

CREATIVE SASKATCHEWAN INC.

operating in

THE SASKATCHEWAN CENTRE FOR CREATIVE ENTREPRENEURSHIP

**A response to
“Moving Saskatchewan’s Creative Industries Forward -
Building a Long-Term Strategy”**

A discussion paper issued by the Ministry of Parks, Culture and Sport

Submitted by

The Saskatchewan Recording Industry Association Inc.
(operating as)

SASK**MUSIC**



PREFACE

Saskatchewan's creative industries have been the focus of numerous studies in recent years. Many of these studies have placed specific emphasis on the status and development of Saskatchewan's commercial music industry. Upon review of "Moving Saskatchewan's Creative Industries Forward," the Government of Saskatchewan's Discussion Paper, we believe that these previous studies form the basis of that Discussion Paper.

All of the studies have correctly identified the creative industries, and especially the commercial music industry, as a pillar of any stable, vibrant growing economy. Consequently, we do not intend to re-state the prior studies at length in this response. Numerous previous submissions to the Government of Saskatchewan by SaskMusic have already outlined our position with respect to those studies.

Similarly, we do not intend to address all of the questions stated in the Discussion Paper. Some of these are not relevant to the commercial music industry, but most will be inherently answered upon review of the *Creative Saskatchewan Inc.* concept outlined herein. That said, our position on two of the posed questions underlie our entire proposal, and thus should be clearly stated.

Specifically, we are very concerned about question (H), "What resources do you think could be refocused to support strategy implementation?" To our industry, "refocusing" implies that there would be no new investment. A multitude of experts, from Richard Florida¹ and Sam Baardman² to Professor Alan Freeman³ have clearly identified the requirement for new investment. With the speed of development in our industry, we believe that refocusing existing resources is, in the best case, simply protection of the status quo. We believe that maintaining the status quo is a step backward.

¹ Author, *The Rise of The Creative Class* and other books. Florida's ideas on the "creative class," commercial innovation, and regional development have been featured in major ad campaigns from BMW and Apple, and are being used globally to change the way regions and nations do business and transform their economies.

² Author, "A Creative Industries Background." Regina: The Saskatchewan Arts Board, 2008.

³ Alan Freeman was principal economist in the Greater London Authority's Economic Analysis Unit from 2001 to 2011; he currently writes and advises on cultural policy, is visiting fellow at the Department of City Planning, University of Manitoba, research fellow at Queensland University of Technology, and visiting professor at London Metropolitan University.



We also note our response to question (I), “How would a non-refundable tax credit help your business?” With the lower cost of production compared to many other creative industries (especially film), SaskMusic believes that a properly constituted non-refundable tax credit would be of some benefit to our industry. The credit would have to be calculated on the basis of all expenses, including labour, and would have to account for the fact that a certain percentage of eligible expenses would be incurred out of the province in the course of live performance touring.

We note the additional information required in responses from organizations, outlined in the Discussion paper. That requested information could be best gleaned from the numerous studies prepared by or on behalf of the Government of Saskatchewan over the past 18 months. In addition, documents (all of which have been previously provided by SaskMusic) such as the 2008 Economic Impact Study of Saskatchewan’s music industry, the 2007 Music Industry Review, the 2008 Music Industry Sector Development Plan and SaskMusic summaries of those documents can be accessed to obtain that information. We can provide additional copies of those documents if required.

We believe that Saskatchewan has a multitude of current opportunities to capitalize on for the development of its creative industries. Our proposal as to how that can be achieved follows, in our concept for *Creative Saskatchewan Inc.*



CREATIVE SASKATCHEWAN INC.

We accept the definition of creative industries found in “*A Creative Industries Backgrounder*” (Saskatchewan Arts Board 2008), where the author Sam Beardman defined the sector as follows:

“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. 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 customer and value in the marketplace.”

For the commercial music industry as represented by SaskMusic, the most significant aspect of the above definition is “value in the marketplace”. It is that statement that separates works solely of artistic merit from cultural *products*. There are many beautiful pieces with tremendous artistic merit that have no or little value in the commercial marketplace. Conversely, there are pieces or works that those with experience may consider artistically sub-standard, but which the general public finds attractive and thus valuable. The vast majority of products shares both artistic merit, and value in the marketplace.

The Government of Saskatchewan through the Saskatchewan Arts Board (“SAB”) has traditionally provided support for the creation and production of works of art. Although that support has been successful in producing works of the highest quality, their “value in the marketplace” has sometimes been missing, if not ignored. It is market value that will contribute to and increase the positive economic impact of these cultural products for our province. SaskMusic strongly believes in and supports the creation of quality product through the SAB, or alternative forms of support for the creative process, as our artists cannot sell things that do not exist. We also believe, however, that the marketing of our products has not been the focus of concentrated support and effort, with a consequent lack of economic growth.

Thus, SaskMusic proposes that the Government of Saskatchewan establish a cultural product development and marketing agency that we will refer to as *Creative Saskatchewan Inc.* (“CSI”). This agency could be established either as a new non-profit corporation, funded (for the most part) by the Government of Saskatchewan, or as a new crown corporation. It is our preference that the crown corporation model be utilized, as that seems to be the most successful best practice, as illustrated by similar organizations in Manitoba and Ontario.

