,800	\$ 112,800	\$ 600,000
New Technology	0	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000
Subtotal	\$ 73,000	\$ 333,400	\$ 333,400	\$ 333,400	\$ 333,400	\$ 333,400	\$ 1,740,000
<b>Financial Impact of SETC</b>							
□ Value of Eligible Production	\$23,900,000	\$31,100,000	\$40,400,000	\$52,600,000	*	*	\$148,000,000
Value of Tax Credit	0	\$ 3,300,000	\$ 4,100,000	\$ 5,000,000	*	*	\$ 12,000,000
Annual SaskFILM Budget	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	*	*	\$ 6,000,000
Total Annual Cost to Government	\$ 1,500,000	\$ 4,800,000	\$ 5,600,000	\$ 6,500,000	*	*	\$ 18,400,000
Income Tax	\$ 2,200,000	\$ 2,900,000	\$ 3,800,000	\$ 5,000,000	*	*	\$ 13,900,000
Sales Tax	\$ 1,300,000	\$ 1,700,000	\$ 2,300,000	\$ 3,000,000	*	*	\$ 8,300,000
Total Annual Revenue to Govt.	\$ 3,500,000	\$ 4,400,000	\$ 6,100,000	\$ 8,000,000	*	*	\$ 22,200,000
Net Annual Gain to Govt.	\$ 2,000,000	(\$ 200,000)	\$ 500,000	\$ 1,500,000	*	*	\$ 3,800,000
<b>Performance Objectives (Direct Impacts Only)</b>							<i>Increase</i>
Production Value	\$32,700,000	\$40,800,000	\$51,100,000	\$64,400,000			+ 97%
# of positions	688	896	1167	1522			+ 121%
<i>Notes:</i> Film and video sees the economic programs in this Strategy as supporting growth generated by the proposed Saskatchewan Employment Tax Credit (SETC) and an enhanced commitment to SaskFILM (film's equivalent to the Product Investment/Loan program).							
* indicates that the amounts for these years have not yet been calculated. As proposed by SMPIA, requirement for SaskFILM and the SETC beyond the year 2000 will be determined based on review. Film's performance objectives are dependent on implementation of the SETC and enhanced funding to SaskFILM and therefore are only for three, not five, years.							

	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>
<b>Direct person-years</b>	264	342	445	580	761
<b>Direct positions</b>	528	688	896	1167	1522
<b>Direct and indirect positions</b>	570	741	963	1252	1625
<b>Direct, indirect, and induced positions</b>	607	787	1024	1334	1750
<i>Sources:</i> Saskatchewan Economic Development and the Saskatchewan Employment Tax Credit Proposal					

<b>Table 6.9: Program Uptake and Performance Objectives for Music and Sound Recording</b>							
<b>Program</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/2000</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>Totals</b>
Small Business Loan	0	\$ 125,000	\$ 125,000	\$ 125,000	\$ 25,000	Recycle yr 1 loans to renew	\$ 400,000
Product Investment/Loan	0	\$ 100,000	\$ 100,000	\$ 100,000	\$ 50,000	Recycle yr 1 loans to renew	\$ 350,000
Market Initiatives (Dom.)	\$ 35,000	\$ 25,000	\$ 55,000	\$ 60,000	\$ 50,000	Review in yr 4 for renew options	\$ 225,000
Market Initiatives (Int'l)	0	\$ 50,000	\$ 100,000	\$ 100,000	\$ 100,000	Review in yr 4 for renew options	\$ 350,000
Professional Development	\$ 20,000	\$ 75,000	\$ 80,000	\$ 100,000	\$ 100,000	Corp. sponsors to replace govt.	\$ 375,000
New Technology	\$ 20,000	\$ 30,000	\$ 75,000	\$ 75,000	\$ 50,000	Review in yr 4 for renew options	\$ 250,000
Totals	\$ 75,000	\$ 405,000	\$ 535,000	\$ 560,000	\$ 375,000		\$ 1,950,000
<b>Performance Objectives (Direct Impacts only)</b>							<i>Increase</i>
# of recording artists	200	200	225	250	275	300	+ 50%
# of albums released/yr	100	125	150	175	200	225	+ 125%
Avg. units sold/artist	250	500	1,000	2,000	3,500	5,000	+ 2000%
Avg. tour income/artist	\$ 1,500	\$ 3,000	\$ 5,000	\$ 7,500	\$ 8,000	\$ 10,000	+ 667%
Gross income/artist	\$ 5,000	\$ 7,500	\$ 12,500	\$ 15,000	\$ 17,500	\$ 20,000	+ 400%
Gross income/studio	\$5 - \$40,000	\$20 - \$60,000	\$30 - \$70,000	\$50 - \$75,000	\$50 - \$75,000	\$50 - \$75,000	+ 200%
# companies registered	96	125	150	175	200	250	+ 150%
# workers (inc. self-empl.)	1,850	2,000	2,225	2,500	2,750	3,000	+ 62%
<i>Notes:</i> The biggest increase in our performance objectives is in the area of sales of independent recorded product. If each of our artists can increase the sales of their albums from 250 copies to 5,000 copies, this alone would generate further increases in their own personal income, their performance income, and the incomes of the recording studios, musicians, and technical crews of Saskatchewan.							

## 7 Impact of the Cultural Industries Development Strategy

Based on the direct figures calculated by each sector and reported in section 6.2, Saskatchewan Economic Development ran an analysis of the economic and employment impact of Saskatchewan's cultural industries. This analysis is included as Appendix 4. It concludes that cultural industries are a key component of the tourism and cultural industries cluster of activity in the Saskatchewan economy, and that cultural industries complement the cluster by creating linkages and synergies in the sector.

Table 7 is taken from Economic Development's analysis. Building on the direct figures supplied by each industry, Economic Development calculated direct and indirect impacts for both economic impact and number of positions. The table assesses the net cost to government of implementing the six Strategy programs (\$6.1265 million) and the two film-specific programs: SaskFILM and the SETC (\$18.4 million). It includes the labour income impact of the additional positions created in each sector.

Table 7 states the increase in annual economic activity and the number of positions for each sector at the end of five years as a result of the Cultural Industries Development Strategy, SaskFILM, and the SETC (the latter two programs have been calculated for three years only, so the five-year figures are likely understated). The table totals the additional economic activity and positions forecast for each sector. This amount is the additional annual economic activity and number of positions in 2003 over and above the annual economic activity and number of positions the cultural industries could expect to generate if the Strategy did not exist (assuming that without the Strategy the annual impacts of the cultural industries would remain constant over the years). By the year 2003, the additional impacts total a gain of \$77.86 million in economic activity and 2471 positions across the cultural industries.

It is important to note that the gain in economic activity is likely understated because the model does not calculate the cumulative impact of the gains over the life of the Strategy. For instance, the model assumes that if there were no Cultural Industries Development Strategy, the annual direct and indirect impact of the Book Publishing industry would remain constant at \$2.75 million a year (the model does not estimate industry growth in the absence of the Strategy.) The model does not capture the cumulative difference between five and a half years at a constant impact of \$2.75 million and five and a half years at the steadily increasing annual economic impact that would result from implementation of the Strategy. For example, for books, the cumulative impact of the Strategy would be \$2.56 million over the life of the Strategy, considerably more than the \$0.88 million reported as the additional economic activity generated in 2003 as compared with 1996 (\$3.64 million in 2003 compared with \$2.75 in 1996).

After totalling the additional economic activity and positions generated as a result of the Strategy, Table 7 then subtracts from these impacts the amount of money the government will be investing to create these returns (\$24.62 million) and the number of positions this money would have generated directly had it been spent elsewhere (422). In addition, it subtracts the indirect returns the government could have expected and the indirect positions it would have generated had the \$24.62 million been directed to general

provincial government spending rather than invested in the Strategy programs, SaskFILM, and the SETC. This gives a combined direct and indirect government spending impact of \$32.85 million and 564 positions.

The table subtracts the direct and indirect government spending impacts from the additional economic activity and positions forecast for the cultural industries as a result of the Cultural Industries Development Strategy, and the result is a net gain to government of \$45.01 million and 1907 positions.

<b>Table 7: Net Direct and Indirect Program Impacts</b>			
	<b>Direct and Indirect Economic Impact</b>	<b>Direct and Indirect Employment Impact (positions)</b>	<b>Direct and Indirect Labour Income Impact</b>
<b>Book Publishing</b>	\$ 0.88 million	12	\$ 0.32 million
<b>Craft and Visual Arts</b>	\$ 2.82 million	129	\$ 0.33 million
<b>Film and Video</b>	\$42.91 million*	1055*	\$23.98 million
<b>Music and Sound</b>	\$31.25 million	1275	\$ 8.31 million
<b>Total Impacts</b>	\$77.86 million	2471	\$32.94 million
<b>Less Government Spending Impact</b>	\$32.85 million	564	\$15.25 million
<b>Equals Total Net Impacts</b>	\$45.01 million	1907	\$17.69 million
<i>Source:</i> Calculated by Saskatchewan Economic Development based on industry-supplied data.			
<i>Notes:</i> Figures are rounded off. See Appendix 4 for a more detailed analysis.			
*Film and video impacts are calculated to 2000/01, based on a recently prepared rigorous analysis of a three-year assessment, so are likely understated.			

## Conclusion

The Cultural Industries Development Strategy proposes investment mechanisms that will benefit both the cultural industries and the Government of Saskatchewan. Investment in the cultural industries will not only provide a solid financial return, attract investors, and create new jobs in areas that will diversify Saskatchewan's traditional, resource-based economy, it will also bring with it a more intangible benefit that will greatly enhance the quality of life in the province: a vibrant cultural community that will celebrate Saskatchewan in ways that can be viewed and touched, heard and read, and, above all, enjoyed.

# Appendix 1: Recommendations

## Product Supply

- 5.1.1.1**    ❏    **That the cultural industries associations work with Municipal Government and the Department of Canadian Heritage to design a Small Business Loans Program for capital acquisitions and operations applicable to cultural businesses in Saskatchewan.**

**Rationale:** Each industry has indicated that businesses are hampered by lack of working capital and that they have difficulty providing traditional lenders with acceptable security for business development loans. A public lender can help fill this gap. While the intent of the former federal Cultural Industries Development Fund was appropriate, the guidelines included minimum sales and asset levels that were unattainable by the majority of Saskatchewan's small cultural enterprises. Saskatchewan businesses and government can work together to set levels that are more reflective of the Saskatchewan reality.

- 5.1.1.2**    ❏    **That the cultural industries associations work with Municipal Government to implement an annual data-gathering process designed to measure the type, variety, quantity, and sales trends of Saskatchewan cultural products.**

**Rationale:** This action will allow for both a more consistent marketing effort and an accurate measure of the success of the Cultural Industries Development Strategy.

- 5.1.1.3**    ❏    **That the Saskatchewan Arts Board (SAB) maintain and enhance its Individual Assistance Program(s) in recognition of the key contribution such programs make to the development of human cultural resources and new products in Saskatchewan.**

**Rationale:** The SAB's Individual Assistance Programs develop artists by supporting artistic experimentation. This freedom to experiment not only has an intrinsic value for the arts community, it has spin-off benefits for the cultural industries: this research and development arena in the arts community is vital to the creation of indigenous, high-quality product for the cultural industries.

### **Craft and Visual Arts Recommendations**

- 5.1.2.1**    ❏    **That the variety of media-specific technical and design skills training at recognized educational institutions be increased to ensure a sufficient supply of product in a variety of diverse media.**

**Rationale:** Currently there are visual arts programs at both universities; however, only three craft media programs are offered through the Saskatchewan Institute of Applied Science and Technology (SIAST): clay and weaving at Woodland Campus, and photography at Wascana Campus. Many creators leave the province to obtain training, and in many cases they do not return. To keep craftspeople in the province and to ensure a supply of product in a variety of media, craft programs in other media at SIAST should be considered.

### Film and Video Recommendations

- 5.1.2.2** ✎ **That the Government of Saskatchewan implement the proposed Saskatchewan Employment Tax Credit (SETC) in combination with a renewed investment in a re-focused SaskFILM.**

**Rationale:** It is estimated that the SETC will help to generate approximately \$64.4 million worth of production in Saskatchewan by the year 2000, a conservative estimate based on current production growth figures. With this growth would come 1,750 highly skilled, well-paid Saskatchewan jobs (calculated as direct, indirect, and induced). Other provinces already offer a tax credit incentive harmonized with the national Refundable Investment Tax Credit. Without a similar incentive in Saskatchewan, our province is at a distinct disadvantage in attracting co-production opportunities. Without those opportunities, it will be difficult to keep skilled labour in the province.

### Infrastructure

- 5.2.1.1** ✎ **That the Government of Saskatchewan maintain and enhance its financial support for the Saskatchewan Council of Cultural Organizations (SCCO) and the Saskatchewan Arts Board (SAB) so they may support cultural programs and initiatives.**

**Rationale:** Cultural associations provide the services and programs that support the creation of cultural products; support to individual artists ensures the continued production of raw materials for the cultural industries. While some of the funding to the SAB provides the research and development required to provide product to the cultural industries, the cultural industries associations – funded in part through SCCO – are vital to the development of the cultural industries themselves.

- 5.2.1.2** ✎ **That, whenever possible and appropriate, the cultural industries associations be empowered to develop and administer initiatives that result from the Cultural Industries Development Strategy.**

**Rationale:** Sophisticated and efficient support structures exist in each of the industries (except visual arts and crafts, which makes recommendations to address this issue in recommendation 5.2.2.3 and 5.2.2.4). Duplication and overlap can be reduced through the use of existing structures and delivery systems.

- 5.2.1.3** ✎ **That a Cultural Industries Development Council be created, with representation from each of the cultural industries through their respective industry associations and with ex-officio government representation.**

**Rationale:** The Council is to be a forum for cooperation and communication among the cultural industries so they can give policy direction to government and coordinate the implementation of the Cultural Industries Development Strategy. It will be a facilitator and not a regulator, and will not restrict the cultural industries from acting independently.

- 5.2.1.4** ✎ **That the Department of Municipal Government continue to act as the lead department responsible for provincial government policy development regarding cultural industries. Further, that Municipal Government continue to encourage and facilitate the involvement of other affected departments and agencies (in particular Economic Development) and the Cultural Industries Development Council, when it is formed, in this process.**

**Rationale:** The benefits of the cultural industries are cultural, social, and economic, and government policy needs to consider each of these components. Given that it is more efficient to assign formal responsibility to a single department and given Municipal Government's history and expertise, it is logical for that Ministry to continue to take the lead. However, the Cultural Industries Development Strategy recognizes that the policy development process should not be undertaken in a vacuum, and it is incumbent upon Municipal Government to ensure the meaningful involvement of affected parties, agencies, and departments whenever necessary.

**5.2.1.5 That the Government of Saskatchewan work with the Government of Canada to negotiate a revised Canada-Saskatchewan Partnership Agreement on Culture (C-SPAC) to replace the expired C-SPAC.**

**Rationale:** *The Evaluation of the Canada-Saskatchewan Partnership Agreement on Culture* (1996) indicates that the program was effective in promoting the development of the cultural industries. This Strategy outlines the current requirements of industries that have matured since the previous agreement and adds the perspective of the craft and visual arts industry. It can form a basis for government discussions to ensure a new C-SPAC based on industry needs.

**Book Publishing Recommendations**

**5.2.2.1 ☞ That the Saskatchewan Arts Board be encouraged to maintain and enhance its commitment to the development of literary publishing in Saskatchewan to ensure stable, multiyear operational funding.**

**Rationale:** The health and success enjoyed by the two literary publishers in the province is directly related to the operational funding they receive from the Arts Board. Only with a long-term commitment of funds can the companies plan adequately for future growth and development.

**5.2.2.2 ☞ That provincial support be expanded to include a broader range of investment in book publishing activities including both literary and non-literary publishing.**

**Rationale:** Provincial support to literary publishing has been a success. The two literary publishers in the province continue to grow and develop authors who go on to international reputations. In the past few years, the three largest non-literary publishers have either left the province or folded. Expanding provincial support to include non-literary publishing will help stem this exodus of Saskatchewan talent and expertise to other provinces. At the federal level and in most other provinces, programs exist to support non-literary publishing, and Saskatchewan companies have to compete with these publishers for domestic market share. Extending provincial support to encompass more than just literary publishing would help level the economic playing field, while acknowledging that books that record Saskatchewan's history and people and keep its Native languages alive have an important role to play in enhancing the quality of life in the province.

### **Craft and Visual Arts Recommendations**

- 5.2.2.3**    ↙    **That Saskatchewan commercial galleries create a provincial professional association.**

**Rationale:** An umbrella organization for commercial galleries will enable a common vision for the development of these galleries. Coordinated action will improve professionalism by encouraging professional standards and sharing information. One result will be stronger businesses.

- 5.2.2.4**    ↙    **That the three industry organizations (CARFAC, the Saskatchewan Craft Council, and the new association for the professional galleries) develop a common forum through which industry-wide issues can be cooperatively discussed and addressed. It will utilize existing infrastructures where appropriate and may require term support staff to complete certain tasks.**

**Rationale:** This industry includes three distinct groups – visual artists, craftspeople, and commercial galleries. As programs and services in these three areas sometimes overlap, the development of a common forum to discuss strategic development will avoid duplication of effort. It will also allow for information exchange and the development of a cooperative, focussed approach to industry development.

### **Film and Video Recommendations**

- 5.2.2.5**    ↙    **That the film and video industry and the Saskatchewan Communications Network (SCN) continue to work together to generate quality Saskatchewan-produced television programming for broadcast to Saskatchewan viewers.**

- 5.2.2.6**    ↙    **That SCN continue to work towards its goal of broadcasting 20% Saskatchewan content.**

- 5.2.2.7**            ↙            **That SCN's ability to license dramatic production be reinstated, and that additional funds of \$100,000 annually for licensing Saskatchewan dramatic product be made available. This allocation for the acquisition of dramatic product would augment the \$460,000 SCN typically spends on Saskatchewan product licences annually.**

**Rationale:** The Saskatchewan production industry works with SCN to achieve the broadcaster's programming objectives and create production opportunities. This liaison generates well-designed product and attracts additional investors. Recent changes in SCN's guidelines have excluded dramatic programming from the mix of eligible genres SCN is able to license. SMPA recommends that additional funds be made available to SCN specifically for the licensing of dramatic product.

- 5.2.2.8**    ❏    **That a comprehensive strategy be developed for the Sound Stage before the pilot program expires, with the intent of establishing a secure lease for industry use, and to allow planning of facility upgrades.**

**Rationale:** In tandem with the proposed financing mechanism for the Saskatchewan motion picture industry, the Sound Stage has the potential to be an accessible and cost-effective production facility in the long term. Without the Sound Stage dramatic production – the core growth area – will decline, and may wither away. This would be a major setback for the industry in both economic and human terms.

Prior to fall 1998 all partners in the project – SMPA, SaskFILM, Saskatchewan Municipal Government, Saskatchewan Economic Development, and the City of Regina, plus an industry consortium – will review the pilot program and indicate a clear future for the facility.

## **Investment**

- 5.3.1.1**    ❏    **That a Product Investment/Loan Program be developed for the music and sound recording, book publishing, and craft and visual arts industries.**

**Rationale:** The film and video industry has been greatly assisted by the capacity of SaskFILM to make equity investments in productions, and has experienced growth of 400% in the past five years. Although the investment needed in the other industries is less than that needed in film, a properly designed Product Investment/Loan Program will allow Saskatchewan cultural businesses to accelerate growth and job creation while minimizing risks to both lender and borrower. Given the existence of SaskFILM, the film and video industry would not need to be a part of this program. The design of the program should include a variety of payback options that can be implemented according to the particular needs of the project in question. Because of unique needs and characteristics, each industry and industry association will need to be involved in program design. In view of the potential administrative burden of such a program, a delivery partnership arrangement might be considered.

- 5.3.1.2**    ❏    **That the Government of Saskatchewan work with the cultural industries associations to design and establish a Private Investor Tax Credit Program that will enable and encourage individuals to make equity investments in Saskatchewan cultural businesses.**

**Rationale:** Small amounts of private investment, even as little as \$5,000 to \$10,000, can often enable cultural businesses to introduce new products or undertake new initiatives. A Private Investor Tax Credit Program will make it more feasible for individual investors to support cultural business activities. This support, in turn, will lead to increased interest in and support for the products of the industries from local communities, which will be to the industries' benefit.

- 5.3.1.3**    ❏    **That the cultural industries associations, Municipal Government, and Economic Development form a Working Group to research and evaluate alternate methods for enabling and encouraging private investment in Saskatchewan's cultural industries.**

**Rationale:** Enabling private investment will take time and effort. A Working Group to examine alternatives for action is seen as the first step in a long-term process of research

and education. It is also recognized that during the Ministers of Culture meeting held in Saskatoon in October 1996, federal, provincial, and territorial ministers agreed to explore ways to encourage public and private sector partnerships for funding of the arts, cultural industries, and heritage. With this in mind, the Working Group should attempt to coordinate its actions with those being taken elsewhere.

**5.3.1.4      ✎      That the Cultural Industries Development Council (5.2.1.3) initiate discussions with the Saskatchewan Opportunities Corporation (SOCO) to explore ways in which a broader cross-section of businesses in the cultural industries might take advantage of SOCO's range of financial services.**

**Rationale:** SOCO has identified tourism and culture as one of its six primary areas of participation. To date, only the film industry has gained SOCO investment in projects and business infrastructure. With SOCO's limitations and mandate in mind, the cultural industries associations are well positioned to initiate joint discussions to facilitate SOCO's involvement in a wider range of cultural industries projects.

### **Film and Video Recommendations**

**5.3.2.1              ✎              That the Government of Saskatchewan immediately allocate an additional \$1.5 million to SaskFILM to enable equity investment and development to the end of fiscal 1997/98.**

**Rationale:** There is currently a backlog of production-ready projects that have secured production financing for their projects waiting for investment from SaskFILM, which is typically 10% of the total budget. Despite the \$1 million supplemental allocation to SaskFILM announced on March 22, 1997, many viable projects will not get the critical provincial investment piece needed to complete their investment structures. Competition for scarce resources at the provincial level thwarts Saskatchewan's ability to respond to the increase in production activity nationally and internationally. A total allocation of \$2.5 million (including the recently announced \$1 million allocation) will ensure Saskatchewan remains competitive.

New federal production financing mechanisms and increased investment allocations have created a boom in activity across Canada. Through proactive business skills development and marketing programs, and with the support of SaskFILM, the Saskatchewan industry now has a critical mass of highly skilled producers with solid reputations and a network of excellent relationships within the industry. Increased sophistication has led to more success on the national and international level in bringing together partners and projects. However, additional SaskFILM investment is necessary to complete production financing now, before the Saskatchewan Employment Tax Credit is implemented.

**5.3.2.2              ✎              That the focus for SaskFILM be adjusted in**

**response to the availability of the proposed Saskatchewan Employment Tax Credit (SETC).**

**Rationale:** SaskFILM's role in a changing environment, both provincially and nationally, must be reassessed. The development of a core of high-calibre producers and production companies indicates a reduced demand for competitive, large-scale equity investments through SaskFILM, which will be supplanted by the SETC. SaskFILM can now focus on its important role as a development agency supporting the diversity of film and television products created in Saskatchewan. SaskFILM would continue to make strategic investments in larger projects that support the development of the indigenous industry.

