

Moving Saskatchewan's Creative Industries Forward - Building a Long-term Strategy

Introduction

Governments worldwide have begun to recognize creative industries as a significant force in the modern economy. As a result, many jurisdictions have issued national, regional and local strategies targeting the creative economy, particularly its role in innovation. These strategies recognize that creativity fuels innovation and innovation drives growth, prosperity and sustainability.

Saskatchewan's growth and prosperity will depend on how well we plan for and utilize our creative resources, knowledge and talent to spur innovation. Saskatchewan's cultural and creative industries offer the potential for innovation, economic growth and employment. In order to do so, Saskatchewan's creative industries need to remain competitive in the rapid pace of the changing global economy. The right conditions must be in place for creativity and innovation to flourish within a culture of entrepreneurship.

Evidence suggests¹ an effective environment for a competitive creative sector include support for:

- the integration of emerging technologies;
- growing creative content and services;
- flexible business models;
- enhanced commercial capacity through business development;
- identifying and gaining access to new markets;
- promoting collaborative networks and access to development and distribution resources; and
- meeting consumer demand.

Developing and Sustaining the Creative Industries

The creative industries are a defining feature of what some term the "creative economy." All creative industries stem from the commercialization of creative expression with creative work as the central input and the starting point for a large industry of supports and services.² They include the businesses and people involved in the creation, production, distribution and marketing of cultural goods and services that have aesthetic, intellectual and emotional appeal to the consumer and value in the market place:³

- music and sound recording;
- writing and publishing;
- craft;

¹ Europe 2020: A strategy for smart, sustainable and inclusive growth, European Commission, 2010.

² Baardman, Sam. A creative Industries Background. Regina: The Saskatchewan Arts Board, 2008.

³ Pride of Saskatchewan: A Policy Where Culture, Community and Commerce Meet, March 2010

- visual arts;
- film and multimedia (animators and game developers); and
- the performing arts (theatre and dance).

Creative industries in Saskatchewan represent hundreds of commercial enterprises, the majority of which are micro-enterprises. These commercial enterprises have many interdependencies and often share a common talent pool. Many other related industries and social sectors rely on their creative content for their own development and are, to some extent, dependent upon the creative industries.

With a nurturing environment, the creative industries can be both competitive and profitable. However, to achieve and sustain growth, businesses and organizations require capacity. The concept of capacity relates to individuals, organizations, businesses and governments having the ability to achieve certain outcomes. Capacity, and in turn sustainability, is typically enhanced through development of human resources, adequate financial capital and essential organizational and business processes. To this end, governments sometimes offer supports to targeted or underdeveloped sectors and communities to help businesses or organizations to develop capacity with the ultimate goal of becoming self-sustaining.

Saskatchewan has taken steps to build the capacity of the creative industries. It has done this through policy, various programs and projects.

Across the country, there are many different models and promising practices that support development of the creative industries. Many jurisdictions utilize an “Arts Board” model to deliver funding to sector organizations. Some provinces have established specific arms-length organizations to facilitate a cluster-based approach to creative industry development. For example, Manitoba Film and Music serves the province’s film, television and music recording industries by operating support programs and marketing products nationally and internationally. Similarly, the Ontario Media Development Corporation, La Société de développement des entreprises culturelles (SODEC) and Creative Scotland provide a variety of supports targeting a much broader group of creative industries.

The State of Creative Industries in Saskatchewan

A recently-released report commissioned by Enterprise Saskatchewan includes an economic profile of the creative industries in Saskatchewan.⁴ The report concludes that Saskatchewan is lagging behind other jurisdictions in developing a cohesive vision, model and strategies to build a creative economic sector.

The report provides valuable information on the employment growth within the cultural sector⁵ from 7,774 in 1997 to 11,065 in 2009⁶ - a growth of 42 per cent. However, as a

⁴ Requirements to Support Commercialization Objectives of Saskatchewan’s Creative Industries, March 2011 available at: <http://www.enterprisesaskatchewan.ca/CreativeIndustries>

⁵ Includes people working in creative and artistic production, heritage collection and preservation, cultural management; technical and operational staff.

percentage of the overall workforce, Saskatchewan trails the national average of 3.1 per cent with 2.1 per cent of the total employed labour force. Saskatchewan ranks second to last, along with New Brunswick, narrowly exceeding Newfoundland and Labrador at 1.8 per cent.

In 2003, the value of Saskatchewan's international cultural exports totaled \$7.7 million compared to \$98 million for Manitoba and \$47 million for Alberta.