Creative Saskatchewan Inc. would operate the Saskatchewan Centre for Creative Entrepreneurs (“SCCE”), to be located in the building currently housing the Canada-Saskatchewan Production Studio in Regina. What follows are our suggestions as to the mandate and governance of this new crown corporation.



MANDATE

The mandate for CSI can be stated very succinctly as: ***The development and marketing of cultural products produced within the Province of Saskatchewan.*** To be any more specific would be to inhibit the flexibility of CSI, and the reality is that the cultural industries are in a period of extremely rapid change. In order to be effective, CSI would need the ability to adapt quickly to new opportunities. Each day brings the demise of known processes and methods, but also brings the opportunity to capitalize on new technologies. CSI must be able to quickly adapt its priorities to ensure the maximum benefit from the new realities. Consequently, it might be easier to state what the mandate of CSI does NOT include.

CSI should not be involved in the initial creative process. There is already support available for product creation from the SAB. The SAB has a long-proven tradition in that respect, and as much as possible, duplication in services from organizations both utilizing public funds should be avoided. Perhaps more to the point, however, is that artists should be allowed to experiment with new works, new genres, and new techniques without the direct intervention of government. The SAB, as an arms-length organization, provides the freedom that artists require.

Further, most artists prefer, whenever possible, to create a product with a minimum of public contribution. It allows (and in fact, requires) artists to produce original product - as opposed to product created to fit within the parameters of a specific program. Once the artist decides that the respective product should be further developed in order to infuse or increase the *value in the marketplace*, the mandate of CSI should commence.

This is not to suggest that CSI should replace or erode the services currently provided by the respective cultural industry associations (“CIAs”) such as SaskMusic. Although there may be some administrative savings by replacing or assimilating the CIAs into CSI, there are two very strong arguments against that course of action. First, and most simplistically, the CIAs are, to varying degrees, eligible for funding from other levels of government and private sponsors, which a government organization could not access. Although SaskMusic does not have access to the financial records of the other CIAs, we would expect that these other sources of support for the organizations and their individual members could easily exceed \$1 million annually.

The second, and perhaps more significant point, is that to lose the CIAs would be to eliminate the most direct source of contact and information about the respective industries. No one knows better what is current, what is changing, what is no longer relevant, what the consumer wants, what Apple or Amazon is about to announce, than the artists themselves and the grassroots organizations that represent them. To eliminate those organizations by incorporating their programs into the mandate of CSI would be to lose not only the best, but often the *only* source of current market information that will be required by CSI if it is to succeed. Just as the Government



of Saskatchewan should not interfere in how Brandt Industries goes about manufacturing farm equipment, it should not interfere in the historical activities and expertise of the CIAs.

The new organization (CSI) should function as a partner to the CIAs, with the addition of being the funding source for each. Funding through the SAB or the more traditional source of SaskCulture has always been impacted by a lack of understanding of the market pressures faced by our industries and/or unrealistic expectations to develop our industries on a province-wide basis. CSI would not have those challenges, as it would be constantly updated by the CIAs as to those specific industry pressures.

With respect to digital technologies, the multi-media industry (for lack of a better term) does not have a widespread, roundly-acknowledged industry association to the extent of the other more established CIAs. As the utilization of digital technologies impact and potentially benefit most (if not all) of the other CIAs, SaskMusic recommends that CSI itself be tasked with developing the digital/multi-media industry. This would ensure input from the CIAs, and allow each of the respective industries to benefit, to the different extent that each of them may require, from that development of that industry.

GOVERNANCE

It is proposed that CSI be governed by a Board of Directors that is not only responsible for the public funds by which it is funded, but also shall be accountable to the creative industries themselves. The only manner by which to accomplish this is to have permanently-dedicated seats on the Board of Directors for the Executive Directors of the industry associations that are part of CSI.

Given our suggestion that CSI be established as a crown corporation, we accept that 50% plus 1 of the Board of Directors should be appointed by the Government of Saskatchewan. These government representatives should be chosen on the basis of the specific business, marketing, and export expertise that will be required by CSI. We would recommend, however, that the Government in the selection of its representatives consider input and recommendations from the creative industries.

By having permanently-dedicated seats for the respective creative industry associations, CSI will be assured of a direct connection to specific market intelligence. This will also reassure the artists themselves that their current support structures (the CIAs) will remain in place, and assist in their understanding of the mission and vision of CSI. Too often in the past, artists and creative workers have been isolated from the organizations which determine funding and other support for their respective industries. As the entire purpose of CSI is to assist artists in making a reasonable living, and thus contribute further to the economic activity in our province, those



artists would be the best source of raw information and data to accomplish just that. The combination of artistic passion with the business acumen of the government representatives will ensure that CSI can compete on the global stage.