**5.3.2.3 That SaskFILM be renewed by legislation in March 1998.**

**Rationale:** The combined approach of SaskFILM and the Saskatchewan Employment Tax Credit (see recommendation 5.1.2.2) efficiently supports development, responding to the cultural and economic imperatives that contribute to a flourishing cultural industry. SaskFILM has outperformed expectations and is an effective, efficient vehicle for the development and sustenance of the production community. Endorsing and maintaining SaskFILM as a legislated agency will ensure the continued vitality of motion picture production in Saskatchewan.

**Domestic Market Development**

**5.4.1.1 That the cultural industries associations work with Municipal Government and Canadian Heritage to create a Marketing Initiatives Fund.**

**Rationale:** With the expiry of the Canada-Saskatchewan Partnership Agreement on Culture, cultural industries lost an important source of marketing funds. Businesses are often restricted by time and human and financial resources in their efforts to present products to prospective buyers, even though the amounts required to launch a marketing campaign are often modest. In order for companies to capitalize on niche markets, the fund must be flexible to allow individual companies and entrepreneurs to structure marketing plans that work for their particular situations.

**5.4.1.2 That the Marketing Initiatives Fund include a program component accessible to cultural industries associations for the development and implementation of industry-wide marketing initiatives.**

**Rationale:** The industry associations have performed this function well in the past and should be able to continue to mount joint marketing initiatives on behalf of their members.

**5.4.1.3 That cultural industries associations and businesses be encouraged to make strategic linkages with the Saskatchewan Tourism Authority and individual cultural tourism providers to ensure quality Saskatchewan products are made available to tourists and visitors to the province.**

**Rationale:** Visitors and tourists are a significant market for Saskatchewan cultural products. Strong strategic linkages with the tourism industry will increase sales of product, assist cultural businesses to develop appropriate products and marketing approaches, and enhance existing efforts of the Saskatchewan Tourism Authority to attract more tourists to the province.

- 5.4.1.4**    **↳**    **That the cultural industries identify market opportunities outside Saskatchewan in cooperation with other government and non-government agencies, as appropriate.**

**Rationale:** Programs such as Saskatchewan Trade and Export Program (STEP) can assist the cultural industries with market development within Canada.

### **Film and Video Recommendations**

- 5.4.2.1**    **↳**    **That the Saskatchewan Motion Picture Association work with the Government of Saskatchewan to endorse opportunities for the expanded distribution and viewing of Canadian theatrical films.**

**Rationale:** Similar to audiences in other provinces, Saskatchewan people have extremely limited opportunities to view Canadian theatrical films. Venues such as the Broadway Theatre in Saskatoon and the Regina Public Library Theatre contribute to our culture by making Canadian films accessible to Canadians. A variety of screening programs are offered through organizations such as the Saskatchewan Filmpool Cooperative, Video Vérité, art galleries, and film festival events. These activities primarily serve creative and industry interests and do not capture a significant part of the mainstream audience.

- 5.4.2.2**            **↳**            **That the Saskatchewan film and video industry and the Government of Saskatchewan make joint representation to the Government of Canada to encourage the introduction of regulations enabling Canadian productions access to a higher percentage of theatre screen time.**

**Rationale:** Currently, less than 3% of theatre screen time in Canada is available for Canadian productions. Canadian-content regulations in broadcasting have been successful in assisting and enabling the development of the Canadian music and television production industries. Similar measures are needed for Canada's feature film industry.

### **International Market Development**

- 5.5.1.1**    **↳**    **That the Marketing Initiatives Fund (5.4.1.1) include a component to allow Saskatchewan-owned and -controlled businesses to attend international cultural industry trade shows.**

**Rationale:** International trade shows provide a low-risk opportunity for companies unfamiliar with doing business in other countries to identify key targets and make contacts. It can take a number of repeat visits to such venues before results are generated.

- 5.5.1.2**    ❏    **That the cultural industries associations and businesses initiate discussion with the Saskatchewan Trade and Export Partnership (STEP) to increase the participation of the cultural industries in STEP-sponsored activities and to make better use of STEP's market intelligence.**

**Rationale:** STEP is a government/industry trade development partnership with significant educational and intelligence resources. By developing a closer relationship with STEP, the cultural industries can ensure they are afforded appropriate involvement in market development activities sponsored by STEP.

- 5.5.1.3**    ❏    **That the cultural industries associations and businesses work with the Governments of Saskatchewan and Canada to ensure Canada's embassies and missions abroad have access to information on Saskatchewan's cultural industries and their products.**

**Rationale:** By ensuring Canada's embassies and missions abroad have information specific to Saskatchewan, business opportunities can be more readily identified and acted upon. This could be accomplished through joint information packages, meetings, and/or industry presentations.

- 5.5.1.4**    ❏    **That Municipal Government and Saskatchewan Economic Development work together to ensure cultural industries companies have access to, and are included in, the New Exporters Database.**

**Rationale:** Both the federal and provincial governments have identified increasing the number of exporting and export-ready companies as a priority. The New Exporters Database is used by federal trade commissioners and other commercial officers to identify potential Canadian supply sources for opportunities around the world. Businesses in Saskatchewan's cultural industries need to be included on the database, as appropriate. In addition, non-exporting businesses in the cultural industries who may be export ready, and businesses who want to develop export capability, may also take advantage of the initiative to evaluate their status and determine what assistance they might require.

## **Professional Development and Training**

- 5.6.1.1**    ❏    **That Post-Secondary Education and Skills Training be directed to include the cultural industries in developing future training programs, or that their funding programs be flexible enough to reflect the wide scope of training required for the cultural industries, and that they consult with Human Resources and Development Canada (HRDC) on the recommendations laid out in the six reports that were a result of the HRDC Creating Careers study.**

**Rationale:** Current programs are structured towards other industrial sectors and do not reflect the needs of the cultural industries community. They do not recognize self-employment or the need for auditing existing programs.

- 5.6.1.2**    ❏    **That the cultural industries associations work with FutureSkills and Post-Secondary Education and Skills Training to encourage and enable the inclusion of cultural industries beyond film.**

**Rationale:** FutureSkills has worked well for the film and video industry. This type of approach could be implemented in the other cultural industries with little modification.

- 5.6.1.3**    ❏    **That a Professional Development and Training Fund be established. This fund should allow for a variety of approaches in business skills, and technical and design training, and should be accessible to individuals, cultural businesses, cultural industries associations, and formal organizations affiliated with each cultural industry.**

**Rationale:** A great number of the people employed in the cultural industries are considered to be self-employed. The specialized and often highly technical nature of their work requires that they work diligently at upgrading and advancing their skills. The ability to access this type of training within the province is of critical importance, as is the acknowledgement that out-of-province opportunities will still be necessary when the costs of holding the training here are prohibitive. The fund would facilitate a wide range of developmental and cross-industry training.

#### **Craft and Visual Arts Recommendations**

- 5.6.2.1**    ❏    **That the common forum investigate existing business skills training and form recommendations for the promotion of them in conjunction with the institutions delivering them.**

**Rationale:** Some business programs specific to this industry already exist but have not been highly promoted. The common forum can play a proactive role in promoting existing programs in conjunction with the institutions offering them.

#### **Regulation and Policy**

- 5.7.1.1**    ❏    **That the Government of Saskatchewan support federal amendments to *The Copyright Act* and encourage the federal government to undertake additional revisions to protect the rights of creators in the digital age.**

**Rationale:** The amendments to *The Copyright Act* are important and strengthen the rights of creators for fair and reasonable compensation for the use of their work; however, the act still does not properly address creator's rights in light of new digital technologies and the Internet.

- 5.7.1.2**    ❏    **That the Government of Saskatchewan acknowledge and support the important role the Canadian Broadcasting Corporation (CBC) and the Saskatchewan Communications Network (SCN) have to play in the future of Saskatchewan's cultural industries.**

**Rationale:** CBC television and radio services have been and are expected to continue to be important to the distribution and development of Saskatchewan's cultural products. Recent reductions to CBC's regional operations in Saskatchewan have made the ability of SCN to license and produce programming even more crucial to the provincial film and

video industry. As the only broadcaster, educational or otherwise, resident in the province, SCN's importance to the cultural industries as a whole is expected to increase.

- 5.7.1.3**    ❏    **That the Government of Saskatchewan require all Crown corporations, agencies, and agents of the Crown to implement a Buy Saskatchewan preference when purchasing, commissioning, or licensing cultural products, similar to the arrangement currently in place for the film and video industry.**

**Rationale:** Crown corporations and agents of the Crown are potentially large consumers of cultural products. Saskatchewan-owned and -operated companies should have every opportunity to provide goods and services purchased by the Crown and, where cost and quality are comparable, should receive preference.

- 5.7.1.4**    ❏    **That Municipal Government and Saskatchewan Economic Development review all Government of Saskatchewan programs and services to small business to ensure that businesses in the cultural industries have equitable and appropriate access.**

**Rationale:** In the past, initiatives designed to assist small business have not always taken into consideration the unique nature of the cultural industries. The intent of the review would not be to make special accommodation for businesses in the cultural industries, but to ensure that no unreasonable barriers to participation exist.

- 5.7.1.5**    ❏    **That the Governments of Saskatchewan and Canada work cooperatively to reduce international trade barriers, while maintaining support and regulatory measures to ensure that an appropriate share of the domestic market is retained.**

**Rationale:** The cultural industries in Saskatchewan cannot achieve their potential without expanding into markets beyond the borders of this province. Only the provincial and federal governments can negotiate to remove trade barriers and establish treaties and trade agreements to facilitate growth.

- 5.7.1.6**    ❏    **That the Government of Saskatchewan recognize the intellectual property and attendant rights of its artists, writers, creators, and publishers and, where appropriate and applicable, sign interprovincial agreements with cultural collectives that ensure their recognition and further assure appropriate compensation for the use of copyrighted material in provincial institutions.**

**Rationale:** It is appropriate and proper that government show leadership to other public and private institutions and businesses in this area.

- 5.7.1.7**    ❏    **That the Government of Saskatchewan adopt a cultural policy.**

**Rationale:** In any business plan the broader picture is often defined as a vision. From the vision come the objectives to be attained and the measures to be taken to achieve those objectives. While the Saskatchewan government has been supportive of the development of the cultural industries, there is a need for a comprehensive cultural policy to ensure that the initiatives taken in this Strategy are consistent with policy development in other areas. Such a policy would ensure that the recommendations in this Strategy are consistent with government's agenda to enhance the quality of life in Saskatchewan and

diversify the economy. It would also provide a framework for policy development in Economic Development, Education, and other departments as they relate to culture and the development of the cultural industries. This cultural policy should be long term and its development should not in any way hinder the process of the Cultural Industries Development Strategy.

### **Book Publishing Recommendations**

- 5.7.2.1**   ✎   **That publishers work together with the Provincial Library to establish and maintain a complete archival record of provincial publishing activity.**
- Rationale:** A comprehensive record of past publishing activity will be of interest to future generations.
- 5.7.2.2**   ✎   **That Saskatchewan-published materials be used in government-sponsored literacy campaigns, and that, all things being equal, Saskatchewan Education use Saskatchewan-owned, Canadian-owned, and other sources in that order for both recommended texts and supplementary reading materials.**
- Rationale:** This is an extension of the government's Buy Saskatchewan preference as applied specifically to book publishing.
- 5.7.2.3**   ✎   **That Saskatchewan Education put visual designations on their bibliography of sources to indicate materials published by Saskatchewan-owned and Canadian-owned publishing companies.**
- Rationale:** Many educators actively seek out Canadian- and Saskatchewan-produced materials. This is an effective, inexpensive way of making it easier for them to do so.
- 5.7.2.4**   ✎   **That a standing committee between representatives of the Saskatchewan Publishers Group and Saskatchewan Education provide for information exchange, policy and program development, and the establishment of partnerships.**
- Rationale:** Children are avid readers of material they can identify with and understand. Saskatchewan publishers are able to provide a familiar perspective for the students of this province.
- 5.7.2.5**   ✎   **That provincial government departments, agencies, and other operations develop policies for producing proposed book-length publications with Saskatchewan publishers and maintain a central database of planned government publications so Saskatchewan publishers have a chance to bid on these projects.**
- Rationale:** Saskatchewan publishers have the expertise to produce quality publications cost effectively. Rather than produce book-length publications in-house, government departments should consider contracting this work out to publishers in the province. Both sides will benefit: the government from cost-effective, professional production services and the industry from the partnership with government.
- 5.7.2.6**   ✎   **That the Government of Saskatchewan support the zero-rating of Goods and Services Tax on books, and keep the provincial sales tax off the sale of books.**

**Rationale:** Keeping taxes down encourages spending on cultural products.

#### **Craft and Visual Arts Recommendations**

- 5.7.2.8**   ✦   **That industry-standard agreements, regulations, terminology, and definitions be developed by the common forum, where appropriate, and that the Saskatchewan professional commercial gallery association encourage the adoption of professional guidelines and ethical standards for gallery operations.**

**Rationale:** An example of an issue that requires review is that of “print” versus “reproduction.” Many reproductions (a photo-mechanical reproduction of a work originally conceived by the artist in another medium) are being promoted and sold as prints. The adoption of professional guidelines and ethical standards will enhance the national and international reputation of commercial galleries in the province.

- 5.7.2.9**   ✦   **That the Government of Saskatchewan establish a policy whereby 1% of the provincial contribution towards the construction of any public building or facility is dedicated to the acquisition of Saskatchewan visual art and craft for display in the building or facility.**

**Rationale:** Such a policy would demonstrate the government’s commitment to its artists, as well as promote visual arts and craft products to residents and visitors. When the government is seen to be supportive of a particular industry, the public recognizes the value of investment in that industry.

#### **New Technology and Multimedia**

- 5.8.1.1**   ✦   **That the development of business opportunities related to new technology and multimedia be facilitated by a New Technologies Product Investment Program.**

**Rationale:** The proposed Prairie New Media Content Development Centre is a large enterprise dependent on government for the majority of its start-up funding. The Cultural Industries Development Strategy, while recognizing the validity of many of the concepts in the plan, proposes a less ambitious program that focusses on product development and takes advantage of existing infrastructures for delivery. Specifically, it is recommended that SaskFILM be contracted to deliver the New Technologies Product Investment Program and that the Program be capitalized by a combination of provincial and federal sources. The Program should be designed to require public sector companies to make a substantial financial commitment to the projects undertaken, and the Program should also have the capacity to take an equity position in the project if it is deemed appropriate.

- 5.8.1.2**   ✦   **That the cultural industries associations, Municipal Government, and Saskatchewan Economic Development develop and enact a plan to develop strategic partnerships and business relationships between cultural businesses and those in related areas such as software development and the telecommunications industry.**

**Rationale:** The cultural industries bring the creative and value-added edge to new technology and multimedia products that make them attractive to the consumer. Related

industries bring their unique perspectives to the process. Only by these industries working together can Saskatchewan's product development capacity be increased.

**5.8.1.3    That the cultural industries associations prepare cross-industry market and professional development initiatives.**

**Rationale:** New technology and multimedia can have significant effects in both areas. Industry associations should work collaboratively to avoid duplication of effort and to benefit from cross-industry synergies.

## Appendix 2: Industry Profiles

### Book Publishing

#### Economic Model

**Sources:** *A Harvest of Books: Book Publishing in Saskatchewan*, Rowland Lorimer, Canadian Centre for Studies in Publishing, 1993, and telephone surveys conducted by the Saskatchewan Publishers Group in fall 1996 and spring 1997.

#### 1 Infrastructure

The Saskatchewan Publishers Group (SPG) is a provincial association of book publishing companies. Dedicated to promoting the industry in Saskatchewan, it provides a forum for the exchange of information and ideas; undertakes specific projects; and speaks for the interests of its members on regional and industry issues. The SPG coordinates joint marketing projects and displays; it distributes a quarterly public newsletter, *SPG PaperCuts*; and organizes workshops. The SPG also works with other Canadian publishing associations on promotional publications and is on the board for the annual Saskatchewan Book Awards. The SPG is the only organization in the province dedicated to promoting the book publishing industry. The SPG has 13 active member publishers. In addition, a handful of small publishing companies not affiliated with the SPG operate throughout the province. The table at the end of this appendix summarizes active members of the SPG in 1996.

The two literary publishers in the province have enjoyed provincial support in the form of operational funding through the Saskatchewan Arts Board (SAB); their level of book production has increased modestly over the years. Of the publishers operating outside the mandate of the SAB, the three largest have not found the climate in Saskatchewan attractive in the 1990s and have ceased operating in the province. In 1991 Saskatchewan Wheat Pool closed Western Producer Prairie Books (WPPB), then the province's largest general trade publisher; selected WPPB titles were acquired by Douglas & McIntyre in Vancouver. Weigl Educational Publishers, the province's largest educational publisher, moved from Saskatchewan to Alberta in 1994. Fifth House, Saskatchewan's largest trade publisher after the demise of WPPB, opened a warehouse in Calgary in 1995. Fifth House offices in Saskatoon closed at the beginning of 1996; the company plans to concentrate on book distribution and a scaled-back book publishing operation from its new Alberta base.

In the mid-nineties there have been heartening signs in the publishing community, despite the loss of the three largest publishing companies: three new companies were formed and institutional publishers established in the seventies and eighties became more aggressive in the marketplace. It is critical at this point in the province's history to enhance provincial support for literary publishing, and at the same time to invest in this new publishing activity so that it can grow and thrive.

Saskatchewan book publishers provide employment for writers, artists, designers, editors, typesetters, printers, marketing personnel, and managerial and support staff.

Book publishers may employ any combination of the above in-house, although typically writers provide manuscripts in return for royalties; artists, designers, and some editors work as freelancers; and printers bid for individual projects.

Most specialized book printers are located out of province, and a number of Saskatchewan publishers contract out warehousing and fulfilment services to distributors in other provinces. Out-of-province printing and distribution have to do with economies of scale and proximity to high-volume markets, factors that become increasingly important as a book develops from its inception as a one-of-a-kind creative work to its entry into the marketplace as an industrially manufactured product.

The book publishing industry will always need content providers (writers), content packagers (editors and designers), marketers, and distributors. As technology changes, content packagers will benefit from becoming increasingly conversant with computer technology, both to facilitate the editing and design process and to consider end products other than printed books – such as CD-ROM, on-line, and multimedia publications. Marketers will want to keep up to date with the potential for marketing books on the Internet and receiving orders electronically. An increasingly important area for all publishers will be the manipulation of customer databases to maximize sales.

### **Key Competitive Advantages**

The industry's key competitive advantages are that Saskatchewan book publishers are known for producing books of high quality; smaller companies tend to be more innovative and creative than larger ones and can quickly respond to identified niche markets and to changes in ongoing markets; provincial support for literary publishing through the SAB has nurtured growth in that sector; and the industry requires relatively modest investments to grow.

- ⚡ **Provincial funding works.** The health enjoyed by publishers receiving operational funding from the SAB and the national and international recognition they have garnered, is something to be protected and celebrated.
- ⚡ **A relatively modest investment will reap rewards.** Assuming the SAB maintains its current level of support to its two operational clients, the SPG estimates that an additional investment over and above the amount currently allotted to literary publishers by the SAB of \$1.7 million over five years would maintain and enhance literary publishing in the province, ensure solid growth for institutional publishers, and take recently established non-literary book publishers from fledgling companies to mature businesses, with the attendant advantages to the province in terms of small business development, job creation, and spin-offs in related industries.
- ⚡ **Reputation.** Saskatchewan-published books have won numerous awards, and authors first published by Saskatchewan publishers have gone on to enjoy international reputations.
- ⚡ **Cultural contribution.** Books published by Saskatchewan publishers have helped put Saskatchewan on the map by celebrating its literary talent and by documenting its history and culture. The profile of the province has been enhanced by the reputations of such Saskatchewan writers as Sharon Butala and Bonnie Burnard, whose books are impressive ambassadors for potential investors in the province both at home and abroad.

- ✦ **Professional development that works.** The SPG has a proven track record of high-quality workshops for publishers that have brought in experts from New Mexico, Vancouver, and Toronto and have attracted participants from the three prairie provinces.

### **Key Competitive Disadvantages**

The industry's key competitive disadvantages are slim operating margins; a limited local market; falling federal grant revenues; selective provincial support; changing customer profiles; and lack of capital for new product development, marketing initiatives, staff development, and technical acquisitions.

- ✦ **The price of books in Canada.** An American publisher can produce a run of, say, 10,000 books (9,000 for its primary market in the United States and 1,000 for Canada); a Canadian publisher, on the other hand, can produce a print run of only 2,000 to 3,000 books of a similar title for the Canadian market. The per unit cost to produce 3,000 books is considerably higher than the per unit cost to produce 10,000 books. Because the majority of books sold in Canada come from the United States, the Canadian publisher must base its retail price on the price set by the American publisher rather than on its actual costs. A Canadian company can produce more books for the Canadian market (3,000) than the American company (1,000) because it has greater penetration into the Canadian market. Correspondingly, it does not have the marketing reach into the United States that the American company has. Hence, Canadian companies operate on slim margins because they have to price their books low to stay competitive with American companies who benefit from economies of scale in their home market.
- ✦ **The policy of returns from booksellers.** Books sold to booksellers and wholesalers may be returned to the publisher for a full refund. This makes it difficult to plan print runs as the publisher does not know how many books may end up back in its warehouse. On the one hand, the publisher needs to produce sufficient books to fill orders; on the other hand, as a certain percentage of books sold will be returned, the publisher needs to be careful not to overprint.
- ✦ **Size of the market in Saskatchewan.** With a provincial population of 1 million, the development of markets, regionally, nationally, and internationally, is key to increasing sales volume. A mandate of a number of SPG members is to publish books that make a difference in our home province, and the market for some of these is, of necessity, restricted by the size of the province's population.
- ✦ **Company size.** Small publishing houses, such as those operating in Saskatchewan, have an advantage over larger firms because they can react quickly to changes in the marketplace and because they tend to be highly creative; however, with limited access to capital they have little margin for error and even relatively minor miscalculations can be crippling.
- ✦ **Weak retail economy across Canada.** Poor book sales across the country for Christmas 1995 were compounded by weak spring sales in 1996, leading to returns of unsold books across Canada in the spring of 1996 running 50% higher than in 1995. In 1996, poor sales and high returns plagued the book publishing industry in the United States and the United Kingdom as well.
- ✦ **Lack of capital to retain authors.** Saskatchewan publishers cannot compete for established authors with larger companies, who can lure away talent developed in Saskatchewan with substantial advances or extensive promotional campaigns. This leads to a dependence on new writers, whose books typically do not sell as

well as those of established authors. Saskatchewan's literary publishers have a commitment to developing writing talent in the province. Not only does this take a great deal of editorial time and effort, it is also an inherently risky undertaking as not all new writers will be successful and not all projects worked on will be publishable.

- ✘ **Lack of capital to develop new products.** Larger trade projects and products for the education market require large front-end investments, as does multimedia development.
- ✘ **Lack of capital to keep up with new technology.** Technology is constantly changing. In order to stay competitive, book publishers in Saskatchewan must regularly upgrade computers used for book production, marketing, and administrative functions.
- ✘ **Falling grant revenues.** Federal grants to book publishers have been cut by over 60% in the past two years, and overall funding to book publishing from the SAB fell by around 30% in the past year. Because of the small size of the domestic market, book publishers across the country are dependent on a certain level of government investment so they can produce culturally relevant material at competitive prices. Provincial funding is important because publishers in the province use provincial funding to lever federal grants.
- ✘ **Changing customer profiles.** As (a) chains provide independents with stiff competition, (b) American chains threaten to set up shop in Canada, and (c) returns from all categories of bookstores are on the rise, many publishers are researching and developing non-traditional markets for their books, such as sports equipment dealers, gift stores, and corporate purchases. The development of new markets is capital intensive and risky.
- ✘ **Selective provincial support for book publishing.** As of 1997, because of its mandate to support only literary publishing, the SAB will be providing funding to only two SPG member publishers.
- ✘ **Lack of money for marketing initiatives.** Retaining existing markets and developing new ones is an integral part of the publishing process. Marketing initiatives, such as developing a strong direct-mail list or establishing distribution in the United States, are vital but are dependent on available capital.
- ✘ **Lack of money for staff development.** Saskatchewan is relatively isolated, and, other than attending the workshops organized by the SPG, staff have to travel to Banff, Vancouver, Toronto, or the United States to get professional development specifically tailored for book publishers. Travel to and accommodation at these locations can be costly.