The following chart provides estimates on the economic value of select Saskatchewan creative industries.

	Year	Volume/Revenue	Employment Direct/Indirect
Music ¹	2007	\$82.7M	1,314
Film ²	2000-2010	\$47.0M	819
Visual Arts/Crafts ³	2003	\$23.0M	264 (Direct)
Theatre ⁴	2010	\$10.0M	N/A
Publishing ⁵	2005	\$2.1M	39 (Direct)

1. *Economic Impact Assessment of the Saskatchewan Music Industry – Final Report –* SaskMusic September 15, 2006.

2. *Final Report – Economic Impact Statement for the Saskatchewan Film and Video Industry.* Saskatchewan Industry and Resources in Partnership with Saskatchewan Culture, Youth and Recreation, May 2004. Given the large fluctuations in annual film production revenue, a 10-year average for the period 2000-2010 was used.

3. *A Creative Industries Backgrounder*, prepared for the Saskatchewan Arts Board, December 2008.

4. Estimated by the consultant based on interviews (Globe Theatre and Persephone Theatre combined have budgets of over \$7.0 million alone).

5. Same source as per Visual Arts Sector.

Challenges faced by Creative Industries in Saskatchewan

1. Competitiveness of the creative industries:
 - Economic structure and production volumes of companies, most of which are small, micro sized companies (sole proprietors) to medium sized;
 - Early adoption of emerging technologies;
 - The need to be at the forefront of innovation, creating highly interactive quality content available on multiple platforms;
 - The capacity to quickly seize new opportunities (Scotland has created an Ideas Bank to support innovation);
 - Niche product development;
 - Access to resources for development and distribution. Creative industries outside the major metropolitan centers are not on a level playing field when it comes to accessing resources available to grow their business;
 - Distribution across multiple platforms; and

⁶ Cultural Human Resources Council 2010, Conference Board of Canada and Statistics Canada Labour Force Survey 2008.

- Globalization of audience and market development.
2. Adoption of digital technologies and the current state of our digital infrastructure - according to a recent report on the creative industries⁷, there has been a lack of support for innovation, research and support for the transition to digital technologies.

The 2011 Broadband report from the Canadian Radio-television and Telecommunications Commission (CRTC) indicates 98 per cent of Saskatchewan's population has access to broadband connections. However, digital consumers are demanding higher speeds for faster downloading capacity. Content creators need increasingly higher speed to engage in digitally-based marketing and promotion efforts, thereby widening their geographical scope of sales. Access to fast and affordable broadband is also essential to ensure a domestic audience for content.

3. Talent and industry development - ensuring businesses have the skills and knowledge to grow strong content-based companies, generate new business opportunities and entrepreneurial skills.
4. Capital and investment attraction (e.g., early stage financing for prototype development and planning, business and product financing).
5. The emergence of new business models and marketing strategies (e.g., social media) required to grow content (product) and exploit intellectual property (e.g., on-demand content on every platform). Business models in the digital environment have not fully jelled.
6. Lack of good data on the economic return on investments in the creative industries making evidence-based policy development challenging.
7. Tolerance to risk - innovation often requires risk-taking, which may leave small and medium size enterprises, which do not have the scale or scope to absorb the consequences of risk, at a disadvantage.

Digital and Other Emerging Technologies and Creative Industries

The internet has enabled rapid growth of the knowledge economy, particularly in sectors focused on innovation such as technology and the creative industries. Technological innovation plays a central role in economic performance and prosperity and is a key influence on the functioning and performance of businesses and markets.

Digital and other emerging technologies can drive innovation in the creative industries. While creativity is about the genesis of cutting-edge ideas to address challenges or opportunities, innovation is about the successful application of these ideas. The quality

⁷ Requirements to Support Commercialization Objectives of Saskatchewan's Creative Industries, March 2011 available at: <http://www.enterprisesaskatchewan.ca/CreativeIndustries>

of creative content is what drives consumers to purchase products and experiences and to adopt emerging technologies.

The electronic, networked and interactive nature of the digital world has a significant impact on the creative industries. The creative industries must consider new possibilities for distribution and public engagement created by an ever-changing digital world. These new avenues present challenges and opportunities for the production and consumption of creative content. Consumers are demanding highly-interactive content that is accessible anytime, anywhere on any device. Creative content producers must master the skills of emerging technologies for content creation, development of niche products, audiences and markets and distribution channels across multiple platforms.