FUNDING

As to the cost of CSI, upon review of the operating and programming budgets of organizations of similar mandates such as the Ontario Media Development Corporation, we believe that significant **new** investment will be required if CSI is to succeed. If all six industries identified in the discussion paper⁴ plus the emerging digital/multi-media industry are to be within the jurisdiction of CSI, an investment of \$3 million annually over and above the existing support presently provided to the existing CIAs will be required. We certainly accept that if less than the proposed seven industries are partnered within CSI, the budget could be reduced accordingly.

We note that the various creative industries are at different levels of activity and development. Some industry associations appear to be satisfied with the current processes in place for their discipline of culture. Consequently, we suggest that CSI may consider commencing operations with less than all seven of the identified industries. This would allow CSI time to define its processes, and allow the other industries to determine the value of partnering with CSI.

As an additional interim option until the CSI concept is launched, SaskMusic proposes that it be supported as a stand-alone organization charged with the development of Saskatchewan's commercial music industry. We would continue with the services we have historically provided, however SaskMusic could be expanded and funded as a separate independent marketing development agency. We would suggest that in order for the Saskatchewan commercial music industry to compete on a global basis, a total annual investment of \$1.5 million (including operating costs) would be required. We note that this sum would equate to approximately 66% of the annual investment of the Government of Manitoba (a province with a similar-sized population) in its commercial music industry.

This brings our submission to the challenge of what to do with the current (and soon to be vacant) Canada-Saskatchewan Production Studio. We propose that the sound stage be transformed into what we call *The Saskatchewan Centre for Creative Entrepreneurs*.

⁴ music and sound recording; writing and publishing; craft; visual arts; film and multimedia (animators and game developers); and the performing arts (theatre and dance).



THE SASKATCHEWAN CENTRE FOR CREATIVE ENTREPRENEURS ("SCCE")

We understand that many of the proposed uses for the Canada-Saskatchewan Production Stage refer to it as a single-use facility. SaskMusic believes it should be viewed as a facility in which the entrepreneurial spirit of the creative industries can be fostered, and where many different cultural disciplines can gather to work co-operatively. SaskMusic suggests that at least four components could be located within SCCE, as follows:

1. **A business incubator** based on the model of Ideas Inc. in Saskatoon, formed and located in SCCE. As compared to Ideas Inc., however, this incubator would be focused solely on small creative industry enterprises. Statistics are overwhelming in their conclusions that small businesses that graduate from business incubators have an "abnormally high" success rate as compared to those that do not have that same opportunity. With very few exceptions across Canada, creative industry enterprises do not have access to the business incubator model. Saskatchewan could be the first province to actively promote that model for the creative industries.
2. **The head offices of the creative industries** that are to be funded by CSI could be located in SCCE. There will be some administrative savings through the use of shared facilities and services. The real value, however, will be the synergy and cooperation that will result from having the industries working in close proximity. Costs for these tenants will certainly have to be competitive with their current expenses, however, the value of having these industries working more closely together should more than compensate for the lower-than-commercial rental rates that would have to be provided.
3. **CSI itself** should be located in, and be the manager/operator of, SCCE. Having the funding organization in close proximity will allow the CIAs more direct access to the decisions of that organization. Further, the marketing activities of CSI would benefit from having direct and immediate access to the respective CIAs. It will also be able to oversee and manage shared spaces (i.e. board rooms) of the CIAs.
4. At least one, if not two, of the existing **sound stages** should be retained. Many of the CIAs and their members will have uses for those facilities. From music videos to software and gaming graphics, to an indigenous film industry based on documentary and short commercial film projects, to photographic projects, dance presentations, and many other yet-to-be-developed industries and applications, these facilities will still be utilized.



5. The largest sound stage could be redeveloped into some form of **performing arts facility**. The technical capabilities of the stage, combined with its size and central location in Regina, would allow performing arts to flourish. As many performing arts organizations also benefit from private donors and public ticket sales, this could be a method by which private funds could be accessed, to a degree, to assist in meeting the operating expenses of the facility.

Simply stated, to lose the sound stage facility to a non-cultural use would be to deny the CIAs the benefits that an industry concentration in an environment of creativity, cooperation and innovation would provide. SaskMusic views the redevelopment of that facility, and the launch of CSI, as tremendous opportunities that would drive our cultural industries forward. In Saskatchewan, we have always possessed a wealth of world-class cultural product, but have lacked the resources and support to be competitive in the global marketplace. We have in front of us the opportunity to change that. With vision, passion and courage, we can easily take on the world. It is the Saskatchewan way.

Photos:

Pages 1, 3-7: Album covers representing some of the recently released Saskatchewan product.

Page 2: Jen Lane (with John Antoniuk) performing at a SaskMusic showcase for film and television music supervisors, Los Angeles CA; Little Miss Higgins performing at Prairie Showcase, Ottawa ON; Jordan Cook performing at the SaskMusic showcase @ The Great Escape festival, Brighton UK; The Sheepdogs performing at a SaskMusic showcase for film and television music supervisors, Los Angeles CA.

Page 8: Val Halla, and Carrie Catherine; recent cover stories in SaskMusic's "The Session" magazine.