## 2 Product

SPG members publish books in English, French, Cree, Lakota, Nakota, Dakota, Dene, and Saulteaux. Books are produced for the general trade market, the library market, the school market, the university market, and the reference market. Saskatchewan publishers have expertise in many areas, including contemporary Canadian literature, children's books, Native culture, legal issues, western Canadian French culture, prairie heritage, and extension learning. In addition to books, Saskatchewan publishers produce scholarly journals and audio tapes, and are researching the growing area of multimedia publishing.

## 3 Product Diversification

Saskatchewan book publishers have been exploring new products and services. In response to federal grants, they have produced large-print editions of selected titles. In response to funding cuts and a weak retail economy, one decided to focus on distribution and left the province for Alberta. In response to opportunities presented by new media, two are developing multimedia titles.

Publishers do not anticipate that multimedia titles will replace books. Indeed, books can be an important source for multimedia developers, who look to books for content in much the same way as film producers look to books for content. The resulting CD-ROM or film often enhances sales of the book.

It is difficult for Saskatchewan publishers to develop multimedia products because of the level of investment required (most do not have access to the capital required) and because of the uncertainty of the marketplace (multimedia products have not been on the market long enough for producers to accurately predict sales volumes). Saskatchewan publishers do, however, own products and expertise that could make worthwhile contributions to multimedia products developed in partnership with other companies or institutions.

Publishers can also generate additional revenue by selling subrights to the books they produce. These rights include licences to other book publishers to produce paperback or mass market editions; licences for book club editions; licences to newspapers and magazines to reprint extracts before or after publication; television and radio licences; film licences; multimedia licences; merchandising licences; and licences to publishers in other territories or other languages.

#### **4 Place**

Saskatchewan book publishers publish books for regional, national, and international markets. Major customers are bookstores, libraries, wholesalers, and individuals. In 1991/92, approximately 20% of sales were in Saskatchewan, 39% were to the remaining western provinces, 30% were to Ontario, 5.5% were east of Ontario, and 4.5% were in exports.

The domestic market needs to be strong before it is worth a company's while to expend time and energy generating export sales, and most books published in Saskatchewan are created primarily for regional or national markets. Indeed, this is precisely what makes them so valuable to people in the province and to Canadians: they capture a distinctly Canadian point of view. Once domestic markets have been established, however, export sales are a welcome source of additional revenue. Thus, book publishers in the province publish first for regional and national and then for international markets.

#### **5 Price**

The eleven Saskatchewan book publishers who participated in the 1993 Lorimer report, *A Harvest of Books*, indicated that in 1991/92 the net revenue of the industry was just over \$3 million, a healthy increase of about \$100,000/year over previous years. Of this amount, \$2.6 million remained in the province, with \$32,000 going directly to Saskatchewan authors. These revenues provided direct employment in the book publishing industry for 50 people and created 125 person-years of spin-off employment in related sectors such as bookstores and libraries.

In 1994, Weigl Educational Publishers left Saskatchewan for Alberta. Thanks to increased publishing activity from the publishers that remained in the province and the establishment of a handful of new, small publishers, revenues and the number of jobs sustained by the book publishing industry in Saskatchewan in 1996 were comparable to the figures for 1991/92.

With federal grants to book publishers across the country cut by 55% in the 1995 federal budget and the loss of Saskatchewan's largest remaining trade publisher to Alberta at the beginning of 1997, book publishing revenues in the province are expected to decline substantially in 1997 – a combination of reduced levels of production in 1996 and one less publisher with product to sell in 1997. Neither Weigl Educational Publishers nor Fifth House Publishers (at the time it left the province) enjoyed provincial support. It is hoped that the recommendations of the Cultural Industries Development Strategy will foster a partnership with the provincial government and provide the framework required to rebuild the book publishing industry to its former levels of revenue within the next three years.

## 6

### Promotion

#### Tools Available

- ✦ **Publishers interest bookstores** in their books by producing catalogues, hiring sales reps, advertising in industry publications, including promotional information with each order filled, telemarketing campaigns, and by attending trade shows and exhibits.
- ✦ **Bookstores work with publishers** to generate consumer interest by keeping sufficient stock on hand, by displaying books prominently (the publisher may pay for this), by sharing advertising costs with the publisher, by hosting author readings, and by handing out informational booklets at checkouts (the publisher may pay to be included in these).
- ✦ **Publishers get the public into the bookstores** to buy their books by sending out free copies and press releases to get media coverage and reviews; by print advertising; by selling excerpt rights to magazines; by posting books on the Internet; and by getting course adoptions for their titles and having them listed in the education system. Increasingly, publishers may go directly to the individual book buyer via direct mail.

These traditional means of promotion have served and continue to serve publishers well. Publishers also explore special sales, such as editions of their books to clubs and organizations, and publishing partnerships with corporations, government departments, cultural organizations, and art galleries. These partnerships are often profitable but are expensive to generate unless long-term relationships are in place.

#### Tools Needed

- ✦ **Partnerships:** Apart from adequate resources to pursue all of the above, if publishers have a high profile, there is an increased chance of mutually advantageous partnerships between publishers and non-publishers. Public institutions such as schools and libraries can promote authors by inviting them to give readings and can promote locally published titles by marking them visually for borrowers and teachers selecting materials. Government departments can

tender out publishing projects to publishers. Publishers can work in cooperation with cultural institutions and other industries to produce books.

- ✦ **Customer information:** Publishers need the resources to develop detailed market information from databases.
- ✦ **Training:** Publishers need the resources to train marketing staff to make maximum use of tools available.
- ✦ **Internet:** The Internet has great potential as a promotional tool for publishers, but more research and analysis needs to be done before publishers can identify how best to use this relatively new avenue of communication with customers.

## 7 Positioning

The primary markets for Saskatchewan book publishers are national and regional customers. Export markets are secondary. For the future, the industry needs to exploit existing markets more effectively, create new markets (such as non-bookstore accounts), and form partnerships with corporations and other cultural industries for multimedia publications. The SPG is active in evaluating markets for book publishers; it has commissioned studies on school and library markets in the province and on the future of multimedia for book publishers. The SPG also organizes joint marketing initiatives on behalf of member publishers and acts as a liaison between publishers and possible partners, such as other cultural industries, the provincial government, libraries and departments of education.

- ✦ **Trade and literary publishers:** Primary markets are bookstores and libraries regionally or nationally, depending on the titles being published. Secondary markets are educational institutions, direct-mail customers, special sales, licensing and subrights sales, and export sales.
- ✦ **Scholarly and educational publishers:** Primary markets are educational institutions and libraries regionally or nationally, depending on the titles being published. Secondary markets are bookstores, licensing and subrights sales, and export sales.
- ✦ **How-to and reference publishers:** Primary markets are bookstores and libraries, direct-mail customers, and educational institutions regionally or nationally, depending on the titles being published. Secondary markets are export sales.

## 8 Plan

The pattern of growth for Saskatchewan publishers to date has been in two streams.

- ✦ The two literary publishers currently benefit from funding through the SAB. These two publishers reapply for funding each year; multiyear commitments from the SAB would increase their potential for growth.
- ✦ Non-literary publishers in the province have the skills and the range of titles to increase the size of their businesses, but need assistance to optimize growth rates and incentives to remain in the province.

The recommendations and performance objectives outlined in the body of this report will help the book publishing industry in Saskatchewan flourish and grow.

## Case Studies

### Case Study #1: Publisher's Perspective

Publishing houses work with authors to produce books, which the publishing house then sells. The publishing house undertakes the cost of producing and distributing the book, and marketing expenses. Sales revenues are split between the publishing house and the author, who typically receives his or her share of the proceeds in the form of royalties. The publishing house uses its share of the proceeds to finance the development, production, and promotion of new books.

A publishing house is divided into four main areas: editorial, production, marketing, and operations. Editorial acquires and edits books that fall within the mandate of the publishing house; production makes sure the books are produced on time and on budget; marketing works to sell the books as effectively as possible; and operations manages assets.

### **1 An author writes a manuscript**

Alternatively, a publisher decides it needs a book on a certain subject and finds an author to write that book. The publisher offers the author a royalty advance to compensate the author for the time it takes to write the manuscript. The publisher calculates the advance by estimating the royalties the book will generate in the first 12 to 18 months (based on anticipated retail price and print run). The advance on royalties is then divided into two, possibly three, installments: the first installment on signing the contract, a larger amount when an acceptable manuscript is delivered, and the final installment when the book is published. A publisher may also pay a modest writer's fee or cover research expenses. Some publishers, typically educational publishers, generate manuscripts in-house, paying their writers a salary rather than a royalty.

### **2 The author signs a contract with the publisher**

The contract specifies the rights licensed to the publisher (hardcover, softcover, mass market, magazine, audiovisual, film, multimedia), the territory in which these rights are licensed (North America, the world), and the language in which these rights are licensed (English, French, all languages). The publisher has the right to exercise these rights itself or to sublicense them (for instance, licensing rights to a book to a film company, licensing a foreign-language edition of the book in another country). Once the book is out of print, rights revert to the author.

The contract may give the author a one-time flat fee for these rights or, more typically, a royalty based on copies sold. A typical royalty in Canada for a hardcover title is 10% of the retail price for the first 5,000 copies, 12.5% for the next 5,000 and 15% thereafter. A typical royalty for a paperback is 8% for all copies sold. If a book is originated in paperback rather than hardcover, the royalty may be 10% for all copies sold. Some publishers tie royalties to net receipts rather than to the retail price of the book. This distinction is important because books are sold at varying discounts (see point 13). In cases where there is more than one author or where an illustrator or photographer has made a major contribution to a book, royalties remain at the contract rate but are split among the contributors.

### **3 The author delivers the manuscript**

In the contract, the author undertakes to provide the publisher with a complete manuscript. The author pays for illustrations, permissions and the index unless the contract states otherwise, with the exception of cover design and illustrations, which are the publisher's responsibility because they are important selling tools for the book.

Payments may be made by the author directly, or may be paid by the publisher on the author's behalf and deducted from future royalty payments.

**4 The publisher assigns an editor to work with the author**

The editor may be in-house or freelance. The work required may be structural editing (refining content and order), stylistic editing (working with paragraph organization and language), or copy editing (correcting grammar, punctuation, and spelling, and ensuring the final text conforms to house style). Editorial costs run at approximately \$9.50 per page.

**5. The edited manuscript is designed and typeset**

Typesetting and page layout may be done in-house using desktop publishing software or contracted out. Charges run at approximately \$7.50 per page, depending on the complexity of the layout.

**6. The book cover is designed**

The cover designer may be in-house or freelance. Publishers often purchase or commission an illustration or photograph for the cover. Cover designs cost approximately \$800 per book. The fees for the use of an illustration on the front cover of a book run from \$300 to \$1,000.

**7 Publisher determines list price and print run**

Based on the costs of production and market analysis, the publisher finalizes the suggested retail price of the book and decides how many copies to print. The publisher wants to print sufficient books to ensure a reasonable unit cost, yet no more books than can be sold within the next 18 months to two years to avoid much-needed cash being tied up in inventory.

**8 The typeset pages and cover art are sent to the printer**

A book may go to the printer as camera-ready art or as a digital file. It usually goes to the printer who has submitted the most competitive quote. Most printers who specialize in printing books are located outside Saskatchewan. Among specialized book printers, some specialize in print runs of fewer than 2,000 copies, some specialize in colour work, some do not carry certain kinds of paper. This means that all the books from one publisher do not necessarily go to the same printer. Offshore printers offer competitive quotes on colour printing, even when shipping charges are taken into account. Occasionally, a publisher prints its own books in-house. Increasingly, especially in educational publishing, books may also be printed on demand or custom-made for different clients. The longer the print run for the book, the higher the overall printing bill will be but the less the book will cost per copy to print.

**9 Books are shipped from the printer to the publisher's warehouse**

The publisher may maintain its own warehouse and fill orders itself, or it may contract out these services to a larger publisher who has the necessary infrastructure in place.

**10 The publisher produces a catalogue**

Publishers typically introduce new books into the marketplace twice a year, once in the spring and once in the fall. The spring and fall catalogues announce new releases (frontlist titles) and list previously published books (backlist titles). The catalogue is not intended for the individual book buyer. It is a selling tool to be used by the publishers'

commissioned sales reps, who visit bookstores and libraries across the country. It is also mailed out to accounts that are not visited by reps. A publisher may also produce a direct-mail catalogue designed for individual buyers, bypassing the retail sector.

**11 The publisher holds a sales conference**

If the publisher has a sales force, it will hold a sales conference. At the sales conference, the publisher presents its new titles to the reps who will be selling the publisher's titles to library and trade wholesalers, chain and independent bookstores, libraries, and educational institutions across the country. Sales commissions run from 8% to 10% of net revenues.

**12 The publisher attends regional, national, and international trade shows**

Potential customers include booksellers and librarians in foreign and domestic markets. Publishers can also license rights for a particular title to foreign publishers, who then publish their own editions of the work for their domestic markets. If the Canadian publisher sells its own edition of a book into foreign markets, the net revenue per book is higher than if it sublicences rights to a foreign publisher to produce a foreign edition of the book; however, licensing foreign rights typically results in higher sales volumes because the foreign publisher has better access to its domestic market than the Canadian publisher does and therefore selling foreign rights tends to generate more money overall. Canadians selling directly into the United States are hoping to change these ratios by more aggressive distribution in that market.

**13 The publisher licenses subrights to the book**

Subrights sales generate additional revenue that is split in varying percentages between the publisher and the author. Apart from foreign editions, such sales include excerpts or serializations in magazines or newspapers; mass market paperback rights; sales to book clubs; audiovisual rights; film rights; multimedia rights; and permission to reprint extracts in other books.

**14 Bookstores and wholesalers place orders**

Publishers sell books to wholesalers and bookstores at a discount and books can be returned to the publisher if they are not sold within a specified period of time. Discounts to wholesalers can be 50% or more off the retail price of the book; discounts to bookstores run from 20% to 46% depending on the size of the order. These discounts allow wholesalers and the bookstores to make money when they resell the book. Library discounts are typically 20% because libraries do not resell the books they buy. Individuals may purchase books directly from the publisher at the regular retail price. Most publishers make a mix of sales, and discounts tend to average 40%.

Direct sales to individuals (typically direct mail) result in the highest income but are the most expensive to generate. They are also desirable because books are rarely returned. (This is why well-researched and well-maintained direct mail lists are valuable commodities.) Sales to wholesalers are relatively inexpensive to generate and reach a wide potential market but command high discounts.

**15 The publisher runs a publicity campaign**

Publicity gets the public into bookstores and libraries. Publicity campaigns include one or more of the following: author readings; advertising with bookstores; paid listings in publications handed out to bookstore customers; print advertisements; and free books to

the media to generate interviews and book reviews. (A number of books are set aside to be used as free copies to generate publicity. The publisher covers the cost of these copies and the author does not get paid a royalty on them.)

**16 Readers buy the book**

The book is available in independent and chain bookstores, and in discount stores, at the same time and not necessarily at the same price. The publisher's retail price is a suggestion only and stores may sell books at whatever price they wish. This is why books are often sold for less in Costco and chain bookstores than in independent bookstores. The larger stores can afford to offer the book for less as they often purchase the book in larger quantities, and hence at deeper discounts, than the independents.

**17 Unsold books are returned**

Books are sold to bookstores on a returnable basis. Unsold books are returned after prime selling seasons such as Christmas (when an estimated 75% of book sales take place) for a full refund. All the books may be out of the warehouse before Christmas, and up to 30% of them may return in the spring. Books are supposed to be returned in saleable condition but, in practice, returned copies may not be in any condition to go out into the marketplace again, and the publisher covers this cost.

**18 Other costs**

Apart from the costs associated with producing and promoting a book, revenues support the infrastructure of the publishing house: 35% for overhead costs is a rule of thumb for the industry.

**19 If the book is successful, a reprint is ordered**

When the publisher runs out of books and is assured most of the returns are in, the book is reprinted to fill orders anticipated for the next 18 months or so. This process continues, often for many years, before the number of orders drops off to the point that it is uneconomical to keep producing the book, at which point it is declared out of print and all rights revert to the author.

**20 If a book is unsuccessful, it is remaindered**

If sales of the first printing (or any subsequent reprint) are slow, the publisher may sell any remaining inventory to a remainder company that specializes in selling off excess stock. Typically, these sales are made at close to inventory cost. At this stage, the author is typically given the opportunity to buy stock of the book. The book is then declared out of print and all rights revert to the author.

**21 Economics**

It is difficult to make any money publishing books unless you are publishing high-priced books in large quantities. Saskatchewan publishers typically print modest quantities (generally under 2,000 copies) of their new releases and must price them competitively in the marketplace. Tables 1 and 2 with their accompanying notes demonstrate the budget constraints facing publishers in Saskatchewan. A typical (though by no means the only) book format has been selected. The figures, with the exception of the overhead costs, come from a telephone poll of Saskatchewan publishers to find out how much they are currently spending in each area.

These tables demonstrate how difficult it is to make money in publishing in Canada. Against this background, innovation and creativity count for a great deal. There are ways of changing some of the elements in this equation to bring down costs and increase revenues, and investment in the industry will help publishers find solutions to the problems they face.

Table 1 assumes the publisher is printing 2,000 copies of a 6 x 9-inch paperback book of 160 pages, with a retail price of \$14.95.

<b>Table 1: Sample standard book costing at 2000 copies</b>			
		<b>Total Cost (\$)</b>	<b>Unit Cost (\$)</b>
<b>Production costs</b>	Edit	1500	0.75
	Typeset	1200	0.60
	Cover design and illustration	1200	0.60
	Printing	5000	2.50
	Total	8900	4.45
<b>Revenue</b>	Sell print run	29900	14.95
<b>Less av. discount of 40%</b>	Net revenue	17940	8.97
<b>Expenses</b>	Unit production cost	8900	4.45
	Publicity at 5% of net revenue	897	0.45
	Sales commissions at 5% of net revenue	897	0.45
	Distribution costs at 11.5% of net revenue	2063	1.03
	Royalty to author at 14% of net revenue	2512	1.26
	Overhead at 35% of net revenue	6279	3.14
	Total expenses	21548	10.77
<b>Profit/Loss</b>		(3608)	(1.80)

Increasing the print run to 4,500 copies means the difference between losing money and breaking even, as Table 2 demonstrates. That is, so long as the publisher can sell 4,500 copies of the book within a reasonable period of time.

<b>Table 2: Sample standard book costing at 4500 copies</b>			
		<b>Total Cost (\$)</b>	<b>Unit Cost (\$)</b>
<b>Production costs</b>	Edit	1500	0.33
	Typeset	1200	0.27
	Cover design and illustration	1200	0.27
	Printing	8000	1.78
	Total	11900	2.64
<b>Revenue</b>	Sell print run	67275	14.95
<b>Less av. discount of 40%</b>	Net revenue	40365	8.97
<b>Expenses</b>	Unit production cost	11900	2.64

	Publicity at 5% of net revenue	2018	0.45
	Sales commissions at 5% of net revenue	2018	0.45
	Distribution costs at 11.5% of net revenue	4642	1.03
	Royalty to author at 14% of net revenue	5651	1.26
	Overhead at 35% of net revenue	14128	3.14
	Total expenses	40357	8.97
<b>Profit/Loss</b>		8.00	0.00

### Notes to Tables 1 and 2

**Unit costs:** By keeping up with technology, sending projects out for competitive bids, and understanding the book production process, publishers can keep their unit costs down. Costs per book decrease as print runs increase (compare the unit printing costs of \$2.50 per book at 2,000 copies and \$1.78 per book at 4,500 copies). Publishers aim for a 5 to 6 times pricing multiplier, so a book priced at \$14.95 should cost no more than \$2.50 to \$3.00 per unit to edit, design, typeset, and print.

**Retail price:** American publishers with access to large domestic markets and corresponding economies of scale set low retail prices. Canadian publishers must match in order to stay competitive. Increased print runs and/or higher retail prices can help offset this slim margin. To increase print runs publishers must spend money on marketing, make special non-returnable sales to institutions or non-book publishing companies, and focus on titles that have wide market appeal. To increase retail prices, publishers must either produce limited quantities of specialty titles for niche markets that will support high prices, or publishers must produce coffee-table books that require a large investment in inventory and must be produced in quantities of 10,000 copies or so to offset the expense of printing in colour. Coffee-table books in Canada are typically co-published with American or British publishers in order to get the numbers required to bring the printing costs down to an affordable level.

**Discounts:** Discounts vary from 0% for direct sales to individuals to 50% or more for sales to wholesalers. Publishers average discounts of 40%. That is to say, for a book with a cover or retail price of \$14.95, the publisher receives \$8.97. The wholesalers and bookstores make their money on the difference between the price they pay for the book and the price at which they choose to sell it (the cover price is a recommended price only and bookstores can sell books at whatever price they wish).

**Publicity:** This is the amount publishers spend promoting individual titles. General marketing costs are covered under overhead costs.

**Sales Commissions:** This is the average spent on commissioned sales representatives, assuming some sales will be direct.

**Distribution Costs:** Many small publishers do not warehouse books and fill orders themselves. They contract these services out to larger publishers. If distribution is done in-house, the publisher has more control over costs; however, some customers are reluctant to buy from small suppliers and small publishers may have better market

penetration by signing on with a larger distributor. The costs for fulfilment and distribution services is approximately 11.5% of net revenues.

**Royalties:** An average royalty of 10% of retail (the norm in Canada) works out to approximately 14% of net, allowing for contract clauses that pay royalties on net receipts for deep discount sales.

**Overhead:** According to John Huenefeld, who conducts a comprehensive annual survey of small to medium-sized publishers in Canada and the United States, 35% of net revenue is an accepted industry average.

## Case Study #2: Author's Perspective

Dan Pack is a biologist who has spent the past three years researching a wolf pack in Prince Albert National Park. He has discovered some previously unknown facts about how adult wolves care for their cubs that will be of interest to the scientific community. Dan has kept detailed notes of his field observations and has amassed a portfolio of colour photographs. He would like to get his work published. He has narrowed the list of potential publishers down to three: a publisher of academic and scholarly work, a general trade publisher specializing in illustrated works of popular natural history, and a children's book publisher.

### Scholarly

Dan approaches Academic Press with his work. The outside readers to whom the publisher sends the manuscript agree that Dan has a contribution to make to the scientific literature, a contract is signed and an editor is assigned to the project. The book is entitled *Pack Dynamics: A Study of B Pack in Prince Albert National Park, Canada*. The well-documented, footnoted text is accompanied by a detailed index and list of references. The 300-page, 6" x 9" paperback has a 16-page black-and-white photo section illustrating adult-cub interactions. The book is priced at \$39.95 and the 3,000 copies printed are marketed to educational institutions through colleges sales representatives and to libraries. It is hailed in the scientific community as a ground-breaking study in pack behaviour, and Dan is offered tenure at the university.