For content creators adopting emerging technologies, growing their business and market share can be both daunting and exciting. Technology changes the relationship between creators of content and consumers. Consumers, creators, producers and distributors utilize and interact with the internet, the broad landscape of connectivity and the availability of multiple platforms and devices. Emerging technologies enable access to markets, consumers and audiences worldwide. They require new business models.

Recent examples of emerging technologies in the creative industries include 3D TV and films, digital musical instruments, increased speed and storage capacity of digitized content and interactive television such as CloudTV™ that enables the authoring, operation and distribution of television apps from the network cloud to video products such as televisions, set-top boxes and portable devices.

Impact of Technological Innovations on Creative Industries

New digital technologies have primarily impacted production and distribution practices in disciplines outside the performing arts⁸. Writing and publishing, music, media arts (film and video and new media) and visual arts all involve the production of physical objects which are distributed to the public. Artists can now replace physical objects with electronic files distributed over time and between places over vast networks.

Creative disciplines and practices have different relationships with digital technology. There are creative domains that exist because of technology (digital arts practices and film, video) and those that are transformed by technology (new distribution channels for music, e-books in publishing, live performing arts).

Examples of technological advancement and the creative industries include:

- Film and television - animation; special effects; HD; podcasts; webisodes; iPhone applications to build audiences; satellite TV; cable TV;
- Music - end-to-end creation through to market; access to on-line music collections (iTunes);

⁸ Digital Transitions and the Impact of New Technology On the Arts, Prepared by David Poole with assistance from Sophie Le-Phat Ho For the Canadian Public Arts Funders (CPAF) network, June 2011

- Performing Arts - live streaming of performances, digital backdrops, new materials in set design;
- Publishing - eBooks, Kindle, Kobo, audio books, Amazon Print on Demand
- Gaming - handheld, simulation, automatic scene generation, technology-enabled learning and serious games used in health care rehabilitation.

Moving Saskatchewan's Creative Industries Forward (Draft Strategy)

Moving Saskatchewan's Creative Industries Forward will help advance the commercial objectives of the creative industry through the development of a strategy that builds capacity by:

- addressing the challenges of adopting emerging technologies at all stages of the production value chain - consumption; distribution; marketing; production; development and creation;
- identifying promising practices in programs and services such as business development and management, investment attraction and market development;
- facilitating an environment of collaboration among the creative industry sectors; and
- supporting the production of high-quality creative content and services for the purposes of entertainment, education, information and services.

Vision - Saskatchewan is a leader in the creative economy with strong content companies supported by outstanding creative talent innovating new products and services excelling in the development and use of new and emerging technologies.

Principles (*What we believe in*)

1. Sustainability
2. Growth and innovation
3. Return on investment to the province
4. Open to all Saskatchewan creative industries
5. Cross-industry collaboration
6. A common approach for the development of the creative industries
7. Early adoption of emerging technologies to drive the creative economy

Outcomes (*Where we want to be*)

1. Increase sales, revenue and investment attraction
2. Long-term growth of existing companies and successful new start-ups
3. Unlock the economic potential of creative industries through the use of existing and emerging technologies

Strategic directions (*How we will get there*)

1. Leverage other investment and partnership opportunities
2. A repurposed sound stage available to support all creative industries
3. Support for capacity development in content creation, product development and distribution, commercialization and market development
4. Support for early adoption of emerging technologies
5. Delivery through refocusing of some of the existing resources

6. Support for research, monitoring and measuring the impact of the creative industries

The diverse nature of creative industries often results in fragmented programs and investments. Yet, there are many common challenges shared by creative industries (human resource development, financial sustainability of companies, rapid technological change and increasing global competition). A more-cohesive approach to business development and sustainability, recognizing sustainable growth for any industry is contingent on the response to these challenges, is needed.

The strategy will build on existing partnerships, the experience and successes of existing creative industry programming (Creative Industries Growth and Sustainability and Culture on the Go programs), the Film Employment Tax Credit and investment programs provided by SaskFilm. Part of the business environment for the creative industries has been set through the introduction of *The Arts Professions Act* and *Pride of Saskatchewan*.

The strategy will complement the work of the Information Communication Technology (ICT) Council, under development - an industry-led governing body struck to promote accelerated adoption of information and communications technology innovation in all sectors of the Saskatchewan economy.

Why is Moving Saskatchewan's Creative Industries Forward a Good Idea?