### Trade

Dan approaches NatureLife Books with his work. The marketing department is enthusiastic because a previous book on wolves has sold well, and the editorial department agrees that the sample text is well written. A contract is signed and the project is turned over to an editor. It is suggested to Dan that he cut the 100,000 word manuscript by at least half, working some of the footnotes into the text and discarding others. The detailed arguments Dan had used to underpin the finer points of scientific discovery are replaced by the story of his three years of interaction with the wolves. The 144-page, 8" x 10" hardcover has a general index and suggested reading list. It is illustrated with 50 colour photographs from Dan's collection that illustrate wolf behaviour and the passage of the seasons in the park. The title is *Living with Wolves: Notes of a Wildlife Biologist*. A noted scientist who hosts a popular television show agrees to write the foreword. The book sells for \$39.95 in independent and chain bookstores and outdoor equipment outlets. A German publisher enthusiastically snaps up rights at the Frankfurt Book Fair and a nature book club takes the book as one of its main selections. The print run of 10,000 copies (1,500 for the book club, 4,500 for the German publisher, and 4,000 for the Canadian trade market) is sold out within 18 months. The publisher plans a paperback edition of 5,000 copies priced at \$24.95 for the following spring.

### Children's

Dan approaches Pollywog Books, explaining his research into adult-cub interaction. The publisher suggests that Dan come up with a 2,000-word story that follows the first year in the life of Whitey, a pup born in Dan's second year of research. An editor helps Dan turn his field observations into a tale of survival against formidable odds. The publisher approaches an illustrator, who jointly signs the contract with Dan. *Whitey's Story* ends with a couple of paragraphs by Dan about what biologists do, where there are still

wolves around the world, and what children can do to ensure that there will still be wolves in the world when they grow up. The 8" x 10", 48-page paperback intersperses text and watercolour illustrations throughout. It sells for \$12.95 in children's bookstores and to school libraries. Five thousand copies are printed. After a couple of years, a school book club purchases an additional 5,000 copies to sell at \$4.95 through school book fairs.

Having gone through this exercise, Dan now knows that publishers look for books that create a synergy within their publishing lists, and that the relationship between the author and the publisher is a reciprocal one. An author will do best with a publisher who has expertise in the marketplace for which his or her book is intended, and a publisher will do best with a book that is suited to a marketplace in which it is well represented. The children's book and the coffee-table book were fun to write, but Dan's next book, a study of the rise of an alpha male as Whitey matures, will go to Academic Press, where he can include the level of scientific detail he feels the subject deserves.

<b>Saskatchewan Publishers Group Members 1996</b>					
<b>Name (Date Established)</b>	<b>Structure/Affiliation</b>	<b>Location</b>	<b>Type</b>	<b>Specialty</b>	<b>Titles</b>
Bradley Publications (1993)		Regina	Trade	Adult non-fiction with a prairie focus	4
Canadian Plains Research Centre (1974)	University of Regina	Regina	Scholarly/Reference	Research related to the Canadian plains region	54
Coteau Books (1975)	Non-profit writers' cooperative	Regina/Saskatoon	Literary	Poetry, fiction and drama for adults and children by new and established prairie writers	93
Fifth House Publishers (1982)*	Limited company	Saskatoon	Trade	Non-fiction, drama, children's, art and reference. A particular specialty is books by Native authors	75
Highland Publishers (1996)	Sole proprietor	Regina	How-to	How-to and financial advice on book and disk	
Les éditions de la nouvelle plume (1984)	Non-profit writers' cooperative	Regina	Francophone, Literary, Educational	Adult and children's fiction and non-fiction in French about the Canadian West	27
Prairie Lily Books (1986)	Non-profit writers' cooperative	Regina/Saskatoon	Trade	Adult and children's fiction and non-fiction that promotes prairie heritage	6
Purich Publishing (1993)	Sole proprietor	Saskatoon	Scholarly/Reference	Law-related books on Aboriginal, agricultural and western Canadian issues	8
Saskatchewan Indian Cultural Centre (1972)	Saskatchewan Indian Cultural Centre	Saskatoon	Aboriginal, Educational	Fiction and non-fiction for adults and children in Indian languages and English on Aboriginal culture	150+
Thistledown Press (1975)	Limited company	Saskatoon	Literary	Adult and young-adult fiction by Canadian writers	96
University Extension Press (1983)	University of Saskatchewan	Saskatoon	Scholarly/Reference	Regional and national adult education	22
Western Extension College Publishers (1976)	Sole proprietor	Saskatoon	Educational	Fiction and non-fiction for schools and the general public	26

\*Fifth House moved to Alberta in January of 1997

# Craft and Visual Arts

## Economic Model

**Sources:** Anderson Fast Economic Assessment of the Visual Arts and Crafts Industry; Saskatchewan Craft Council; CARFAC Saskatchewan; Professional Art Dealers Association of Canada.

### 1 Infrastructure

It is estimated there are about 1,000 self-employed individuals working full time and part time in Saskatchewan. As well, there are approximately seven major private galleries, eight public galleries and over 60 retail outlets that specialize in exhibiting and selling crafts and visual arts.

#### Industry Association

The industry is currently represented by three organizations.

- ✦ **CARFAC Saskatchewan** represents visual artists and has 350 members. Its objectives are to promote the well-being of practising visual artists resident in Saskatchewan and to enhance the development of the visual arts as a profession.
- ✦ **The Saskatchewan Craft Council (SCC)** represents craftspeople and has 325 individual members and 16 guild members. Its mandate is to promote excellence in craft through communication, education, exhibition, and marketing programs.
- ✦ **The Professional Art Dealers Association of Canada (PADAC)** is a national, non-profit organization that represents private commercial galleries. Currently there are two Saskatchewan members. PADAC's mandate includes promoting art and artists of merit in Canada and encouraging the awareness of the visual arts both nationally and abroad. PADAC has established and maintains basic guidelines and ethical standards for the operation of commercial galleries. These guidelines are outlined in the PADAC code of ethics. PADAC both monitors and is actively involved with the formation of policy and advocacy issues on the visual arts. A group of private Saskatchewan galleries are in the process of forming a provincial professional association.

Currently there is no development agency for visual arts and crafts businesses (in other words, producers) and commercial galleries. The diversity of the sector requires that any programs for development be flexible enough to meet a wide variety of needs. Although CARFAC, the galleries, and the SCC have not had extensive discussions about infrastructure (and specifically how and who would administer any funds or initiatives), general discussion has led to agreement that a formal administrative structure is not necessary. Rather, the three representative organizations will develop programs and criteria. There is general agreement that a small administrative structure – an individual working on behalf of the interests of the three representative organizations – could administer the programs (for example, process applications and call the juries together to review them).

#### Industry Profile

Over the past five years the industry has seen an increase in the number of people getting involved in visual arts and crafts as job availability reduces. The lack of opportunities for visual artists has resulted in emigration to other provinces. There has not been much

growth in the number of private galleries, but there has been substantial growth in retail outlets and arts and craft sales.

According to the 1995/96 Anderson Fast economic assessment of the visual arts and craft industry, the majority (55%) of producers live in the city; the balance live in rural Saskatchewan (17% farm; 18% town; 7% acreage; 3% Métis settlement). These figures mirror the membership of the SCC, where 42% live outside Regina or Saskatoon; and that of CARFAC, where two-thirds of their total membership (350) live in urban centres, and one-third are in rural locations. PADAC members and most commercial galleries are located in Regina and Saskatoon.

The large majority of producers are self-employed sole proprietorships. Only 2% employ others (1% full time; 1% part time). Producers' employees are likely to be employed as assistants rather than as designers (for example, to prepare materials). Visual artists also employ others in service industries (as framers, for example). Data collected from the Anderson Fast study estimate income for those with employees at \$140,400 in 1995. Extrapolated to the full population, estimates for wages in 1995 are \$280,000. The majority of private galleries are limited companies and employ full- and part-time staff. Six of eight public galleries employ full-time staff.

#### **Key Competitive Advantages**

There are a number of advantages related to the creation and sale of visual arts and crafts products, and development of the industry.

- ✦ **Current trends.** As people become more environmentally aware, the “throw-away” society is being depleted. Generally, the public is slowly becoming more aware and appreciative of visual art and crafts products, and their social and cultural value.
- ✦ **Provincial industry standards.** Standards for craft work written by the SCC have resulted in an exceptionally large number of high-quality producers, and there is a great deal of diversity in products and media. For example, wheat weaving is indigenous to Saskatchewan (Manitoba and Alberta have very few producers in this category), and there is a great deal of interest in traditional aboriginal craft, both nationally and internationally.
- ✦ **Entrepreneurial spirit.** Producers are mostly small business people with high levels of entrepreneurial potential. They are flexible, adaptable, and responsive to our changing consumer environment. The industry is labour intensive, not capital intensive, and the cost of living in Saskatchewan is relatively low for studio space and housing.
- ✦ **Reputation.** Saskatchewan has an international reputation for excellence in programs and support for producers in this industry (for example, programs at Emma Lake and through the Saskatchewan Arts Board).

#### **Key Competitive Disadvantages**

The disadvantages for development of the industry relate primarily to education (for producers, retailers and the public) and regulation affecting artists.

- ✦ **Lack of management skills.** Skilled creators/producers are not necessarily skilled managers/marketers, nor do they necessarily want to be. As the industry develops, business training specific to the art/craft industry will be required to train new and existing producers for better business management practices: for example,

workshops on the differences between retail and wholesale prices and how to cover costs would be beneficial for some producers.

- ✦ **Lack of understanding about the handmade object.** There is also a lack of understanding among retailers as to how a quality craft object is made, and as a result many retailers do not understand the difference between a handmade object and one that is mass produced. The main source of consumer revenue is in discretionary expenditures, and while sales of art and crafts have been relatively steady as appreciation for art and craft is nurtured, the small population base in Saskatchewan results in a limited regional market. Promotion by an industry organization and government will result in an increase in direct and indirect economic impact.
- ✦ **Lack of sector recognition.** This leads to problems with identity, access to resources, communication, and cohesion. There is a limited access to such programs as the Canada Pension Plan and Employment Insurance, and there is a lack of regulation and policy regarding Status of the Artist issues.
- ✦ **Barriers to out-of-province markets.** In terms of getting the product to the Canadian market, transport costs to other provinces are expensive. Regulations for the exhibition and sale of work outside Canada are cumbersome, expensive, and time consuming.
- ✦ **Lack of consensus on marketing.** Most producers have expressed a desire to undertake marketing initiatives individually; however, some have indicated an agent representing a number of artists would be beneficial. Some galleries are willing and able to expand their representation of artists; others are not.

## 2 Product

The range of product lines in the crafts is diverse and includes commissioned, production, and one-of-a-kind work primarily in clay, wood, and fibre, and, to a lesser extent, in glass, metal, flowers, bones, paper, plastic/acrylic, wheat/willow, leather, stone, wax, and mixed media. Production work includes multiples of one item such as dinnerware. One-of-a-kind work includes sculptural pieces, as well as large installations in buildings and parks.

Visual art includes painting, drawing, media/digital/electronic art, video, installation, and textile art. Like craft, visual art includes a variety of production methods: one-of-a-kind, multiples, or editions, as well as commissioned works (for example, murals).

### Product Advantages and Disadvantages

The artists in our province form a vibrant community that enjoys an excellent reputation throughout the country. The prices for work in Saskatchewan are often lower than could be commanded in other parts of Canada or outside the country, and the work is of exceptionally high quality (as recognized by peers across Canada). While transportation costs are a deterrent, Saskatchewan is well positioned geographically for national distribution. The work of Saskatchewan artists has contributed to tourism and economic and social development in many provincial communities (for example, the murals at Duck Lake).

In some cases, producers have limited capability or desire to expand production volume. Those that are interested in expansion may be limited by lack of financial resources. Crating and shipping costs are expensive for all artists, dealers, and galleries. As well, a

lack of industry standards (for example, a definition of limited edition prints versus reproductions) has been an impediment to sales.

### **3 Product Diversification**

In the past five years there has been an increase in mixed-media craft objects (products incorporating a variety of different media – for example, objects made from glass, wood, and clay) and an increase in costume jewellery. The increase in costume jewellery is attributable to the need for a low-priced item for volume sales; the increase in mixed media relates to the producers' creative needs and exploration with raw materials.

Multimedia represents a rapidly expanding new frontier, with artists providing creative content in many innovative applications. The Internet provides a variety of resources and opportunities for artists and craftspeople. Artists can advertise their work and services as well as exhibit their artwork on the Internet. Artists are now using computers to make digital artworks (including interactive works) that are displayed on the Web or available on CD-ROM. Reva Stone's exhibition at the Dunlop Art Gallery in 1996 was an example of this. Multimedia is also being used for arts education. For example, Saskatchewan Education presented an interactive CD-ROM for arts education in high schools on contemporary Canadian artists that features many Saskatchewan artists, craftspeople, and designers. As well, artists with user knowledge of multimedia design software programs and the Internet have job skills that are in demand.

To further growth in the visual arts and crafts, CARFAC and the SCC provide a number of services. The CARFAC and SCC newsletters contain information on marketing, professional development, and resources. Both organizations provide workshops and conferences for the practising artist, and the SCC operates a gallery in Saskatoon and produces a thrice yearly magazine.

### **4 Place**

A survey undertaken by the SCC several years ago indicated that the majority of consumers are women, aged 30 to 50. Most have a university degree and are in the \$20,000 to \$30,000 income bracket. CARFAC has not tracked the demographics of visual arts purchasers but agree in general that the same demographics would apply.

About 77% of producers sell primarily in Saskatchewan, which concurs with data from private and public galleries, who carry over 60% of provincially made products. Producers sell approximately 35% to other parts of western Canada and approximately 18% in eastern Canada. A smaller percentage (7%) sell work in the United States

In terms of interest in expanded markets, 72% of producers indicate they would like to expand their markets in Saskatchewan (8%), Western Canada (42%), Eastern Canada (35%), the United States (38%), Japan (17%) and Europe (13%).

### **5 Price**

Direct and indirect economic impact is estimated to be \$24.6 million per year. This includes artists' income (\$12.4 million), and sales on supplies, equipment, marketing, and revenues from crafts markets, retail shops, private and public galleries, gallery shops, and education activities (\$12.2 million combined).

The majority of producers (47%) report an increase in revenue over the last three years (32% stayed the same; 21% decreased), which concurs with data from private galleries, retail outlets, and event markets.

Annual expenditures by artists on supplies, overheads, equipment, employees, and promotion and marketing is estimated at \$6.3 million per year. A large percentage of producers (56%) expect investment in supplies to increase (36% expect it to stay the same; 8% expect it will decrease). Many (48%) expect overhead costs will increase (46% expect overhead costs will stay the same; 6% expect a decrease). Total annual expenditures on subsectoral activity (suppliers, educators, retail shops, galleries, and event markets) is estimated in 1995 at \$10.8 million.

Because the product range is so diverse and includes production and one-of-a-kind items, it is not possible to state a price per product; however, in general, production products range from \$10 to \$100 retail and one-of-a-kind range from \$100 to \$5,000 or more. In terms of the price range of Saskatchewan producers, 32% indicate products are less than \$50; 17% produce products in the \$51 to \$100 range; 17% in the \$101 to \$250 range; 12% in the \$251 to \$500 range; 13% in the \$501 to \$1,000 range; and 9% produce products priced at over \$1,000.

## 6 Promotion

### Tools Available

CARFAC has developed advisory services and a series of written guides for various creator/producer problems or concerns regarding creation and distribution. They also publish "Drawing on Artists" (a resource manual of artists), the CARFAC "Sask Newsletter and Bulletin," and the *Visual Arts Handbook* (a publication that includes information for artists, galleries, retailers, and organizations).

The SCC promotes excellence in craft and has written standards guidelines for 15 craft media. Work sold at SCC markets is juried by peers and successful applicants are encouraged to use the SCC logo as a promotional tool to identify their work as being of the highest quality. The SCC also has a Product Information Database, which includes a listing of approximately 100 producers with over 200 products. The shortcoming is that there are no visual images accompanying this information, and no funding to further develop the database. The SCC has also been in contact with Tourism Saskatchewan to discuss methods of promoting Saskatchewan juried crafts.

Commercial galleries involved with PADAC are working to establish a Canadian Art Fair. They are also encouraging more galleries to attend international art fairs. Some provincial commercial galleries are representing artists on an international scale.

### Tools Needed

In terms of development, one of the most critical needs is to bring this diverse community together under one umbrella. A common forum for information exchange and development of a marketing strategy for the industry has been recommended. The three lead organizations do not see the need for a separate organization and ideally will direct the work of this agency. Once this common forum is in place, there are a number of initiatives that would further industry growth.

A Small Business Loans Fund is required to provide financing for purchase of equipment and for expanding existing studios or building new ones. Banks do recognize artists as businesses and consequently do not lend money for studio and equipment expansion. In many cases, individuals may be willing and able to expand but merely require this type of financing to enable them to do so. CARFAC also recommends scholarships and student loan deferrals to assist in artist development.

A Production Fund would enable development of new product lines. As well, bulk purchasing of materials, including those for crating, would be beneficial.

A Marketing Fund is also required to get the product to new markets. Some artists have indicated a desire for an individual to promote work on their behalf, others wish to market their own work. Therefore, flexibility in the program is required to meet the needs of artists should they wish to market their own work, companies such as galleries, who are acting as agents on behalf of artists, or organizations such as CARFAC or the SCC, who engage in the promotion of several individuals at one time. The loans could be used for a variety of initiatives, such as travelling to eastern Canada on a marketing trip, attending a trade show, or developing a catalogue.

Artists have also expressed a desire for a comprehensive marketing guide that would include information on presenting work effectively, pricing, packaging, and a listing of outlets. Workshops for artists in business management and marketing are recommended. Other possible initiatives that would aid industry development include financing to gather visual images to accompany the SCC product information database; corporate gift and employee recognition catalogues; a craft map identifying studios, shops, and galleries selling craft; and the establishment of a high-end retail gallery. Commercial galleries are interested in developing an Internet site for galleries and artists, and catalogues on Canadian artists.

## **7 Positioning**

There is significant growth potential in the craft and visual arts industry, and both federal and provincial governments can assist in economic diversification and renewal. For example, providing investment dollars for expansion would reduce the reliance on unrelated income to support this industry, thereby freeing up unrelated jobs in other sectors. Programs could include no- or low-interest loans to producers and companies, and subsidies for professional development

Governments also have a role to play in policy development. This might include redefining micro-businesses, defining regulations associated with the industry, and a government procurement policy for art and craft. Adoption of Status of the Artist legislation provincially is critical to the producer. This legislation will provide a level playing field for artists, and recognize their contribution socially and economically as a profession. Tourism Saskatchewan needs to work closely with the development agency and/or organizations involved in development to ensure that only quality work is promoted when promoting provincial tourism.

## **8 Plan**

☛ **Small Business Loans Program** for producers (individual businesses), companies and organizations of up to \$100,000 per year. This fund would be available for

such items as equipment purchase and/or upgrade, and studio upgrade or construction.

- ✦ **Production Fund** for producers of \$100,000 per year. This fund would be available for research and development of new product lines.
- ✦ **Marketing Initiative Fund** for individual businesses, companies, and organizations of \$125,000 per year. The key in this program will be flexibility so that the individual, commercial gallery or organization can apply for assistance specific to its own needs (for example, assistance to attend an international trade fair; development of a catalogue of artists; development of a wholesale product list; individual catalogues; assistance to the individual or commercial gallery in seeking new outlets).
- ✦ **Professional Development Training Subsidy** for producers and organizations of \$75,000 per year. This program would also have to be flexible to allow for a variety of development initiatives that could include subsidies to mentors or apprentices; subsidies to train with a recognized artist elsewhere in Canada or abroad; development of a comprehensive marketing guide for artists.

The first three initiatives could be a combination of no- or low-interest loans and subsidies. Ideally loans would be re-payable based on forecasted increased income projections and the ability to meet those projections.

## Case Studies

### Case Study of a Producer: Don Chester

While in his mid-20s, Don attended university to study education. During this time he decided to take some art classes, which were in a different faculty but still within the university system. Don was interested in taking the art classes because his interest in teaching was now focussed on teaching art, and he knew he would need more credentials for this position. While taking these classes Don's focus shifted to wanting to be an artist rather than a teacher and so he concentrated on painting. For a while he was given an opportunity to teach some extension classes at the university.

In the mid-1970s Don found himself short of money. He had no job at the time, and craft sales were starting to be organized in the province. Don noticed that a number of people were selling pottery at these sales, and he felt that the pottery he created while taking art classes was as good or better than what he saw. So he decided to participate in a sale in order to generate some money to support his painting.

Because he had no studio, Don joined the then-fledgling extension department at the university to take pottery classes. His primary purpose in signing up for the classes was to use the studio to enable him to make pottery to support his painting. Shortly thereafter, the instructor of the extension division decided to take some time off to investigate operating his own business. He asked Don to teach a semester for him, which Don did. Eventually Don was offered a permanent teaching position, where he stayed for eleven years. During this period he also participated in craft sales and marketed his work in shops. When the extension division was closed, Don reviewed his options. After about two years he decided he wanted to continue in clay, and he built his own studio.

As his primary source of income now, Don designs and creates his work and also sells it, primarily through craft sales and shops. Some of the costs of production (studio, materials, and equipment) are purchased in advance and thus are re-coupeable over a long period of time. However, time spent at the craft sales is time away from production.

In order to participate in a three-day craft sale with booth fees of about \$400, Don has to produce sufficient inventory to sell throughout the sale. This entails designing and creating about 500 to 1,000 pieces, which takes him about six months. The cost of materials is between \$300 and \$600, including clay and firing costs. Crates are built at a cost of about \$200, and each piece is carefully packaged for transport. Transportation costs to an out-of-town craft sale average about \$200, and there is a day of travel on either side of the sale. Don works the booth himself because he recognizes that customers like to meet the artist. The hours are long, often as many as 24 hours over three days. When Don attends a sale out of town, he also incurs the costs of a hotel and meals. In total, the amount of time Don spends packing, transporting, unpacking, and setting up the display, manning the booth, packing up any unsold work, transporting it back home is a minimum of 60 to 80 hours. A good sale, in town, is about \$2,000 in sales. Going to an out-of-town sale means about \$3,000 just to break even. Going to a sale out-of-province would cost a minimum of \$12,000 to \$15,000.

All of Don's other efforts to sell his work have been done on his own – again time away from production. Don's work is in a number of shops, but most of these are consignment sales and are thus not a dependable or regular source of income. Don does some wholesaling. This is more reliable than consignment sales, but orders come only after existing stock has sold. Shipping wholesale work includes a charge of an additional 8% to 10% over the value of the stock.

Don has approached some commercial galleries, but they also work on consignment. He has never worked with an agent. Don would like to expand his marketing base, but does not want to take valuable time away from production. Finances are also a consideration as he has to be able to afford the upfront costs of marketing his work.

### **Case Study of a Gallery: Susan Whitney**

The Susan Whitney Gallery is a commercial gallery located in Regina. The gallery has been open since 1979. Wilf Perreault is one of the artists the gallery has represented over the past 17 years. The gallery schedules one-person exhibitions approximately a year ahead. Wilf Perreault traditionally shows at the Susan Whitney Gallery every second year. This two-year schedule has worked out well for both the gallery and the artist. By scheduling the shows every two years they are able to build up a client waiting list. The gallery offers these people a preview of the show and there are several paintings sold before the official opening.

Wilf Perreault works full time as an artist. He did not receive any grants during 1995. His studio space is rent free, thanks to the Catholic School Board's "artist in residence" program, which offers an artist a free studio in a high school in exchange for visibility and accessibility to the students. He began preparing for this exhibition in March 1995 and estimates he spent \$2,000 on supplies.

The exhibition consisted of 17 acrylic on canvas paintings ranging in size from 22" x 16" to 44" x 67" and ranging in price from \$1,200 to \$3,900. The second floor featured a display of over 40 original silkscreen prints, produced over the last 20 years. Most of these prints were not for sale.

Nine paintings sold during the exhibition (\$15,700). Three of these paintings sold out of province. Other paintings were sold by this artist throughout the year both at the Susan Whitney Gallery and at his other galleries across Canada (in Vancouver, Edmonton, and Calgary).

The gallery produced an invitation for the exhibition and printed 700 at a cost of \$750: 400 were mailed in Regina and 200 were mailed out of town. Postage cost \$270. The gallery also mailed out a press release to a media list of 25. Before the exhibition several people were personally contacted by Susan Whitney to remind them of the show, offer them a preview of the work, and to invite them to the opening. The opening took place on September 15 from 7:00 P.M. to 9:00 P.M. The refreshments, food, flowers, and two part-time staff cost approximately \$350. About 150 people attended. The exhibition continued for the month – no attendance figures were kept. During this period other artists' work also sold, work that was not on display. These sales totalled \$7,000.

## Film and Video

### Economic Model

#### 1

##### Infrastructure

There are 72 identified companies and individuals producing film and video in Saskatchewan. Of these, approximately 40 are producing on a regular basis and represent the core of the industry. In 1994, the *Balcon Report* identified 37 active production companies, including six “majors,” averaging at least \$250,000 worth of production per year for the last three years. The Economic Impact Survey conducted in 1996 by the Saskatchewan Motion Picture Association (SMPIA) provides current information. The number of active companies has grown and a greater number of companies could be identified as “majors.” The recent *PDI Needs Assessment Report* estimates that 12 companies account for about 70% of production activity.

Production activity occurs throughout Saskatchewan. Of the 72 identified producers, 42 are in Regina, 25 are in Saskatoon, and five are in other Saskatchewan locations. Productions spend money on goods, services, and labour in these communities.

Business structures include corporations and proprietorships. Large productions are typically managed as affiliated companies to the main operating corporation. These “single-purpose” companies ease the demands on the sophisticated reporting mechanisms required by investors and government agencies, including the Canadian Radio-television and Telecommunications Commission (CRTC). Many “freelance” technical and creative crew personnel operate proprietorships, while some have incorporated.

##### Key Competitive Advantages

- ⚡ **Nature of the industry.** Film production is an expanding, knowledge-based industry.
- ⚡ **Industry depth.** The industry has a diversified product and market base, including drama production, commercials, television productions, educational broadcast material, documentaries, informational series, new media, and multimedia.
- ⚡ **New technology.** A number of producers are pursuing new media projects. This helps to diversify the industry. In some cases, this activity is bringing producers closer to the information technology sector.
- ⚡ **Skilled producers.** Saskatchewan has skilled producers and production companies that drive the industry by creating production activity, diversifying the range of production, and venturing into new markets. Saskatchewan producers have made the province a legitimate player in the international industry.

- ✦ **Skilled personnel.**  
The Saskatchewan film crew has expanded and the skill level has increased with help from professional development and training programs supported by federal and provincial funds. The production industry directly employs 528 people, many of whom work on a freelance basis. With the industry projected to reach a level of 64.4 million annually and create 1522 direct jobs, an intensified, coordinated approach to human resource development will be required.
- ✦ **Critical acclaim.** Saskatchewan motion pictures have received critical acclaim at festivals and markets worldwide. This recognition is due to the creative and technical quality of product produced in Saskatchewan by Saskatchewan artists, technicians, and craftspeople.
- ✦ **Export growth.** Film and video is an export industry. At least 70% of all Saskatchewan film and video output is exported to outside markets. There are growth opportunities for Saskatchewan production companies, especially in the expanding international television and new technology market.
- ✦ **Economic leverage.** Saskatchewan's motion picture industry is exceptional at raising private investment. Investment through SaskFILM accounts for only 10% of total film and video financing. Seventy-five percent of financing comes from private sources; 70% of this comes from private investors outside Saskatchewan.
- ✦ **Canadian content regulations.**  
Canadian broadcasters are required by the CRTC to carry a certain percentage of Canadian programming as part of the terms of their broadcast licence. Television production by Saskatchewan producers continues to increase, with television drama seeing the largest increase. Saskatchewan is developing a reputation for dramatic production. The value of dramatic production grew from under \$1 million in 1988 to \$6 million annually in 1995, representing 40% of the total production value. Other forms of television production, including documentaries and educational series, are also expected to continue to increase.
- ✦ **Regional incentives.** The Canadian Television and Cable Production fund (CTCPF) offers a regional bonus of 10% of the production budget. Telefilm Canada also has regional incentives designed to boost production in the regions.
- ✦ **Provincial support.**  
Two provincial institutions, SaskFILM and Saskatchewan Communications Network (SCN) have been crucial to the industry's growth since 1989. Without these agencies and their role in film and video financing, the industry would not be nearly as advanced as it is now.
- ✦ **Industry organizations.**  
The industry is well organized and represented through SMPA, and has successfully established positive relations with government and the private sector. SMPA works in concert with a variety of film and video cultural and industry organizations representing a diversity of interests in Saskatchewan's production community.
- ✦ **Strength of Saskatchewan artistic/cultural community.**  
The cultural and industrial aspects of the industry are more integrated in Saskatchewan than in other jurisdictions due to the small size of the population and the existence of strong cultural organizations like the Saskatchewan Arts Board and the Saskatchewan Council of Cultural Organizations. Saskatchewan has a rich cultural heritage and vibrant arts community. As a cultural/heritage-based industry, Saskatchewan's motion picture production sector thrives on this

rich provincial resource. The industry draws on the creative skills of Saskatchewan artists, performers, writers, and craftspeople, and produces films and videos that reflect Saskatchewan's culture.

↳ **Facilities.**

The industry has established a Sound Stage, which increases the attraction of Saskatchewan as a production location and allows an expanded production season.

**Key**

**Competitive Disadvantages**

↳

**Limited investment funds.** The SaskFILM investment fund is limited and this contributes to an unstable environment for production financing. The combined impact of a Saskatchewan Motion Picture Tax Credit and a renewed SaskFILM would create a reliable financing structure to support sustainable growth. As recommended in 1994, the SaskFILM investment fund needs to be increased to \$1.5 million per year. With one year left of a three-year agreement, the mandate of SaskFILM needs to be confirmed through a fixed, longer term agreement.

↳ **Distribution realities.** There are limited opportunities for the creation and exposure of feature films. Foreign control of access to distribution and exhibition are key to inhibiting the success of non-American film products.

↳ **Provincial inequities.** Across Canada, competition for motion picture investment partners is keen.

The lack of an employment tax credit puts Saskatchewan at a disadvantage in attracting off-shore production and co-production investment partners. To date Ontario, Quebec, Nova Scotia, New Brunswick and Manitoba have tax credits similar to that proposed by SMPFA. Alberta and British Columbia are considering introducing tax credits. It is critical that Saskatchewan is competitive with other provinces.

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**Geography.** Isolation contributes to the challenges Saskatchewan producers face in reaching world markets and establishing business contacts with investors in Canada and abroad. Saskatchewan producers need assistance to attend international film and television markets and to develop business relationships in the international industry.

↳

**Missing infrastructure.** Film processing and transferring services must be accessed in other provinces, adding costs to Saskatchewan production budgets.

↳ **Corporate instability.**

Saskatchewan production companies are challenged to maintain operations through project funds, making it difficult for them to establish a stable corporate base. The expansion and diversification of the industry will rely on business skills, innovation, and expansion into new markets. The development of stable corporations is critical to support this diversification and growth. The proposed Saskatchewan Employment Tax Credit will be important in providing a mechanism to increase producer equity and corporate strength.

↳ **Periodic shortages of skilled personnel.**

Ongoing skill development and training are essential to the development of the industry. The industry is not yet at a size where it can provide sustainable employment to many people, yet when two large productions coincide there are

critical shortages in skilled personnel. At this stage in the development of the industry, a coordinated approach to training and professional development is required. Competition for skilled personnel between provincial jurisdictions is intense during peak production periods. The introduction of tax credits that support provincial residents has placed Saskatchewan personnel seeking to augment their Saskatchewan income at a disadvantage in other jurisdictions. The province that can offer year-round employment has the advantage in attracting people in this highly mobile industry.

↳ **Climate.**

The short production season limits the volume of production activity that can take place. Year-round activity is key to creating sustainable employment. This problem is being addressed with the creation and use of the Saskatchewan Sound Stage.

↳

**Falling grant revenues.** Funding cuts continue to traditional sources of support to arts and culture.

## Industry Representation

The industry is represented by Saskatchewan Motion Picture Association (SMPIA), a non-profit organization established in 1985 to represent the interests of Saskatchewan's film and video community. SMPIA's membership has grown to approximately 350 corporate and individual members, and includes film and video artists, producers, technicians, craftspeople, broadcasters, service and equipment suppliers, actors, writers, new media developers, educators, and students. SMPIA members are committed to the intrinsic cultural and economic value of motion pictures, and work together to create and advance opportunities for the production, promotion, and appreciation of motion pictures in Saskatchewan.

SMPIA's mandate as a Provincial Cultural Organization includes the support of film and video-related initiatives in the community, and program funding to member organizations (presently, the Saskatchewan FilmPool Co-operative, the Yorkton Short Film and Video Festival, Video Vérité Artist Run Centre, and the Regina Film and Video Students' Society) through the Saskatchewan Lotteries Trust Fund. SMPIA also provides leadership, advocacy, networking, professional development, communication, and profile in the interest of Saskatchewan's film and video community. Working in concert with industry and cultural organizations, SMPIA has facilitated and led the development of the industry in Saskatchewan. This leadership role will remain critical in the years ahead.

### Saskatchewan FilmPool Co-operative

The Saskatchewan FilmPool has been a part of the Saskatchewan film industry since it was founded in 1977 by six members of the local filmmaking community. At that time, the co-operative's primary function was to serve as an equipment access facility. Over the years, the FilmPool's activities have expanded to include disbursement of production funding, equipment access, studio and post-production facilities, resource material, workshops, and the sharing of knowledge among members. Through its exhibitions

programming, the Filmpool hosts public screenings of Canadian independent work, sponsors tours of members' film across Canada, and brings other filmmakers to Saskatchewan for the purpose of education and growth of its members.

Throughout the past 20 years, the Filmpool has supported and encouraged the production of over 145 independent films. Most films are produced with the assistance of provincial or federal grants, and the filmmaker's personal investment. Filmpool films are independent in that filmmakers have complete artistic autonomy over their work, maintaining full technical, aesthetic, and editorial control of each film. The style and content of films are not dictated by commercial market considerations. Many Filmpool productions have received festival acclaim provincially, nationally, and internationally, and many do go on to broadcasters and distributors. In the spirit of cooperation and education, members work on each others' productions for little or no payment, facilitating the creation of quality, low-budget work.

The Filmpool's goals and objectives are met through the functioning of the volunteer board and committees, working in cooperation with paid staff members. Together, members and staff deliver a series of seven program plans: Administration, Meetings and Member Travel, Communications, Production, Equipment, Exhibitions and Workshops, and Special Projects.

All activities of the Filmpool are presently supported through grants provided by the Saskatchewan Lotteries Trust Fund (through SMPIA), the Canada Council, the National Film Board, the City of Regina, and the Saskatchewan Arts Board. The Filmpool also relies on self-generated revenue from memberships, donations, and fundraising. The Filmpool has received funding from Human Resources Development Canada and the Canada-Saskatchewan Partnership Agreement on Culture. Members of Filmpool have received production funding from SaskFILM's Special Projects Fund, and look forward to continued support from SaskFILM.

### **Yorkton Short Film and Video Festival**

The Yorkton Short Film and Video Festival is North America's longest continuous running short film and video festival. The aims and objectives of the festival are to promote public interest in the moving picture industry, to develop awareness of the moving picture industry, to recognize achievements in the film and video industry, and to encourage growth in the creation of the moving picture.

The festival celebrated its 50th year in 1997 and has truly lived up to its slogan "The festival with the country attitude." The success of the Yorkton Short Film and Video Festival is well known throughout the film and video industry in Canada, as well as internationally. The continued success of the festival is realized through competition, presentation of the prestigious Golden Sheaf Award to the best of the best in the film and video industry, along with Mini-Cinema, public screenings, and educational workshops. The festival is becoming more well known as a place to do business, as the festival invites more buyers, specialty network representatives, and distributors. Filmmakers find the festival a great place to do business. In 1997 two Saskatchewan films (*The Rink* and *Dirty Money*) were premiered at the festival. The major funders for the Yorkton Short Film and Video Festival are SMPIA, the City of Yorkton, Telefilm Canada, and the Saskatchewan Lotteries Trust Fund (through SMPIA).

### **Video Vérité Artist Run Centre**

In 1987 a group of artists from the artist-run centres AKA Gallery and The Photographers Gallery joined forces to expand upon an AKA annual video screening program entitled "Playback Cabaret." In 1988 the video committee became a joint enterprise of the two artists' centres and met on an ad hoc basis. In 1989 the committee adopted the name People's Video Centre. The first annual general meeting was held in March 1991, when the centre became a non-profit corporation under the name Video Vérité Artist Run Centre.

Video Vérité is an artist-run centre promoting and facilitating the production and presentation of electronic media as an art form by artists in Saskatchewan. It does this through education and skills advancement; liaison with video artists and organizations outside Saskatchewan; the provision of technical access to video; and support activities to further the creative endeavours, opportunities for presentations, and general development of members.

The mandate forms the directions the centre has set for itself. Its strategy and aims are to provide members with access to production and post-production equipment, to support training opportunities, to be a place of mutual support and encouragement for artists, to communicate with the wider video community, and to develop and promote the presentation of electronic media by artists.

In the area of access, the centre's mandate is to purchase and rent necessary equipment; to house, protect, and maintain equipment; and to provide introductory and intermediate workshops, as well as provide production assistance to members. Members must maintain the criteria of artist-driven, non-commercial, independent work to access the centre. Productions at the centre have been assisted by individual artist grants from the Saskatchewan Arts Board, by the Canada Council, by the SaskFILM Special Projects Fund, and by the artist's personal investment.

Providing training opportunities entails: organizing visiting artists, screening, and travel support; gathering resource materials (manuals, basic texts on creative and technical approaches to different genres, etc., as well as documentation of members' productions and information on productions available elsewhere). This area also includes providing both creative and technical advanced workshops.

Being a place of mutual support and encouragement for artists translates into organizing support activities such as joint production planning, the sharing of technical information and creative critiques, promoting the pooling or exchange of labour on productions, as well as board, committee, and membership development and developing internal and external communications, such as a newsletter, members' bulletin, web site, equipment manual, and production catalogue.

The area of communication with the wider video community involves taking out membership in provincial and national arts organizations and attending conferences. It entails communications in the form of bulletin boards, correspondence, mail-outs, and newsletters; and it encompasses promoting and organizing visiting resource persons and visiting artists.

The promotion and the presentation of artists working in electronic media involves maintaining liaison with galleries and other venues for electronic media art, encouraging support of and participation in critical writing, curatorial activities, public presentations, and lobbying institutions to encourage media literacy. Productions created at the centre have been exhibited nationally and internationally.

Video Vérité relies on the support of the Saskatchewan Arts Board, SMPIA, the Saskatchewan Lotteries Trust Fund (through SMPIA), the Canada Council, the City of Saskatoon, self-generated revenue, and the dedicated efforts of the membership and staff. Funding has also been received from Human Resources Development Canada and Canadian Heritage.

### **Development Agency**

The Saskatchewan motion picture industry is served by SaskFILM. The maintenance of SaskFILM is of critical importance to the motion picture industry. SaskFILM is unique in being a non-profit corporation with membership from both government and the private sector. SaskFILM reports to the Minister of Municipal Government and this direct link to government is important to the industry.

SMPIA does not support the dissolution of SaskFILM to be replaced by a cultural industries agency. SMPIA does not oppose the creation of such an agency or a cultural industries committee but not at the expense of SaskFILM or the motion picture industry. SMPIA would welcome an opportunity to participate in ongoing cooperation, strategic planning, and development of Saskatchewan's cultural industries through a cultural industries board, committee, or agency. The participation on this committee would likely include both SaskFILM and SMPIA.

2

### **Product**

Motion picture products include feature films, television series and programs, made-for-television movies, commercials, music videos, corporate videos, and experimental and art films. Genres include drama, variety, documentary, children's programming, educational, animation, multimedia, and IMAX.

#### **Product Advantages**

☞ **Low production costs.**

In Saskatchewan, the cost of production is less expensive than most other competitive film production centres in North America.

Lower costs can be found in all areas of production.

☞ **Low crew costs.** As production labour is a significant budget element, it is notable that Saskatchewan technical crew and craftspeople work for lower wages

than their counterparts in other provinces. To a degree, the lower cost of living in Saskatchewan is a factor, combined with the cooperative eagerness of the Saskatchewan crew community. Listing as an incentive the recognized need to develop and stabilize a higher volume of production, crew union and guild representatives forego matching wages with other film centres to assist the producers and production companies in their campaigns to confirm production in Saskatchewan.

- ✦ **Low purchase costs.** Purchasing costs for production are also lower in Saskatchewan. Typical consumer purchases are likely more expensive but are often avoided through thrift and creative alternative sourcing. Most Saskatchewan businesses, including retailers and wholesalers, are supportive and welcome the opportunity to assist productions. From vehicle rentals, to lumber, to hotel accommodations, to short-term “leases,” Saskatchewan productions benefit from the adage and attitude, “Put the money on the screen” (that is, the priority for production dollars is to make the best visual product – each purchase is considered in light of how to enhance that product).
- ✦ **Prairie sensibility.** A feature of Saskatchewan-produced motion pictures is the commitment to a distinctive (and intangible) “prairie sensibility.” This characterizes both product content and production. Saskatchewan stories and Saskatchewan-driven productions are said to be unique. During recent years, production participants from out-of-province – whether investors, stars, crew, or co-production partners – are united in their discovery of a facilitating hospitality, known as “prairie eagerness,” said to be the ingredient for trouble-free filming. In fact, a disciplined approach to problem-solving combined with that reputed “Saskatchewan ruggedness” appears to have made for mature, experienced, and respected Saskatchewan production teams.

### Product Life Cycle

Film and video production is a relatively young industry in Canada, forging ahead significantly during the 1980s in response to federal (CRTC) regulations requiring broadcasters to acquire more independently produced television product. The Canadian film and television industry doubled in volume between 1991 and 1995. Between 1993 and 1995 the export value of Canadian film and television product increased 175%. Saskatchewan’s production evolution is similar to the national experience. Since 1991, Saskatchewan’s industry has grown 500%, four times faster than the national industry. This level of activity is built around successful television projects and feature-length dramas.

The CRTC mandate requires that broadcasters acquire a certain percentage of Canadian programming as part of the terms of their broadcast licence. Broadcast licence fees generally provide anywhere from 15% to 30% of a television program’s budget

production costs. The remaining percentage is referred to as the production deficit. The production deficit is typically financed through the combination of industry incentive programs, including grants, equity investment and tax incentives, advances from distributors, and private investment.

Producers are capped for the amount of fees available from production budgets. As the market becomes more splintered, and the management and administrative demands on producers increase, the cap system becomes unwieldy and makes it difficult to sustain undercapitalized independent production companies.

To get to the point where national calibre television and dramatic projects are regularly produced in Saskatchewan, senior producers established reputations for quality products while developing relationships with the key “consumers” – that is to say, broadcasters. The stable development of the industry was augmented by the commitment of the Saskatchewan government and its Crown agencies to produce their audio-visual projects in the province, and the participation of SCN in a range of general-interest and light information projects and series.

Based on the ongoing success of Saskatchewan-produced television projects, the challenges continue to be establishing television series with ongoing seasonal contracts, buoying production companies, and providing long-term employment for the production labour force. The pinnacle opportunity would be a television drama series, providing production activity for all creative and technical departments.

### 3

#### **Product Diversification**

Product diversification is more a consumer issue than a product issue. Primary consumers for Saskatchewan productions are clients of sponsored works, and, for television, broadcasters that pre-license or pre-purchase product. As the broadcast environment becomes splintered – with the advent of specialty licence broadcasters in Canada and the disintegration of network broadcasting in the United States – engaging a broadcaster for production financing becomes a matter of customizing programming content and design to suit the narrowed niche of the licensor.

When the Canadian broadcast environment was more homogenous, producers could develop calibre products financed by a minimal number of broadcasters and parties to the “production deficit.” Today, the fragmentation of the broadcast environment forces producers to establish an amalgamation of investors to finance production and create the opportunity for product exposure. This has stepped up both the creative and financial challenge of creating product acceptable to all investors.

New products include the involvement of a number of Saskatchewan production companies in the evolving new media industry. Here, established project management skills work with creative applied technologies similar to motion picture production – visual and audio design, and content design.

Eventually, the general viewer is the consumer. Tastes and trends in product demand can fluctuate and it can be difficult to maintain market prominence; however, innovation in program design is always sought by consumers.

#### 4 Place



**Sponsored Productions** – private or public sponsors. Projects may be made as a “work for hire” on behalf a client by a production company. In this case the sponsor covers the complete cost of production, and the producer includes a profit margin in this billing. Such service activity still forms the core of Saskatchewan’s industry.



**Television Productions** – broadcasters, followed by distributors, followed by public investors, followed by private investors. Copyright is retained by producer; investors share in the copyright.



**Viewers.**

Saskatchewan films and videos have been sold and screened in over 45 countries.

#### 5 Price

##### Employment

The direct employment impact of Saskatchewan’s film and video industry in 1996 was 264 person years. Direct employment was calculated using industry ratios from the SMPIA Economic Impact Survey (1996). The industry is labour intensive; on average, 60% of production expenditures are for labour. Of that amount, 55% is for Saskatchewan residents, yielding an estimate of 33% of total production costs for Saskatchewan labour. To calculate the employment estimates, a figure of \$33,000 a year was used as the average salary and benefits. The total direct and indirect economic impact of \$26.4 million in production activity captured in Saskatchewan in 1996 was \$29.8 million and 570 positions.

In the core areas of independent production companies and freelance film crew, about 180 people are regularly employed on a freelance basis or as employees of production companies. Others are contracted on a more irregular or part-time basis. Indirect

employment extends through other sectors such as hospitality, transportation, and equipment rentals. In the *Needs Assessment for Professional Development Requirements in the Saskatchewan Film and Video Industry* (1996), of crew surveyed, 22% had full-time employment in the industry, 60% had contract work, 15% had part-time work, and 2% were classified as other. In the same survey, almost 90% indicated that their work in the industry did not meet their income needs.

Jobs in the industry are generally high-skill, high-value, creative jobs. The industry is still relatively new, and the average length of time that individuals have been involved in the industry is 8.6 years. The growth of the industry and its newness make coordinated training and professional development opportunities an important goal in ensuring a skilled labour force for the future.

The *Needs Assessment for Professional Development Requirements in the Saskatchewan Film and Video Industry* released by the PDI in 1996 details jobs in the industry, skills required to move into these occupations, and identifies training and professional development needs. In general, all skill areas require some degree of development.

Of particular importance is the need for advanced professional development in specialized areas for more experienced personnel; producer business management, including financial and marketing skills; the development of skills in multimedia; and the development of skills in the Aboriginal community.