The *Saskatchewan Advantage* provides many opportunities to sustain and develop the creative industries and grow the creative economy. However, without a unified vision and plan, Saskatchewan may lose our advantage to grow the creative economy. Our province has a wealth and diversity of creative talent. We have an opportunity to pull together commercial creative industry enterprises around existing and emerging technologies to boost capacity and accelerate competitiveness.

The creative industries use a common talent pool. For example, the Englishman's Boy, a Governor General Award winning novel written by Saskatchewan author Guy Vanderhaeghe, was the inspiration for a film produced by a local company. Although there are several interdependencies as illustrated in the above example, there is no common approach to industry development or an environment conducive to collaboration, innovation and the development of creative products and services. A robust commercial creative sector will encourage creators and innovators to remain in the province, contributing to the provinces economic growth agenda.

The province owns a largely-unused state-of-the-art 73,000-square-foot production studio. There is an opportunity to repurpose the Canada-Saskatchewan Production Studio to provide creative industry companies with the kind of infrastructure needed for content development, collaboration and experimentation on projects. It could host micro-enterprises and function as a creative cluster, incubating new ideas and growing creative-content-based companies.

There are many partnership opportunities available. For example, given the proximity of the Canada-Saskatchewan Production Studio to the University of Regina faculty of Media Production and Studies, and Spring Board West Innovations, there are opportunities to form new partnerships with access to students and faculty members. There are also other partnership opportunities available, for example with the University of Saskatchewan, Faculty of Computer Science, Ideas Inc., a business incubator organization and the Saskatchewan Trade and Export Partnership (STEP), a government-industry partnership with a mandate to increase Saskatchewan exports to existing markets and to tap into new markets.

Emerging technologies are changing the way we live. Our environment has become mobile, fast and virtual. One of the few certainties is that the change we have witnessed in recent years will only increase in pace. Support for the development and early adoption of emerging technologies can assist creative enterprises in gaining traction to accelerate their growth and increase their competitive edge.

Moving Saskatchewan's Creative Industries Forward Discussion

The following questions offer a springboard for reflection and discussion about the future of the creative industries.

Key Questions:

- a. What are your views on how best to advance the commercial objectives of the creative industries?
- b. How does the draft strategy resonate with you?
- c. How could government and commercial creative industry enterprises leverage investments and partnership opportunities?
- d. What does a comprehensive approach to industry growth and development mean to you?
- e. What would a repurposed production studio look like?
- f. What kind of supports and services need to be in place to grow your business (e.g., business development, product development, marketing)?
- i. How would a non-refundable tax credit help your business?⁹
- g. How would a product and market development agency or some other support system be helpful to you?
- h. What resources do you think could be refocused to support strategy implementation?

⁹ A non-refundable tax credit would reduce Saskatchewan Corporate Income Tax (CIT) otherwise payable. Suppose a creative enterprise has \$10,000 CIT payable and a tax credit of \$100,000. A non-refundable tax credit would eliminate the Saskatchewan CIT otherwise payable of \$10,000 and permit the corporation to carry forward the remaining \$90,000 to be applied against future CIT payable (generally for up to 10 years), the current year and the previous three years. If the corporation doesn't declare further Saskatchewan CIT payable, the remaining \$90,000 is lost to the corporation.

- i. Are you currently using what would be considered “emerging technologies” in your respective creative industry, either to help create, market or distribute?
- j. If so, can you provide a brief description of the technologies?
- k. If not, can you provide a list of reasons preventing your business from adopting “emerging technologies” that would help your core business? (i.e. cost, training, awareness)
- l. What would success look like?

You may email your submission to susan.hetu@gov.sk.ca or mail your response to:

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Deputy Minister's Office
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REGINA SK S4P 4H2
306-787-0730

In addition, please include the following information in your submission, if applicable:

- Whether you are responding as an individual, an organization or a business.

If you are responding as a business or organization, please include the following additional information. This information will help us better understand the different creative industry sub-sectors.

- What creative industry sub-sector you represent (e.g., music, publishing, interactive media);
- Gross revenue from your creative endeavors;
- Sources of income (e.g. bank lines of credit or loans, government subsidies and/or grants, private investors);
- Number of fulltime/part time employees;
- Location of primary customers/clients (e.g., per cent local, within Saskatchewan, national, international);
- Why you choose to operate in Saskatchewan.

Responses will be aggregated and individual personal information will be kept confidential. Submissions by organizations and businesses may be shared or identified in reports on the consultation. Information will not be published with specific reference to any one organization without its consent. Submissions will be accepted until September 15, 2012