### **Economic Activity**

Production value has increased from \$5 million in 1991 to \$26.4 million in 1996. With the introduction of a Saskatchewan Motion Picture Employment Tax Credit and the renewal of SaskFILM, the industry is expected to grow to \$64.4 million by the year 2000. The largest growth area is in drama production. In 1996, \$15.2 million of the \$26.4 million in total production value was spent in Saskatchewan, creating a total direct and indirect economic impact of \$29.8 million in the province.

## **6**

### **Promotion**

#### **Tools Available**

Key functions of SMPIA include advocacy, promotion, communications, and profile. Tools employed are development and promotion of the *Strategy for Success*, the SMPIA newsletter *Storyboard*, member bulletins, media releases and events, the Saskatchewan Film and Video Showcase, the *Saskatchewan Motion Picture Industry Directory*, the SMPIA Home Page and Internet address, public-service announcements, presence at trade shows and industry events, and meetings and presentations with target organizations, private sector, and government representatives in Saskatchewan and

Canada.

### **Tools Needed**

The industry needs support to production companies for marketing activity, promotion, and promotional materials. SMPPIA needs an upgraded display booth and funds to create better presentation material. SMPPIA also needs increased ability to participate in national industry forums. Funding for this kind of activity is extremely limited and often means that the Saskatchewan perspective is not brought to a national meeting.

## **7 Positioning**

Target markets include sponsored productions and producer-driven productions.

Production of high-quality programming is still prohibitively expensive relative to the size of the market. Producers form alliances with co-producers in other markets to expand their revenue base. To assist in this process, Canada has signed co-production treaties with more than 23 countries. Under these agreements, a film or television production produced under the terms of the treaty qualifies as domestic content in each of the co-producing countries, thereby enabling producers to access financial support from both countries. Co-productions across provinces also introduce funding sources available to each co-producing party.

## **8 Plan**

SMPPIA has recommended a renewed commitment to SaskFILM combined with the establishment of a Saskatchewan Motion Picture Employment Tax Credit. As confirmed in the SMPPIA Economic Impact Survey (1996), each dollar invested in the industry through SaskFILM triggers \$10 in other investment, principally from private sources. The combined impact of the tax credit and SaskFILM would create an industry valued at \$64.4 million by the year 2000. SMPPIA has recommended that SaskFILM needs to have a \$1.5 million annual investment fund. Based on results of the Economic Impact Survey, SaskFILM investment is matched with investment from other sources.

The proposed Saskatchewan Employment Tax Credit is projected to bring significant investment to the production sector, which would be returned to the province in income tax. This program would stimulate new production activity and create new jobs.

## Critical Needs

The Saskatchewan Motion Picture Association's *Strategy For Success* is intended to facilitate the growth of a stable motion picture industry in Saskatchewan that can make a significant long-term contribution to Saskatchewan's economy and culture. Most recently revised in December 1996, SMPIA's Strategy calls on industry and government to continue to build on the momentum that has been created to date.

## Strategy Goals

The Strategy has four key goals, each of which is critical to fully realize the potential for a sustainable motion picture industry in Saskatchewan:

- ✦ Strong independent production and production service companies
- ✦ Skilled people and sustainable employment
- ✦ Clear and vibrant cultural and artistic voices
- ✦ Continued strength and clarity of purpose of SMPIA.

SMPIA's *Strategy for Success* outlines initiatives required to facilitate stable growth of the motion picture industry in Saskatchewan. The four key goals are supported by 12 initiatives, each of which is important in contributing to the achievement of SMPIA's Strategy goals.

### 1. Increased Commitment to SaskFILM

- ✦ Provide

SaskFILM with an additional \$1.5 million in investment funds for the final year of the current agreement to augment the \$1 million announced in March 1997

- ✦ Establish the renewal of SaskFILM in April 1998 with a five-year commitment to SaskFILM to include an investment fund of \$3 million per year
- ✦ Recognize SaskFILM's unique role as a development and investment agency that can foster the development of an indigenous Saskatchewan cultural industry

### 2. Introduction of an Employment Tax Credit

- ✦ Establish a fully refundable employment tax credit effective January 1997
- ✦ Introduce the tax credit at 40% of qualified (Saskatchewan resident) labour costs, for labour costs of up to 50% of total production costs

### 3. Maintenance of SCN

- ✦ Continued maintenance of SCN
- ✦ Continued commitment by SCN to attain its goal of broadcasting 20% Saskatchewan content
- ✦ Restore status of dramatic productions as eligible by SCN for broadcast licence

### 4. Stabilization of Production and Production Service Companies Throughout Saskatchewan



Economic Development for a number of travel bursaries to the industry each year

- ↳ Marketing skills training to accompany travel support
- ↳ Marketing information resource services.

## Case Study

Note: This is an interim case study

A beginning, a middle, and an end. The core elements of any dramatic concept, these are also universal in the description of the business methods and project management processes that shape a film and video project.

This case study offers a hypothetical look at the evolution, from concept to broadcast and beyond, of a television movie-of-the-week. In the Canadian, and specifically Saskatchewan context, this route has many options and a great deal of variety. A 90-minute television movie-of-the-week will generally take two and a half to three years to develop and produce; these are substantial projects with production budgets that range from \$1.5 million to as much as \$5 million.

There are many genres of film and video projects. In Saskatchewan, production companies and independent producers have demonstrated skill in producing projects across the spectrum. This case study does not speak to the unique parameters that will direct other projects. For instance, a documentary project, where the “script” unfolds as the project advances, will likely emphasize research and rely on a smaller core crew. An independent dramatic production often seeks alternate paths to financing and product exposure (whether or not this financing includes a broadcaster and/or distributor) to safeguard the artistic merit of the project. This frequently means shoe-string budgets and innovative production values.

The economic impact of the film and video community is never broader than on a full-sized project such as a movie-of-the-week. Personnel for the project will include skilled technical and creative crew members, along with talent – stars and performers. The number of persons working on set each day will vary from a low of 45 to as many as 150. Established unions and guilds, such as DGC, ACTRA, and IATSE, negotiate separate labour contracts with each production. Saskatchewan productions are generally produced on location, and local suppliers from the business community provide everything from rental vehicles to lumber to food services and more. One recent production listed more than 140 Saskatchewan vendors on a \$3.2-million project.

### **Beginning: Everything Before Production is called Development**

The development of a television drama movie-of-week is a two-track process. It begins with a story that catches the imagination of a producer. The producer considers and becomes convinced of the merit of the project, and then proceeds to structure both the financial and creative partnerships that will ensure the project’s viability.

The producer builds the creative team – the “right” writer, story editor, casting agent, talent, production manager, and so on. Each of these “creative keys” adds valuable expertise to the process. Just as critical at this stage is the team of financial investors and

product exposure partners (broadcasters or distributors or both) that the producer builds to create the project's investment consortium.

The Canadian movie investment environment is a combination of private and public funding sources (equity investments), matched with the product exposure partners. Broadcasters pay licence fees, often in advance, to support the costs of production; distributors pay distribution advances, based upon the sales forecasts for the project in the territories available to the distributor. Knowing the right balance to strike to create the best financial consortium suitable to a project is the forte of a skilled producer.

Production financing sources familiar to Saskatchewan producers include equity investment through SaskFILM, Telefilm, and private programming equity funds. The Saskatchewan Opportunities Corporation can provide loans for production. A schedule of Canadian private programming funds is included at the end of this study.

Product exposure partners include broadcasters, who provide broadcast licence fees, and distributors. Broadcasters familiar to Saskatchewan producers include Saskatchewan Communications Network, CBC, CTV (BBS Saskatchewan), W.I.C./UTV, and CanWest Global. There are also a number of specialty channels that can offer licence fees. The Canada Television and Cable Production Fund (CTCPF) has become an important licence fee program for Canadian producers. Saskatchewan producers have partnered with distributors representing varieties of markets and territories. There are distributors within the province (at least two Saskatchewan production companies are affiliated with distribution companies), Canada, the United States, and some international distribution liaisons have been established as well.

On the creative track of the process, an engaging script is rarely ready to produce at its first "draft." To prepare a script, and to prepare a project for production, an interim process is initiated, known as "development." Development of the script and the production parameters of a project are funded by a financial consortium that usually contains likely production financing investors. The commitment during development is a strong indicator, but since this is the preliminary stage of the project, some players may change as the project progresses.

The writer's concept is engaged by the producer in an interim agreement known as an "option-to-purchase." Here, the producer engages the rights to the story for a preliminary term. If the project advances to the satisfaction of the writer and the producer within the scheduled term, the term can be extended or paid out. If the term ends and the effort appears fruitless, the rights revert to the writer and the producer's obligations are ended.

A development budget reveals the costs of a variety of project expenses. There is the option agreement fee referred to above, and there are the writer's fees for services; fees for a story editor; costs for researching and preparing a production budget; costs for researching and preparing marketing materials (to entice other investors to the consortium); travel, accommodation, and living expenses for producers and writers to gather if distance is a factor; and expenses for location scouting or other research that could impact the direction of the script. Other costs may be considered as well, all subject to the investors' consideration and approval. Producers' fees and overhead are generally capped (combined) at 30% of the overall development budget.

Project administration and reporting are essential producer skills required to ensure the success of a project from beginning to end. Each investor is privy to the progress of the project, demonstrated through accurate cost reports and the engagement of project participants through industry-standard contracts and agreements. Agreements between the producer and each investor are painstakingly negotiated. Fee payment schedules, reporting deadlines, and overall project management demands take up considerable producer time (along with reading and re-reading and re-reading scripts!).

Development is normally a three-step process. Phase I takes the idea for a movie to the concept stage; this should be a minimal budget and a short time frame. Phase I development is successful when it begins with a minimal number of investors and, by building the merit of the project into a stronger case, moves into Phase II development with a larger group of investors and more clout. Phase II development focusses on the body of the script and the process of building the script to a format for production that is workable and is creatively inspired and engaging. Phase III (or “polish”) allows for the creation of the final “shooting script” and also gives the producer the necessary budget to prepare for production. Final budgeting and scheduling, planning and coordinating are completed in this third phase, and the project moves ahead to production.

### **Middle: Production Financing**

Lining up the financial package for a production is an organic effort. It starts at the genesis of the project and is finalized in the days (and minutes!) before production begins.

Each investor is looking for a solid business deal. Deal points include positioning in the hierarchy of the recoupment and profit schedules, the former determining the distribution of proceeds to reimburse the costs of production, with the latter kicking into effect once production costs have been paid out.

Profit results from the success of the project through sales. A television movie-of-the-week has sales potential for broadcast licence internationally, as well as after-market use and video distribution. Key sales are often realized in advance by the producer, especially to domestic markets or broadcast partners the producer has an established relationship with, and form part of the production financing structure. Remaining sales are often handled by one or more distribution companies, who may advance funds to the production budget based on projected sales estimates.

Long form production agreements are the detailed final contracts that outline the terms between the producer and his investors. These lengthy agreements are often negotiated with the support of lawyers for each interested party.

Legal fees, banking fees, and insurance are important considerations in any business. A unique feature of the production industry is the need for all these business services, plus an additional investor protection mechanism provided by the Completion Guarantor. The Completion Guarantor bonds the project to guarantee delivery according to the parameters of the product exposure partners' agreements. The Guarantor has the authority to assume control of the project if producer management performance is negligent – often demonstrated by inadequate financial management – and impedes the production. The services of the Completion Guarantor and the installation of the Completion Bond are critical to demonstrating the virility of the project to investors. The Bond is put into place at commencement of principal photography (the first day of filming). This allows the Guarantor the opportunity in advance of principal photography to scrutinize the accuracy of the budget as well as determine the demands of delivery.

During production, the flow of cash is paid out by the investors in a schedule according to specific dates or project benchmarks. Because it is unlikely that all the cash will flow as and when needed, bank interim financing is put into place. The banking industry, both in nationally and provincially, is developing the sophistication necessary to deal with the unique needs of production.

Successful production management results from the keen fiscal management of each production department. Each project will have an accountant and accounting department; and each production departments will have a “key” or manager. Keys must have the expertise to manage the resources of their departments to accomplish the creative vision of the project on time and on budget. As an example, the Costume Designer will have a flair for coordinating the best apparel and costumes for the production, but will also manage a department of five or six personnel and a purchasing budget of as much as hundreds of thousands of dollars of costumes and apparel. Managing all departments is

the Production Manager, who hires all personnel and directs the global budget for the project, in close coordination with the producers.

Film production is a collaborative process. The Director's challenge is to bring out the best performance from the talent, with the support of the entire production team. The director's vision is meshed with the technical and creative design of the project through the Director of Photography (D.O.P), and through the Art Director or Production Designer. These two separate spheres of focus are actually in constant contact and are responsive to the needs and resources each provide.

The D.O.P.'s vision enables the camera department to design shooting techniques and shoot according to a style appropriate to the project. The D.O.P. also directs the grip and electrical departments to manipulate and enhance light sources for the most effective lighting design. The sound recordist works closely with the D.O.P. to secure technically crisp audio recordings. Supporting the work of the camera and audio departments is the Script Supervisor, who reports and records the progress of the filming and monitors the visual components of the action – especially continuity.

The Art Director or Production Designer also works with the Director and the D.O.P. to establish the look of the film in an integrated design. Set decoration, construction, props, costume design, and hair and make-up, also reference this vision in determining the needs of each of their respective departments.

On set, the combination of technical, creative, and performer resources are coordinated through the Assistant Directors – a communications core that enables as many as 150 people to combine effectively and efficiently in the making of each scene.

All this activity is supported by the work of the locations department – responsible for the facilities for each set – and the production office, which coordinates the resources and scheduling for the entire production.

As noted, at production, the number of people engaged can swell to 150 people or more. In this intense flurry of activity each person has a distinct role to play. During production, the producer's role shifts focus to monitoring the progress of production and ensuring the responsible management of the production process. Producers must be accessible and flexible, adapting to the changing parameters that result from this people-intensive process. Trouble-shooting effectively is a big part of the producer's role during production.

### **End**

When production “wraps,” the project moves to the post-production stage, where editing and sound technicians provide the project's final form. This final process can take several months to complete and the producer is a close collaborator to the end, ensuring the vision and quality of the project is realized to the satisfaction of the project investors.

When post-production has been completed and the delivery items have been provided to the product-exposure clients, the producer monitors the success of the project through the distributor's sales reports and anticipates the various premiere broadcast dates for the movie. Producers often play an active part in the project's marketing and promotion.

The administration of the project continues through reporting to the investors. An audit is completed on the production, and the various regulatory agencies, such as CAVCO and the CRTC, review applications presented to ensure approval for broadcast in Canada.

A typical MOW will be broadcast internationally numerous times over a period of several years. The extent of product exposure and the success of business and creative partnerships established through the project go a long way to build the reputation of the producer and the production team, and enable the next project to get under way.

<b>Job Categories in Saskatchewan's Independent Film and Video Industry</b>	
Producer	Production Manager
Line Producer	
Director	Sound Recordist
Unit Photographer	
Scriptwriter	Sound Editor
Unit Publicist	
Editor	Audio Post
Market Research	
Performers	Key/Dolly Grips
Researcher	
Camera Operator	Art Director
Post Production Supervisor	
Camera Assistant	Assistant Director
Production Coordinator	
Casting Director	Story Editor
Production Secretary	
Locations Manager	Location Scout
Continuity	
Animator	
Music Producer	Wardrobe
Best Boy	
Music Composer	Graphic Designer
Boom Operator	
Director of Photography	Set Designer
Craft Services	
Production Assistant	Properties
Make-up Artist	
Production Accountant	
Hair Dresser	

Animal Wrangler	Distributor
Stunt Coordinator	
Entertainment Lawyer	Special Effects
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<i>Source: Film and Video Industry in Saskatchewan, A Five Year Plan for Professional Development, Second Report, Implementation Phase, 1994-95</i>	

<b>Canadian Private Programming Funds</b>				
<b>Fund Name</b>	<b>Annual Budget</b>	<b>Mandate</b>	<b>Type of Funding</b>	<b>Comments</b>
<b>A-Channel Drama Fund</b>	\$14 million over 7 years	To stimulate production of made-in-Alberta TV movies, mini-series, theatrical films, and other dramatic productions	Licence fees	
<b>BBS Mid-Canada Television Fund - Showcase Fund</b> (formerly Mid-Canada)	\$300,000	Development of pilots	Equity or loans	
<b>BBS Ontario Incorporated CJOH-TV Development Fund</b> (formerly NCTI)	\$115,000	Concept, Script development loans. Professional development grants	Loans repayable on first day of principal photography	Applicant must be located within the CJOH-TV broadcast area
<b>BBS Saskatchewan Inc. Program Development fund</b>	\$50,000	Development of entertainment and documentary programming	Loans repayable on first day of principal photography	Maximum loan \$8,000. Eligible only to Saskatchewan-based independent producers
<b>Canada Television and Cable Production Fund (CTCPF)</b> Licence Fee Program	\$80 million	Drama Children's Documentary, variety, performing arts	Licence contribution based on formula	
<b>Canadian Independent Film &amp; Video Fund (CIFVF)</b>	\$750,000	Development and Production for non-theatrical, informational, educational, specialty programming	Grants	\$50,000 production maximum \$10,000 development maximum
<b>COGECO Program Development Fund</b>	\$250,000	Development of dramatic series - treatment/bible, first/second draft	Loans repaid on first day of principal photography	Objective: Develop French and English projects. Must have private or public broadcaster commitments. Administered by MHTV Fund
<b>DGC Entertainment Ventures Corp.</b>	\$4.3 million (investment up to maximum of 10%, or \$430,000, in any one company)	Primary focus of investing in the entertainment and communications industries	Debt or Equity	Objective: To generate a return on investors' capital by investing in small Canadian companies with less than 500 employees and \$50 million in assets
<b>Family Channel/Owl Program Development Fund</b>	\$50,000 per year	Development loans. Family programming	Loans	For broadcast on Family Channel

<b>Fund Name</b>	<b>Annual Budget</b>	<b>Mandate</b>	<b>Type of Funding</b>	<b>Comments</b>
<b>Le Fonds Harold Greenberg</b> sponsored by Canal Indigo	10% of gross revenues of Canal Indigo	Production investment for French-language movies and special events	Equity Investment	Up to \$50,000 for special events and up to \$250,000 for movies
<b>Macleans Hunter Television Fund</b>	\$3 million	1. Dramatic series and pilots for prime time telecast 2. Special projects to enhance dramatic series	1. Equity 2. Grants	1. Must have private broadcaster licence 2. For professional industry organizations only
<b>Rogers Documentary Fund</b>	\$1 million per year for 4 years	Financing for Canadian documentaries	Grants	The producer must have a commitment from a Canadian broadcaster to air the program in prime time within 2 years. The fund looks favourably on projects which are Canadian in theme
<b>Rogers Telefund</b>	\$16 million	Interim loans for distinctly Canadian projects	Loans	Revolving fund
<b>SHAW Children's Programming Initiative</b> (includes the "Shaw Fund" and "The Dr. Geoffrey R. Conway Fund")	\$27.5 million (for 7 years)	Children's programming under 13 years	Development, Equity, Multimedia, Versioning, Special Project Grants	Must have private specialty channel commitment, with the exception of Aboriginal and Northern applicants
<b>Superchannel</b> (Allarcom Pay TV)	\$500,000 (part of 20% of gross revenue)	Development of series, movies, children's programming	Development loans	
<b>Superchannel</b> (Allarcom Pay TV)	Balance of 20% of gross revenue	Series, movies, children's programming	Equity	

*Source: The Canadian Film and Television Production Association, The Guide '97.*

# Music and Sound Recording

## Economic Model

### 1 Infrastructure

The Saskatchewan Recording Industry Association (SRIA) is presently conducting a survey of the industry. Until that survey is complete, the best estimates on the level of activity in the province are that there are eight full-scale recording studios, 30 home-based recording studios, 46 music publishers (registered with SOCAN), 556 songwriters (SOCAN), 1,200 self-employed musicians and vocalists, 50 multimedia studios, 150 sound and lighting technicians, 25 private radio stations (plus the CBC outlets), 22 retail outlets (plus all the department stores and software shops), 30 managers and agencies, 14 producers, four record companies (as well as 25 artist-run outfits), 100 bands/artists with recorded product, and at least another 100 original bands without recorded product, all of which are all operating as loosely structured business entities. With the exception of radio, all these activities are increasing, both in numbers and in dollar value. Two-thirds of these enterprises are split evenly between Saskatoon and Regina, with the balance located in secondary markets.

All the larger recording studios are incorporated; the smaller home studios are either registered as proprietorships or not registered at all. Retail shops – including record stores, musical equipment shops, and sound and lighting production companies – are usually incorporated. Management companies are either proprietorships or not registered. Agencies are usually either limited companies or incorporated. Recording bands, who are actually functioning as record production companies as soon as they have a recorded product available for sale, are usually registered as partnerships or not registered at all. Some of them will have a business name registered only so that they can be set up as a publishing company with SOCAN. Most musicians are not registered as companies but are completely self-employed, thereby not qualifying for Employment Insurance and most job-training programs.

According to the 1994 *Balcon Report*, there were over 2,700 people employed in the music industry in Saskatchewan in 1993, including 560 at radio stations, 150 at retail record stores, 200 at equipment shops, 1,100 musicians, 450 registered songwriters, 50 studio employees, 220 venue employees, and 50 support staff (managers and agents). In the future, there will be fewer employees at radio stations, fewer employees at retail shops, and many more computer technicians, studio employees, and artist-support staff

(administrators, managers, agents, road managers, and accountants). The future for all sectors of the music and sound recording industry – musicians, composers, managers, agents, and distributors – is the home-based microbusiness of the self-employed, largely centered around a computer.

### **Industry Association**

The Saskatchewan Recording Industry Association (SRIA) was incorporated in 1987. It has grown to its present status as a recognized Provincial Cultural Organization. With a growing membership of almost 300 professionals, SRIA is currently developing a number of initiatives, including those presented within this Strategy, as well as an annual music festival, a pan-provincial industry conference, and a comprehensive Web site, to name but a few. SRIA has set as part of its long-term goals a Professional Development Strategy with a comprehensive educational and skills training program, touring and distribution programs, and growth of the industry infrastructure.

### **Development Agency**

Saskatchewan does not have a development agency for the music and sound recording industry, and the industry is not convinced that its funding requirements are large enough to justify the establishment of a separate agency, or that the SRIA couldn't also act as the development agency, working in partnership with government. (For instance, in Canada, the FACTOR program – the Foundation to Assist Canadian Talent on Record – is funded jointly by the federal government, the Canadian Association of Broadcasters, and individual radio stations.)

### **Key Competitive Advantages**

#### ☞ **Independent artists.**

In previous years, younger emerging talents were dependent on being “signed” by a major record company to get an album recorded or have one released with any degree of success. That climate has changed dramatically in the last ten years, with the rise of the “independents” – artists in every musical genre who are able to raise enough money to record their own product, and are learning to sell the finished album in growing numbers. Marketing tools such as the Internet, live performances, and fan clubs are becoming more effective for all recording artists.

### **Key Competitive Disadvantages**

- ☞ **Global monopoly.** There is still a global monopoly held by the five major labels, who operate using many unfair business practices that are quite probably illegal, including price fixing, unfair royalty payments, copyright infringement, payola, and market control.
- ☞ **Lack of management.** Globally there is a lack of good management and administrative people working for artists.

- ✦ **Lack of capital.** Lack of seed capital to produce albums promotes dependence on the major labels, creates difficulties procuring airplay for new recordings, and leads to the disappearance of the “live music” venue.
- ✦ **Lack of an industry centre.** The lack of an industry centre in Saskatchewan has led to the perception that artists have to leave the province to succeed. This perception is somewhat dated as new technologies – including fax modems, e-mail, and the Internet – are quickly turning the music industry into a global market. In the near future, this globalization will likely be true for the music and recording industry even more so than the other cultural industries, as a recorded product is one of the few that can be completely delivered via the Internet. Having said that, the perception that an artist must leave in order to succeed has meant that the Saskatchewan talent base of managers, promoters, and other administrators has relocated to Toronto or Vancouver, leaving behind a weak industry infrastructure.

### Critical Needs

The immediate disadvantages for the industry are:

- ✦ **Lack of an independent distribution system.** There is no independent distribution either based out of Saskatchewan or available to all Saskatchewan artists.
- ✦ **Lack of an organized touring network.** A touring network is need both in secondary markets within Saskatchewan and on a national level.
- ✦ **Lack of financial support.** The industry needs programs that will either provide financial support to artists for marketing, manufacturing, and promotion of their recorded products, or that will assist them in obtaining proper financing.
- ✦ **Lack of educational opportunities.** The industry also needs educational programs that will provide the basis for the industry’s growth, both in business skills and in new technologies. The development of these skills will result in a strengthened, self-supporting infrastructure.

## 2 Product

Saskatchewan has world-class recording studios, graphic artists, musicians, vocalists, and engineers. There is a drum kit manufacturer based in North Battleford, and instrument/equipment supply/repair shops in both major cities. There are musical instructors. There are songwriters, a songwriting centre, and songwriting workshops. There are at least 200 independent recording bands or solo artists with product (compact disc or cassette), including country, rock, pop, alternative, Celtic, First Nations, jazz, blues, folk, Francophone, ska, reggae, rap, funk, polka, Ukrainian, religious, and classical.

### **Product Advantages**

In Saskatchewan, the blue sky is conducive to creativity. The cost of living is lower than many other places in Canada, especially industry centres like Toronto or Vancouver. Saskatoon enjoys the benefit of a large number of licensed live music venues that will hire original bands, but other than that, there are no specific benefits or competitive advantages to being in Saskatchewan. Being here is a way of life, not a career move or product statement.

### **Product Life Cycle**

Each album has a life cycle of one to two years, depending on the artist. (Artists can continue to sell their product as long as they continue to perform.) Basing an album's life cycle on radio airplay alone, a typical cycle, with three to four singles, is approximately 18 months. If there is no airplay (that is to say, if the recording is non-commercial), the artist is not limited to any set rules and can record as soon as he or she has enough material prepared and financing in place to cover costs.

## **3 Product Diversification**

Delivery of recorded product via the Internet is the next biggest development that will face the industry. It will eventually eliminate both the major record companies and some retail stores. This is 21st-century stuff, but it is already happening with a few big-name artists (Peter Gabriel, David Bowie) in the United Kingdom. Smaller developments include variations on the products available at retail (the expansion of compact discs to CD-ROMs and interactive CDs), new digital recording techniques, and home studios.

Most new products are being developed in response to changing technology. Home studios are growing in response to both new technology and the high cost of recording in a conventional studio. CD-ROMs are being developed in response to consumer demand for new twists on the standard audio-only release. Compact discs are a replacement for albums; home studios, CD-ROMs, and interactive CDs are complementary to existing products and services; and the Internet is an entirely new venture.

## **4 Place**

The general public everywhere are the major consumers of finished recorded product. Musicians are one of the major customer groups of studios, with commercials and jingles being another major group. All retail or service-based corporations are the major customers of radio, with the general public being their major consumer.

These are the demographics of the record-buying public:

12-17	81% of all Canadians in this age group bought CDs/cassettes in 1994
18-29	88% bought CDs or cassettes in 1994
30-50	75% bought CDs or cassettes in 1994
50-65	65% bought CDs or cassettes in 1994
Over 65	45% bought CDs or cassettes in 1994

The market breakdown is as follows:

Saskatchewan	\$ 31,500,000 (total), \$ 500,000 (SK products)
Canada	\$750,000,000 (total), \$1,500,000 (SK products)
Export markets	unavailable

## 5 Price

The 1994 *Balcon Report* put the gross revenues of Saskatchewan musicians, studios, equipment suppliers, and record sales of Saskatchewan product as follows:

Musicians' Fees	
\$ 5,500,000	
Recording Studio Revenues	\$
1,500,000	
Agency Commissions	\$
500,000	
Manufacturing (Sask. only)	\$
550,000	
Songwriter/Publisher Royalties	\$ 125,000

Live Performance Venues (Ticket Sales)	\$ 8,650,000
Record Sales (Retail and Other)	\$ 1,500,000
<u>Retail Equipment Sales/Services</u>	<u>\$ 2,250,000</u>
 <u>Total</u>	 <u>\$ 20,575,000</u>

The sector has as yet no specific data on the total expenditure made by the industry in Saskatchewan; however, the *Balcon Report* estimates the GDP contribution to Saskatchewan's economy at \$131 million. The industry feels this figure is quite low, given the increase in recorded product over the past two years, and the number of bands who are not only recording their albums here but are now also producing music videos, T-shirts, and other products for promotional use and sales.

The average cost of manufacturing a compact disc is approximately \$2.00 per unit, including printing the album cover and liner notes. The finished cost to a consumer is anywhere from \$12.00 to \$25.00, depending on whether the purchase is made directly from the artist at a performance (\$15.00 to \$20.00), whether the compact disc is on sale at HMV (\$12.00 to \$15.00), or whether it is a full mark-up from record company to distributor to retail store to consumer (\$22.00 to \$25.00).

The average cost of manufacturing a cassette in Canada is \$1.10 per unit; the average price per unit to the consumer of a compact disc in Saskatchewan is \$20.00.

The average cost of recording an album in Saskatchewan is \$15,000. The high end of the spectrum would be a \$35,000 to \$50,000 project, recorded and mixed in a 24-track studio. The low end would be a \$5,000 home studio project, with musicians' fees all contributed, and the main expense being the tape costs, and mixing and mastering the final product. An average project is somewhere in the middle, with a lot of the work being done in a home studio, and then brought into a 24-track studio for overdubbing and mixing.

The average cost of recording an album in Canada is similar, with the high end increasing to \$200,000 for the major label name artists, who are encouraged to spend these kinds of dollars by the label to attract star producers and musicians from the United States. The high-end recording budget results in the artist incurring an unmanageable debt to the record company. Increasingly major label artists are refusing to go this route and

instead are recording with their touring bands or local musicians. As the artist does not receive royalties from record sales until the costs of the recording have been repaid, in the long term it doesn't benefit the artist to have a high recording budget.

## 6 Promotion

### Tools Available

For every genre but country and classical, there is the odd live performance at small bars, minimal support from local radio stations, showcase opportunities like the Flatland Music Festival or Ness Creek, and profiles in community papers like *Prairie Dog*. Country acts get more support from radio, Country Music Television (CMT), and from night clubs. Classical groups get CBC airplay and the odd performance at the Cathedral or art galleries.

### Tools Needed

- ✍ an established touring network, both in Saskatchewan and across Canada
- ✍ local video airplay and more consistent local radio airplay, and
- ✍ a better infrastructure of publicists, managers, and agents
- ✍ a new distribution mechanism.

## 7 Positioning

Target markets are split into three levels:

- ✍ the provincial market, and gaining acceptance and exposure here in Saskatchewan
- ✍ the national market, expanding that acceptance and exposure into recognition across Canada, and
- ✍ the international market, which can be divided into the United States, the United Kingdom, Europe, and Asia.

The growth targets outlined in the Cultural Industries Development Strategy are accurate. The first step in developing markets is to create a better climate in Saskatchewan for artists to perform, record, and distribute their product on a domestic, provincial level. Once that goal has been achieved, the industry can set its sights on a national level, and work with other provincial music associations to adopt methods developed in Saskatchewan, partnering with them to create a national touring circuit that will give increased exposure to artists from across Canada, in every region of Canada.

A consolidated touring network will provide the venues and markets for Saskatchewan artists to perform, promote, and sell their recorded product. It will also give them the

experience necessary to compete on a global level and to hone their performance skills to a level that will allow them to rise to the top of the world market.

In addition to the *Balcon Report*, which was commissioned by SRIA in 1994, there have been a number of studies of the Canadian music industry that corroborate the industry's findings. The Music Industry Task Force completed a study in March 1996. Human Resources Development Canada published a series of reports in 1994, under the heading "Creating Careers: Human Resource Issues in the Cultural Sectors." The recording industry report was titled "Sound of the Future: Human Resource Issues in Music and Sound Recording." In addition to these reports, in September 1996 an informal phone survey was conducted by SRIA and backed up by a two-page questionnaire submitted to over 400 professionals in the Saskatchewan recording industry

As the industry works to expand its market presence, it is important that the provincial government is aware of the size, scope, and potential of the industry, and of its ability to contribute to provincial economic activity. The general public should become more aware of the existence and availability of Saskatchewan recorded product, and be encouraged to support local recording artists. The Saskatchewan recording industry should become more informed of the changing technologies, and the role the new technologies will play in the delivery of their recorded product.

## 8 Plan

**Year One:** Increased exposure for the Saskatchewan recording industry through events like the Flatland Music Festival (July/97) and the pan-provincial music industry conference (September/97). Phase I of the Professional Development Strategy. Phase I of the provincial touring network, with the establishment of the Flatland Music Series in Regina and Saskatoon.

Phase I of the creation of a record store on the Internet.

**Year Two:** Continued increase of exposure of Saskatchewan artists, through the Flatland Music Festival, the Flatland Music Series, and the pan-provincial music industry conference. Expansion of the Flatland Music Series to all secondary markets in the province. Phase II of the Professional Development Strategy, including implementation of some elements of the actual programming, and establishment of the Industry Resource Centre.

Expansion of the Internet record store.

**Year Three:** Continued increase of exposure of Saskatchewan recording artists, through the Flatland Music Festival, the Flatland Music Series, and joint marketing initiatives

with other Provincial Cultural Organizations. Expansion of the Flatland Music Series to other provinces in Canada. Phase III of the Professional Development Strategy, including full implementation of all training programs and partnering concepts. Expansion of the Industry Resource Centre to include distance-learning programs and a job-skills registry.

If the provincial government recognizes the music and sound recording industry as one of the largest contributors from the cultural industries to economic activity in the province, and works with the industry to create a program of financial support for start-up capital, then the sector will be able to create a touring network and a distribution system that will dramatically increase the sales of Saskatchewan recording artists.

If there were sufficient funds, the industry could undertake Phase I of the Professional Development Strategy, which is to document what professional development opportunities exist in the province today, and what demand there is for programs that need to be created.

The success of the music and sound recording industry will be measured by an increase in sales of recorded product; an increase in recordings produced; an increase in jobs, both self-employed and employed; and an increase in revenues for the jobs that already exist. Other measurements will be an increase in companies being registered as owners of copyrighted works, and an increase in corporate and personal income tax being paid by Saskatchewan recording artists. A final measurement will be the number of Saskatchewan recording artists who are achieving sales of their product in other provinces in Canada and on an international level.



## Case Studies

Each of the following case studies is fictional but is loosely based on true experiences, with the exception of Case Study #4, which is a future possibility.

### Case Study #1: The JohnBoys

The JohnBoys started performing together while in high school, and continued to perform as a band while they attended university. They were able to perform a few times per month, and while they had started out playing for \$50 a night, they were eventually able to charge \$1,500 a show at universities, high schools, and the odd bar. By scraping all their gig money together, borrowing some funds from their parents, and applying to FACTOR for a demo grant, they were able to put together a recording budget of \$10,000.

They recorded their first album, but didn't have enough money to manufacture it, so they mailed out a handmade cassette copy to all the major labels, hoping to incite enough interest to get their album manufactured and released. They had no response to their mailout.

They booked a few more gigs, and with one of their parents willing to co-sign a loan, they were able to borrow enough money to create their album cover (\$1,500), manufacture a first run of 1,000 copies (\$2,500), and print 100 T-shirts (\$750).

When university ended in the spring, they decided to focus on their musical careers and begged to be allowed to open for any groups that were playing in Regina. A few opening gigs led to off-the-stage sales of both their album and their T-shirts, and also to a few more gigs in neighbouring provinces. Word of mouth and interest in the band grew to the point where they had sold out of both albums and T-shirts. They had sold the albums and T-shirts for \$15 each, and so had realized a gross revenue of approximately \$12,375 (allowing for some give-aways). This meant they had enough money to order a second run of 3,000 copies (\$6,000), as well as 250 more T-shirts (\$1,800), and to pay for a trip to Toronto (\$4,000), where they hoped to incite some interest from the record companies.

They didn't manage to incite any interest from record companies, but they did create a bit of a buzz in the club circuit (playing for \$50 a night) and so they were asked to return to perform again (this time at \$100 a night).

Gradually, over the next year, through continued performances and repeated trips as far east as Toronto and as far west as Vancouver, The JohnBoys had sold 25,000 copies of their compact disc and almost 5,000 shirts. At \$15 each, this meant that they had grossed almost \$450,000 and had repaid the entire cost of the recording and the parental loan. They had also been through a few new sets of tires on their van. Now the record companies started to become interested in them.

Their manager – a friend from college who had taken on more and more of their administrative work but who had no previous training or experience as a manager (there was no training available) – now moved to Toronto, to negotiate with the record companies in person.

A deal was finally reached with one of the major labels, let's call them Warner Music, and the band was paid a standard Canadian-size advance of \$20,000 for the rights to the first album, and were also given a budget of \$100,000 to record their second album. Their royalty rate was 14% of retail, which after all the deductions and fine print, was going to work out to be \$1 per unit, which is standard in the industry.

The first album sold another 25,000 units after the band was signed to the major label, as the record company did some advertising and released a single to radio and video across Canada. However, the band didn't make any money from these sales. The advance they had received had to be repaid, as did the cost of the new video (\$30,000), which was also a "recoupable" expense. (Another industry norm, recoupable expenses are usually the costs of recording, video production, tour support, and any artist advances, and they are recouped by the label out of the artist's royalty.) At \$1 per unit, The JohnBoys would have to sell another 50,000 units after they were signed to pay back the advance and the cost of the video. They had sold 25,000 units after they were signed, so that meant they were still in debt to the label for \$25,000.

With the \$100,000 budget they were given to record their second album, The JohnBoys decided to hire a famous producer, hoping to learn from him so they could make a better record. The label wanted the band to record in Toronto so they could keep an eye on the band's progress in the studio. The process wasn't easy this time, with the band, the producer, and the label all expecting or wanting different results from the recording sessions. After many frustrating months of working on the album, it was finally released. The strain in the studio was evident to the band's fans, who didn't think the album showed the same sense of fun that their first album had, and the sales of the album peaked – even with three video productions and single releases – at 30,000 units sold in Canada. Once the band added up the \$100,000 recording budget, the \$75,000 that had been spent on their three videos, and the \$25,000 that they still owed the label from the first album, they realized that they now owed the label \$200,000, less their current royalties of \$30,000, for a new debt total of \$170,000. (Meanwhile, the label had completely recovered their investment, as the 55,000 units they had sold of the first and second album combined had earned them an average wholesale price of \$13 per unit, for a gross return of \$715,000, or a net income of \$490,000, less advertising costs of \$20,000, for a tidy net profit of \$470,000.)

The financial situation created a fair amount of stress and tension among the band members, and also between the band and the record label. The label executives were

anxious for the band to sell more units, and felt the band needed to write more commercial songs; the label insisted that the band's main songwriter collaborate with some of the more successful American hit-writers. The band began to feel that their creative worth had diminished, that their talents were not of any value, and that they could be replaced by any faceless musicians who could sing or play. They began to question their relationship with the record company, and to weigh the pros and cons of being signed to a multinational conglomerate where they had little control over the budgets, no control over the marketing and promotional efforts to sell their music, and diminishing control over the type of music they made. They were also beginning to question the point of continuing to record and make additional albums, when all the money would directly benefit the record company, with absolutely no income from record sales coming to the band.

The incentive to stay with the label was that the record company was a doorway to international markets. As long as the band remained a Canadian release only, they were limited, because of market size, to potential album sales of 50,000 to 75,000 units. However, if they were able to succeed internationally, they could possibly sell as many albums as Bryan Adams – in the millions. This kind of sales would mean that they could cross the recoupable barrier and start to see big dollars from royalties. The problem was that the Canadian record company had been unable to secure any commitments from other territories to release their albums. It wasn't because the band was not good enough. It was merely because (again, the way the industry works) each territory's branch office would make more money off artists that they signed on their home turf, because they wouldn't have to share their retail sales with another territory.

Typically, a Canadian label that brings an artist to their American counterpart will receive a portion of the American sales of that artist's product. This means that the American label would make more money from sales of artists that they sign directly, as they won't have to share it with any other territory. This means there is absolutely no incentive for an American label to agree to release and market an artist they do not sign directly. (Most Canadian artists who succeed in the United States are signed directly to an American label, for instance, Bryan Adams, Alanis Morissette, k.d. lang, and Loverboy.) Many labels agree to release artists in their territory for political purposes – "I'll release your unknown record, if you increase your ad campaign on my new U2 album by \$30,000." This type of release is no guarantee of sales for any act, as the promotion and marketing campaign given to the unknown record in a foreign territory is usually a token effort with few results.

Back to The JohnBoys. They decided to give the big record label one more album and one more shot at securing an international release for them. They began work on their third album and recorded a number of songs for the label's consideration. The record

company didn't like any of the songs, and asked the band to record a new batch. The band, while they felt that the first batch was their best work to date, went back into the studio. After another few months of recording, the band sent the record company a new tape. While the record company agreed to accept the album, they were so busy working on the new releases of their American superstars, that the third album release by The JohnBoys was postponed for six months.

During that six-month period, The JohnBoys needed to find a way to support their families, and they went back on the road. It had been four years since the success of the first album, and two years since the second album had been seen as a failure for not living up to the sales of the first. By this time, The JohnBoys were not worth much in the market place, and they were barely able to break even on the costs of touring.

The band is still waiting for the record company to release their third album, and they are considering legal action to remove themselves from their contractual obligation to the label. Each of the band members is trying to find a way to support his family while the band's manager fights it out with record company executives on a daily basis.

## **Case Study #2: Matt Rogers**

Matt is a guitar player who also knows how to write a good song and can hold a tune quite admirably with his smooth baritone voice. He was born and raised in Regina, and through his early twenties he spent time as a sideman musician in Winnipeg, Calgary, Vancouver, and Toronto. Matt was able to work his way up to recording status, and he earned a relatively good living as a session player, recording guitar parts on albums, commercial jingles, and songs of all musical styles and genres. His annual income was about \$45,000.

At the age of 30, Matt decided to return home to Regina, as his wife was expecting a child, and he didn't want to raise a family in a big city of concrete and pollution. He settled back into Regina life quite easily and was able to earn a decent living playing guitar parts on commercial jingles and on recording projects for artists of all musical genres. (His annual income had dropped to about \$32,000, but in Regina it didn't matter too much as the cost of living was so much lower.)

For years, Matt had been writing his own music and developing a personal style of singing and playing. He now decided the time was right for him to record an album of his own material, and he began to investigate ways of achieving this goal. He put an application into the Saskatchewan Arts Board and another one into FACTOR. The FACTOR application was turned down, as he wasn't commercial enough and didn't have distribution lined up. The Arts Board, however, deemed his project worthy, and gave him a recording grant of \$10,000.

Matt set to work and soon enough had an album recorded. After being turned down by his bank, he borrowed money from his father to pay for the manufacturing of the album (5,000 units at a total cost of \$12,000).

Matt then worked at getting his record into the stores. While he was able to put a few copies into local Regina shops, he wasn't able to get it into any other stores across Canada. He sent his album to all the CBC stations across the country, and put applications to perform into all the established festivals – the Vancouver, Edmonton, Winnipeg, and Regina Folk Festivals – and into a few of the smaller ones. Matt was accepted at most of these festivals, and he was able to get some airplay on CBC radio, because his talents as a musician, songwriter, and vocalist, not to mention the quality of the recording itself, were all evident to the average listener.

Eventually, after numerous high-profile gigs, a few television interviews on local cable programs, and steady CBC airplay, record stores started to recognize Matt's name and began to stock his product. Sales of his album peaked at about 3,500 units, which at an average return to Matt of \$13 a copy, worked out to total sales of \$45,500.

While this was not much by national standards, it gave Matt enough working capital to record a second album without financial assistance. He was able to manufacture an initial run of 5,000 units, and return to the festival circuit, CBC radio, and cable television shows with less effort than the first campaign.

Matt's value as a performer had also increased, and clubs were now willing to pay him more. He now found steady work performing live for about six months of the year and doing session work for the other six months. While he was touring, he employed a band of four sidemen and one technician for sound and lights, and he paid all five employees \$500 a week. In addition to the six employed musicians and crew, he also had an agent working on his behalf, who was clearing another \$500 a week in commission. With vehicle and equipment rentals, hotels, gas, and other expenses, he was still able to clear almost \$1,000 a week.

Matt put every extra cent he had back into his career, and he was able to hire a radio promoter to work his first single release to commercial radio. While this didn't appear to increase his record sales, it meant he could get better paying club gigs, and he started to get better cheques from SOCAN for his original material. Every four months he would get a cheque for \$1,000 or so, which he immediately put into his account for his next recording project.

Sales of Matt's second album eventually reached 7,000 units, through a combination of retail sales, off-the-stage sales, and direct mail sales to people who wrote to him after a gig. At an average price of \$13 a unit, he grossed almost \$90,000.

Matt is now working towards album number three, which he is planning to record in Regina, using local musicians. He is mapping out a release campaign that will be considerably more commercial than his previous two releases. He is hoping to achieve sales of 15,000 units on his third album, and is looking for information to help him grow in two areas: he would like computer training so he can investigate using the Internet as

an additional tool for album sales and so he can learn to how use databases to help him keep track of sales, airplay, and other information; and he would like to learn how to expand his sales base outside western Canada and shop his albums for licensing in foreign territories. Unfortunately, information on these specific areas is not readily available in Saskatchewan, especially those whose schedule demands that they work in nightclubs until two every morning.

### **Case Study #3: The SlowPokes**

This country act has been working together for five years. They have worked their way up from the C circuit (at \$500 a week), to the B circuit (at \$1,500 a week), and are now playing the A rooms and bringing in \$3,500 a week and sometimes taking in \$5,000 for special performances. They've released their debut compact disc (budget \$15,000) and shot a video for their first single (budget \$7,500), which is getting medium rotation airplay on NTN. They've hired a radio promoter out of Toronto (\$1,500) and manufactured 2,500 copies of their compact disc (\$5,000), a run that looks like it will sell out in just a few months. The band has been averaging 100 copies per week in sales at the clubs they play, and they are adding 20 new names to their mailing list every weekend. Their fan club now boasts over 500 members and every time they print a new T-shirt, they are guaranteed a minimum sale of 300 units through the club. They keep their prices low for their fan club, so their profit margin on those sales is small.

Each of the band members contributed equally to the cost of recording and producing the first video. They took out personal loans at their respective banks, using their trucks or family homes as collateral. They did not apply to FACTOR, as they weren't aware that the program existed. They may apply to FACTOR for their second album project, which they are planning to record in 1997 for release in early 1998.

The band continues to play the A rooms, and they are driving to Nashville to showcase at an industry event there, hoping to land some interest from a name manager, agent, or producer, who, in turn, will lead them to a major label deal. In country, the industry standards are even more in favour of the record label than in rock, but country artists are about 10 years behind rock artists in their desire to change things. At country radio, there is a much slimmer chance of being picked up for airplay without the support of a major label and a major-label-sized advertising campaign. Rumblings of payola are heard often in the country music community.

Despite not having the backing of a major label, The SlowPokes have been able to pack up quite a few stations in Canada, thanks to the 30% Canadian content regulation. The band has even registered in the Top Twenty on the CanCon chart. They are currently planning to release a second single, and they still play every week of the year. They have a two-person crew, and there are four members in the band. They also have a full-time

manager/agent, so they are directly responsible for the livelihood of seven people plus their wives and children. If they are unable to land a big record deal, they will be content to continue building their independent sales, and they project continual growth over the next decade. They have their own Web site, which was built and is regularly updated by a member of their fan club. They are starting to get some airplay in Germany (someone had sent a copy of their compact disc to a radio programmer there), and they are looking for information on how to line up tours in Europe and how to release their product internationally. Unfortunately, they can't get that information in Saskatchewan, so they are looking for contacts in Toronto or Nashville who can help them plan this expansion.

#### **Case Study #4: The Grotty Bunch**

This young punk band has only been together for a year, but they've already recorded at least 30 songs in their garage-style rehearsal room, at a total cost of \$250. (And yes, the songs all sound the same.) They've played about six gigs, each of which has paid under \$20 total. Two of the band members are university students with no income, and the other two are employed, one at a gas bar and the other at a Canadian Tire store. They are about \$100 away from having enough money saved up to manufacture 500 copies of a compact disc (\$1,000).

Despite their relative inexperience, they are already on the Internet – through the university – and they are averaging about 150 “hits” per week on their site (it was highlighted in a university paper as being a “cool” site). They put one of their songs on the Internet, and it has been downloaded 300 times to date. They are collecting e-mail addresses for their fan club list, and have collected over 400 addresses, with an additional 30 addresses coming in every week. They have had e-mail from as far away as Japan, the United Kingdom, and Sweden.

How are profiting from this venture? When you visit their Web site, you can listen to the song they have there or download it for free. If you like it, you can send them a cheque or money order for \$10, plus \$2 for postage, and you'll receive the full album as soon as it is manufactured. They've received 90 orders so far, and they are expecting the number to rise substantially once they have (a) filled these initial orders with actual product, (b) played more gigs, (c) changed the song on the Internet to one they really like, and (d) had their story told on MuchMusic, who really like this hi-tech kind of stuff.

The one thing that we haven't shown throughout these case studies, is a summary of the number of people involved in a group's career, directly and indirectly.

SONGWRITER	LYRICIST	MUSICIAN
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*Publisher   Arranger   Producer   Equipment Supplier   Music Teacher   Equipment  
Manufacturer  
Manager   Agent   Promoter   Venue Operator   Publicist   Accountant   Lawyer  
Business Manager   Graphic Designer*

*Record Company   A & R Department   Sales   Marketing   Promotion   Branch Office  
Distributor  
Wholesaler   Rack Jobber   Retail Chain   Retail Store   Department Store   Radio  
Station  
Radio Promoter   Print Media   Television Media   Internet*

*Merchandise Manufacturer   Designer   Merchandise Distributor  
Salesperson   Record Producer   Engineer   Studio   Equipment Supplier  
Tape Supplier   Manufacturing Plant   Printing Company*

*Video Producer   Director   Camera/Film Crew   Equipment Rentals   Film Purchase  
Location Rentals   Catering   Hair/Makeup/Wardrobe   Audio   Post Production  
Editing   Duplication   Delivery*

*Sound Technician   Lighting Technician   Monitor Technician   Guitar Technician  
Staging  
Drum Technician   Road Manager   Stage Manager   Sound Company   Lighting  
Company*

*Hotels   Venues   Vehicle Rentals   Equipment Rentals   Caterers   Security   Runners  
Stage Hands   Ushers   Box Offices   Bartenders   Waiter/Waitresses*

## **Appendix 3**

### **Attendees at Stakeholder Meetings**

#### **Saskatoon**

Marigold Cribb  
Daryl Danylysmon  
David Doerksen  
Charley Farrero  
Hugh Gilmour  
Sam Hofer  
Glen Kerby  
Jared Kuemper  
Neil Meckelberg  
Dan Semenoff  
Darlene Speidel  
Geoffrey Ursell

#### **Regina**

Marilyn Braun  
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# Appendix 4

## Economic Impact of Saskatchewan's Cultural Industries

### Executive Summary

The economic impact of the Saskatchewan's cultural industries is examined in this paper by Saskatchewan Economic and Cooperative Development (SECD) using the Economic Development Input Output Model (EDIOM). A description of EDIOM is available in the full SECD study.

Cultural industries are defined as follows:

- ↙ the book publishing industry
- ↙ the crafts and visual arts industry
  
- ↙ the film and video industry, and
- ↙ the sound recording industry

The economic impact of the cultural industries was assessed twice:

1. by removing the industry output and associated industry purchases from the provincial economy and estimating the lost production and employment, and
- 2.

by examining the impact of a proposed Cultural Industry Development Strategy against the cost of the Strategy to the provincial government.

It should be noted that only direct and indirect impacts were examined. Induced impacts, which include third-round impacts of the spending of labour income in the economy, were not considered because comparing induced impacts across industries skew the results towards labour-intensive industries.

A summary of the results is presented below for 1). Gross output and gross domestic product (GDP) at factor cost (FC) and at market prices (MP), and labour income are

expressed in millions of current dollars (relevant to the year of activity). Employment impacts are positions.

<b>Total Impacts:</b>	<b>output impact impact</b>	<b>employment labour gdp FC impact</b>	<b>gdp MP impact</b>	<b>(positions) impact</b>	<b>income</b>
<b>Book Publishing</b> 0.94		2.75	1.72	1.73	51.33
<b>Craft and Visual Arts</b> 129.13	14.93	5.34	5.11	848.31	1.73
<b>Film and Video</b> 16.42		29.80	21.80	21.63	569.95
<b>Sound Recording</b> 1274.87	27.02	16.66	16.39	1931.75	7.26

Note: Film direct employment is 528 positions or 264 person-years of employment. Person years were converted to positions by assuming an average of six months employment per position.

The impact of industry expansion due to the implementation of the Cultural Industries Development Strategy is shown below. To properly assess the “net” impact of the Strategy, impacts should be stated net of the direct and indirect impact of foregone provincial government spending in other areas. This a crucial assumption in a balanced budget environment. Total program cost is \$6.1265M. Added to this should be the cost of Film and Video external programs of \$18.4M for a total of \$24.6165M. If \$24.6165M was spent on general provincial government, net program impacts are as follows:

#### Net Program Impacts:

<b>income impact</b>	<b>employment labour output impact</b>	<b>gdp FC impact</b>	<b>gdp MP impact</b>	<b>(positions) impact</b>
<b>Book Publishing</b> 11.76	0.32		0.88	0.51
<b>Craft and Visual Arts</b> 129.13	0.33	2.82	1.01	0.97
<b>Film and Video</b> 1054.70	23.98		42.91	31.19
<b>Sound Recording</b> 1274.87	8.31		31.25	17.60

<b>Less Government Spending Impact</b>	32.85	19.47	19.86	563.83
15.25				
<b>Equals Total Net Impacts</b>		45.01	30.84	29.94
1906.63	17.69			

See Introduction for definitions.

## Conclusion

Cultural industries are a key component of the tourism and cultural industries cluster of activity in the Saskatchewan economy. An industrial cluster is a group of related or supporting firms that interact and/or compete with each to enhance cluster competitiveness. Cultural industries complement the cluster by creating linkages and synergies in the sector.

## 1. Introduction

This paper will estimate the impact of cultural industries on the provincial economy. A cost-benefit analysis is not undertaken at this point. It is assumed that all resources are not employed elsewhere.

The Economic Development Input Output Model (EDIOM) is a square input-output model of the Saskatchewan economy of 50 industry by 50 industry dimension. The model reflects the structure of the 1989 provincial economy.

A description of the model is available in the full SECD study.

## Definitions

Gross output: total expenditures on local goods and services as well as the payments to labour and business profits. Gross output includes double counting because it includes the value of inputs used in production rather than net valued added alone.

**GDP at factor cost:** measures net economic activity within a prescribed geographic area, in this case, the province of Saskatchewan. It represents the payments made to final factors of production: labour, unincorporated business profits, and other operating surplus (corporate profits, interest income, inventory valuation adjustments, and capital consumption allowances). GDP at factor cost excludes the value of intermediate goods and services used in production.

**GDP at market prices:** GDP at factor cost plus indirect taxes less subsidies.

**Employment:** measured in positions.

**Direct impact:** total project/industry expenditure, usually construction or operating outlays.

**Indirect impact:** the secondary impact, which includes inter-industry transactions, purchases of inputs from supporting industries.

**Labour income:** wages, salaries, royalties, commissions, and supplementary labour income (e.g., employer contributions to employee pension plans).

## 2 Industry Impacts

### 2.1 Industry Impact: Book Publishing

In order to assess the impact of the book publishing industry on the provincial economy, the following assumptions are made:

1. A mixed endogenous-exogenous model was employed to simulate the complete elimination of the book publishing industry on the provincial economy by a) exogenizing the printing and publishing sector and decreasing industry output by the 1996 value of book publishing available in both the Cultural Industries Development Strategy and *The Report of the Saskatchewan Book Publishing Committee* and b)

changing the input structure of the exogenized printing and publishing sector by removing the inter-industry purchases by the book publishing industry. An account of the technique employed is available in the full SECD study.

2. Data on the input structure of the book publishing industry is available in both the Cultural Industries Development Strategy and *The Report of the Saskatchewan Book Publishing Committee*. The original figure of \$3M in gross output was scaled down to \$2M to reflect the departure, in January 1997, of the largest trade publisher in the province. Wages, royalties, employment, printing cost, and other operating costs were scaled down proportionally to reflect the drop in production. Where no data were available on inter-industry purchases, the printing and publishing industry average in EDIOM was used instead. Employment was estimated originally in the strategy document as 50 positions. The scaled-down figure of 42 is used instead.
3. The direct impact is the decrease of output of \$2M, book publishing industry revenues.
4. The estimate of 42 jobs was used as direct employment impact. A small adjustment was made to the employment coefficient for the printing and publishing industry to reflect the differences in labour intensity between book publishing production and the printing and publishing industry average.
- 5.

It is assumed that the ratio of imports to total inputs in the printing and publishing industry holds for the book publishing industry.

- 6.

Industry outlays by the book publishing industry.

↳

Wages and salaries and royalties: \$0.838M

↳

Printing costs (assigned to the printing and publishing industry): \$0.36M

↳

Other operating costs (assigned to industries based on the average input mix in the printing and publishing industry): \$0.733M

↳

Net income of unincorporated business was adjusted to ensure model balance.

## Results

A summary of results are presented below. Gross output and gross domestic product (GDP) factor cost, and labour income are expressed in millions of current dollars (relevant to the year of activity). Employment impacts are positions.

### Industry Impact: Book Publishing

		employment output income impact	labour gdp FC impact	gdp MP impact	(positions) impact
<b>Total</b>				2.75	1.72
	1.73	51.33		0.94	
<b>Direct</b>				2.00	1.33
	1.34	42.00		0.70	
<b>Indirect</b>				0.75	0.39
	0.39	9.33		0.24	

Impacts by detailed industry on the Saskatchewan economy are presented in the full SECD study.

## 2.2 Industry Impact: Craft and Visual Arts

In order to assess the impact of the craft and visual arts industry on the provincial economy, the following assumptions are made:

1. A mixed endogenous-exogenous model was employed to simulate the complete elimination of the craft and visual arts industry on the provincial economy by a) exogenizing the other service sector and decreasing industry output by the 1996 value of craft and visual arts available in both the Cultural Industries Development Strategy document and survey work undertaken by Anderson and Fast consulting and b) changing the input structure of the exogenized other service sector by removing the inter-industry purchases by the craft and visual arts industry. An account of the technique employed is available in the full SECD study.

2. The direct impact is the decrease of output of \$8.135 million, the value of craft and visual arts sales in 1996.
3. The estimate of 800 jobs was used as direct employment impact. A small adjustment was made to the employment coefficient for the other service industry to reflect the differences in labour intensity between craft and visual arts production and the other service industry average.
4. The ratio of imports to total inputs in the craft and visual arts industry is available in the survey work undertaken by Anderson and Fast consulting.
- 5.

Industry outlays by the craft and visual arts industry.

:

↙ Wages and salaries: \$0.285M

↙

Supply expenditure captured in Saskatchewan (assigned to industries based on the average input mix in the other service industry using the ): \$1.77M.

↙

Overhead (assigned to utilities): \$2.446M

↙

Promotion and advertising (assigned to business services): \$1.0435M

↙

Net income of unincorporated business was adjusted to ensure model balance.

## Results

A summary of results are presented below. Gross output and gross domestic product (GDP), factor cost, and labour income are expressed in millions of current dollars (relevant to the year of activity). Employment impacts are positions.

### Industry Impact: Craft & Visual Arts

	<b>employment</b>	<b>labour</b>		
	<b>output</b>	<b>gdp FC</b>	<b>gdp MP</b>	<b>(positions)</b>
<b>income</b>				
	<b>impact</b>	<b>impact</b>	<b>impact</b>	
<b>impact</b>				

Total				14.93	5.34
	5.11	848.31	1.73		
Direct			8.13	1.87	
1.55	800.00	0.29			
Indirect			6.80	3.47	
3.57	48.31	1.44			

Impacts by detailed industry on the Saskatchewan economy are presented in the full SECD study.

### 2.3 Industry Impact: Film and Video

In order to assess the impact of the film and video industry on the provincial economy, the following assumptions are made:

1. A mixed endogenous-exogenous model was employed to simulate the complete elimination of the film and video industry on the provincial economy by a) exogenizing the amusement and recreation sector and decreasing industry output by the 1996 value of film and video available in both the Cultural Industries Development Strategy and the Saskatchewan Motion Picture Employment Tax Credit proposal (SETC) of November 1996 and b) changing the input structure of the exogenized amusement and recreation sector by removing the inter-industry purchases by the film and video industry. An account of the technique employed is available in the full SECD study.
2. The direct impact is the decrease of output of \$26.4 million, the value of film and video production in 1996.
3. The estimate of 528 jobs was used as direct employment impact. This is based on a conversion of 264 person-years of employment to 528 positions by assuming that average employment in the industry is 6 months per year. A small adjustment was made to the employment coefficient for the amusement and recreation industry to reflect the differences in labour intensity between film and video production and the amusement and recreation industry average.

4. The ratio of imports to total inputs in the film and video industry is available in the Saskatchewan Motion Picture Employment Tax Credit proposal (SETC) of November 1996.

5.

Industry outlays by the film and video industry.

↳ Wages and salaries: \$15.6M

↳

Non-wage expenditure captured in Saskatchewan (assigned to industries based on the average input mix in the amusement and recreation industry): 69.5% of \$10.4M or \$7.3M

↳

Other operating surplus was adjusted to ensure model balance.

## Results

A summary of results are presented below. Gross output and gross domestic product (GDP) factor cost, and labour income are expressed in millions of current dollars (relevant to the year of activity). Employment impacts are positions.

### Industry Impact: Film and Video

	employment output income impact	labour gdp FC impact	gdp MP impact	(positions) impact	
<b>Total</b>			29.80	21.80	21.63
569.95	16.42				
<b>Direct</b>			26.40	20.32	20.11
528.00	15.60				
<b>Indirect</b>			3.40	1.47	1.52
41.95	0.82				

Note: Film direct employment of 528 positions is equivalent to 264 person-years of employment.

Impacts by detailed industry on the Saskatchewan economy are presented in the full

SECD study.

## 2.4 Industry Impact: Sound Recording

In order to assess the impact of the sound recording industry on the provincial economy, the following assumptions are made:

1. A mixed endogenous-exogenous model was employed to simulate the complete elimination of sound recording on the provincial economy by a) exogenizing the amusement and recreation sector and decreasing industry output by the value of the gross revenues of Saskatchewan musicians, studios, equipment suppliers, and record sales of Saskatchewan product from the Balcon report as follows:

Musicians' fees (includes symphony salaries, recording fees)	\$
5,500,000	
Recording studio revenues	\$ 1,500,000
Agency commissions	\$ 500,000
Manufacturing (Sask only)	\$ 550,000
Songwriter/publisher royalties	\$ 125,000
Live performance venues (ticket sales)	\$ 8,650,000
Record sales (retail & other)	\$ 1,500,000
<u>Retail equipment sales/services</u>	<u>\$ 2,250,000</u>
<u>Total</u>	<u>\$20,575,000</u>

These figures exclude radio advertising revenues, retail sales of non-Saskatchewan product, alcohol sales at night clubs or musical events, etc.

2.

and b) changing the input structure of the exogenized amusement and recreation sector by removing the inter-industry purchases by the sound recording industry. An account of the technique employed is available in the full SECD study.

3.

No data on the input structure of the sound recording industry was available. The average industry purchases by the amusement and recreation available in EDIOM was used instead with the exception of manufacturing, which is \$0.55M (assigned to other manufacturing) and musician fees and royalties, which were assigned to labour income. Employment is estimated at 1,850.

4. The direct impact is the decrease of output of \$20.575 million, sound recording industry revenues.

5. The estimate of 1,850 jobs was used as direct employment impact. A small adjustment was made to the employment coefficient for the amusement and recreation industry to reflect the differences in labour intensity between sound recording production and the amusement and recreation service industry average.

6.

It is assumed that the ratio of imports to total inputs in the amusement and recreation industry holds for the sound recording industry.

## Results

A summary of results are presented below. Gross output and gross domestic product (GDP) factor cost, and labour income are expressed in millions of current dollars (relevant to the year of activity). Employment impacts are positions.

### Industry Impact: Sound Recording

**employment**

**labour**

	<b>income</b>	<b>output</b>	<b>gdp FC</b>	<b>gdp MP</b>	<b>(positions)</b>	
	<b>impact</b>	<b>impact</b>	<b>impact</b>	<b>impact</b>	<b>impact</b>	
<b>Total</b>				27.02	16.66	16.39
1931.75	7.26					
<b>Direct</b>				20.57	13.84	13.48
1850.00	5.62					
<b>Indirect</b>				6.44	2.83	2.92
81.74	1.64					

Impacts by detailed industry on the Saskatchewan economy are presented in the full SECD study.

### 3 Program Impacts

In order to assess the impact of an expansion of cultural industries on the provincial economy as a result of the Cultural Industries Development Strategy, the following assumptions are made:

1. A mixed endogenous-exogenous model was employed to simulate the increase in cultural industry output. The input structure of each cultural industry was the same modified input structure developed in Section 2: Industry Impacts. An account of the technique employed is available in the full SECD study.
2. The direct impact is the increase of output over the life of the Strategy (five years from 1997/98 to 2002/3) from the base data in Section 2 for each of the industries below:

↙

Book Publishing: \$0.657667M increase in output (Cultural Strategy Performance Objectives).

↙

Craft and Visual Arts: expansion of producer income by \$1.537M (Cultural Strategy Performance Objectives)



Film and Video: expansion of production from \$26.4M in 1996 to \$64.4M in 2000 or \$38M in incremental output and expansion of direct employment from 264 person-years or 528 position to 761 person-years or 1522 positions or 994 incremental positions (projections based on industry expansion with the implementation of an employment tax credit and the assumption that average industry employment is six months per year - Derek Murray Consulting). Note: this is based on expansion to 2000/01 and is likely an underestimate of actual incremental expansion to 2002/03.

↙ Sound recording output increase is based on industry performance measures:

Musicians' fees		+\$
5M		
Recording studio revenues	+\$ 1.5M	
Agency commissions		+\$
2.5M		
Manufacturing (Sask only)	+\$ 2.75M	
Songwriter/publisher royalties	+\$ 0.625M	
Live performance venues (ticket sales)	+\$ 0M	
Record sales (retail and other)	+\$ 7.5M	
Retail equipment sales/services	+\$ 2.25M	
Total		
	+\$22.125M	

### 3.1 Program Impact: Book Publishing

Impacts on the Saskatchewan economy are presented below for the life of the program. Gross output, GDP, and labour income are expressed in millions of current dollars. Employment impacts are in positions. All results are incremental to existing activity.

#### Program Impact: Book Publishing

	employment output impact	labour gdp FC impact	gdp MP impact	(positions) income impact
<b>Total</b>			0.88	0.51
0.51	11.76		0.32	
<b>Direct</b>			0.66	0.39
0.39	8.96		0.25	

<b>Indirect</b>		0.23	0.12
0.12	2.80	0.07	

Impacts by detailed industry are available in the full SECD study.

### 3.2 Program Impact: Crafts and Visual Arts

Impacts on the Saskatchewan economy are presented below for the life of the program. Gross output, GDP, and labour income are expressed in millions of current dollars. Employment impacts are in positions. All results are incremental to existing activity.

#### Program Impact: Crafts and Visual Arts

	employment output impact	labour gdp FC impact	gdp MP impact	(positions) income impact
<b>Total</b>			2.82	1.01
0.97	129.13		0.33	
<b>Direct</b>			1.54	0.35
0.29	120.00		0.06	
<b>Indirect</b>			1.28	0.66
0.67	9.13		0.27	

Impacts by detailed industry are available in the full SECD study.

### 3.3 Program Impact: Film and Video

Impacts on the Saskatchewan economy are presented below for the life of the program. Gross output, GDP, and labour income are expressed in millions of current dollars. Employment impacts are in positions. All results are incremental to existing activity.

#### Program Impact: Film and Video

	<b>employment output impact</b>	<b>labour gdp FC impact</b>	<b>gdp MP impact</b>	<b>(positions) income impact</b>
<b>Total</b> 1054.70	23.98		42.91	31.19 30.95
<b>Direct</b> 994.00	22.80		38.00	29.06 28.75
<b>Indirect</b> 60.70	1.18		4.91	2.13 2.20

Impacts by detailed industry are available in the full SECD study.

### 3.4 Program Impact: Sound Recording

Impacts on the Saskatchewan economy are presented below for the life of the program. Gross output, GDP, and labour income are expressed in millions of current dollars. Employment impacts are in positions. All results are incremental to existing activity.

#### Program Impact: Sound Recording

	<b>employment income impact</b>	<b>output impact</b>	<b>labour gdp FC impact</b>	<b>gdp MP impact</b>	<b>(positions) income impact</b>
<b>Total</b> 1274.87	8.31			31.25	17.60 17.37
<b>Direct</b> 1150.00	5.63			22.13	13.44 13.10
<b>Indirect</b> 124.87	2.69			9.13	4.16 4.27

Impacts by detailed industry are available in the full SECD study.

### 3.5 Net Program Impacts

To properly assess the “net” impact of the Cultural Industries Development Strategy, impacts should be stated net of foregone provincial government spending in other areas. This a crucial assumption in a balanced budget environment. Total program cost is \$6.1265M. Added to this should be the cost of Film and Video external programs of \$18.4M for a total of \$24.6165M. If this was spent on general provincial government, net program impacts are as follows:

**Net Program Impacts:**

<b>employment impact</b>	<b>labour output impact</b>	<b>gdp FC impact</b>	<b>gdp MP impact</b>	<b>(positions) impact</b>	<b>income impact</b>
<b>Book Publishing</b> 11.76      0.32			0.88	0.51	0.51
<b>Craft and Visual Arts</b> 0.33		2.82	1.01	0.97	129.13
<b>Film and Video</b> 1054.70	23.98		42.91	31.19	30.95
<b>Sound Recording</b> 639.57      8.31			31.25	17.60	17.37
<b>Less Gov't Spending Impact</b> 15.25		32.85	19.47	19.86	563.83
<b>Equals Total Net Impacts</b> 17.69		45.01	30.84	29.94	1906.63