

THE DETAILS OF SMPIA'S PROPOSAL FOR A NEW SCREEN-BASED MEDIA PRODUCTION INCENTIVE

On May 3rd, industry representatives met with the government to discuss ideas for a new incentive for Saskatchewan screen-based media companies. On May 4th, the government announced a new program that contained some of the ideas that were presented. Below are the details of what was suggested:

-The industry proposal presented to government was the result of a working committee consisting of representatives from both the local and national Interactive and Film/TV communities. The industry proposal was a working draft of ideas for discussion.

- The guiding principle in the industries' proposal was that the industry incentive should be bankable, competitive, easy to understand and have low administration.

- In researching alternative models, the committee looked at non-refundable, transferable tax credits and how they were structured. The advice of Canadian experts was that these models would not work in Saskatchewan for a number of reasons, and that these models could create legal, financing, insurance and possibly copyright concerns for content creators. These models were also seen to increase administration due to their inconsistency with other Canadian programs that are accessed in conjunction to provincial programs. They also appeared difficult for investors to understand. Thus, the guidelines principles were not able to be met through these models.

- The proposed incentive was therefore a refundable Screen-based media program that enabled Saskatchewan creative interactive media companies and Film/TV companies to work and thrive independently of one another in addition to working together. Digital companies applying to the incentive would not be required to work with another industry such as Film/TV in order to complete their digital projects.

- The proposal not only allowed Film/TV companies to be competitive, but by supporting interactive media, it provided interactive media content creators with support that other provinces already enjoy, making them competitive as well.

- The industry proposal also provided Saskatchewan post-production, visual fx and animation companies with a competitive tool to bring business into

Saskatchewan.

- The industry proposal included an incentive for the Canada-Saskatchewan Production Studio that recognized its uniqueness and value to the film industry, and would enable it to be used more often for film production. The digital members of the committee were asked about their interest in using the sound stage. They felt that they would not be able to make effective use of the building as digital companies do not require large amounts of space or infrastructure to create, and thus they recommended that the studio remain as a tool for film production.
- The industry proposal focused on investing in Saskatchewan people and building Saskatchewan companies who bring business and investment into the province.
- The industry proposal recommended that guidelines be designed to be flexible and complimentary to other incentives, including those for interactive media that allow companies to file annually rather than per project.
- The industry proposal was seen by national organizations representing Film/TV and Interactive as not only innovative, but also as a way to streamline administration and increase efficiencies for both administrators and local business.
- The inclusion of creative interactive media content in the proposal was in further recognition of the work that SMPPIA has done over the past 2 years to support and grow the digital community. 40% of SMPPIA's membership is now comprised of digital programmers, designers, developers and support organizations. In March, SMPPIA changed its name and board structure to reflect this change in membership, and also announced that the next installment of SMPPIA's Showcase Awards and SaskInteractive's SIMA Awards would be held in partnership.

As the government announcement on May 4th was unexpected and included details that were not proposed by the industry, SMPPIA is unsure of what the new suggested program contains or how its projected effectiveness for the industry was determined. Questions to that effect should be directed to government as it is their program.

**DRAFT - SASKATCHEWAN SCREEN MEDIA INCENTIVE PROGRAM
(SSMIP)**

OVERVIEW

The SSMIP is a bankable All Spend incentive program supporting creative content production for all screens. The program centers around an all spend base credit and features additional incentives for companies that target the growth of Saskatchewan residents and businesses. These bonus incentives are designed to ensure the growth of indigenous projects and Saskatchewan companies as well as provide opportunities for Saskatchewan projects and people to engage in business all over the world. Separate bonus structures recognize the uniqueness of Digital Media and Film/Television projects as well as reward those who collaborate to produce convergent media in Saskatchewan. In this way, the program allows each medium to thrive on its own, but also gives the incentive for them to work together.

At its heart, this program aims to bring the benefits of a film/tv incentive, an interactive digital media incentive (like OIDMTC) and an Animation, Visual FX & Post-Production incentive (like OCASE) under one umbrella, creating consistency amongst industry support mechanisms and resulting in efficiencies in administration. This concept is seen by industry professionals from both Film/TV and Interactive Digital Media as leading edge with the potential to lead the nation in program change.

All Spend Incentive

Film/TV

Digital

25% Base	For all eligible Saskatchewan Screen Media expenses and labour costs defined by the guidelines.	
Bonus 1	A Sliding Scale for Saskatchewan Producers who own copyright in the project the bonus would be as follows: 20% - 1 % 30% - 2 % 40% - 3% 50% - 4% 51% or higher - 5%	A Sliding Scale for Saskatchewan Developers who own intellectual property in the project the bonus would be as follows: 20% - 1 % 30% - 2 % 40% - 3% 50% - 4% 51% or higher - 5%

Bonus 2	2% Key Bonus: if 6 out of 10 key crew positions are Sask. hires	4% Saskatchewan labour bonus: Awarded as a sliding scale according to the percentage of labour in the budget that is Saskatchewan based.
Bonus 3	2% Above The Line Bonus: If one of these criteria are met: Sask. Director, 1 of 4 top Actors are Sask. or at least 1 Sask. writer is on a TV Series/Mini Series or a Sask. writer is credited with at least a co-credit on a Feature Film/MOW	
Bonus 4	2% Studio Bonus: For productions who utilize at least 5 shooting days in the Saskatchewan/Canada Production Studio	4% Digital bonus: For projects where over 50% of the production budget is spent on digital categories (categories to be defined)
Bonus 5	2% For companies that shoot at least 50% of their productions 25km or more outside the city centers of Regina or Saskatoon	
Bonus 6	4% For companies that reach an established threshold for using Saskatchewan Post Production Facilities and Services– to include (where applicable) Animation, Visual FX, Post-Audio, Post-Picture, etc.	

<p>Bonus 7</p>	<p>1% Convergent bonus – both the interactive company and the Film/TV company will receive an additional 1% on their overall spend if both projects spend at least 51% of their project budget within Saskatchewan borders. Projects must share elements of story, character, plot and/or theme and be applying separately to the incentive program to qualify.</p>
----------------	---

If all incentive points are triggered the total All Spend Incentive is 43%.

ADDITIONAL POINTS:

- If at least 35% of all spend is triggered then 50% of the incentive would be paid out on closing of financing.
- Following the lead of other Canadian Interactive Media incentives, companies will be able to file annually at their discretion.

NEW COMMUNITIES SERVED BY PROPOSED INCENTIVE (based on Ontario models):

Products qualifying for the digital media stream must fit into the following categories:

A. Interactive Digital Media

“Interactive digital media product” will be defined as a combination of one or more application files and one or more data files, all in a digital format, that are integrated and are intended to be operated together. Eligible products are interactive digital media products whose primary purpose is to educate, inform or entertain. The product must achieve this purpose by presenting information in at least two of text, sound and images, and must be intended for use by individuals. The product must be interactive; that is, the user can choose what information is to be presented and the sequence and form in which

it is presented. Such products may include, but are not limited to: video games, mobile applications, websites, CD-ROMS, DVD-ROMS and kiosks that meet the above qualifications. Operating system software and software such as word processing, spreadsheet and database software does not constitute an eligible product.

B. Digital Animation and Special Effects

Eligible computer animation and special effects activities will be defined as activities carried out in Saskatchewan directly in support of the production of eligible animation or visual effects for use in eligible productions. Eligible animation or visual effects means animation or visual effects created using digital technologies but does not include: audio effects, in-camera effects, credit rolls, subtitles, animation or visual effects all or substantially all of which are created by editing activities, or animation or visual effects for use in promotional material for the eligible production. Eligible computer animation and special effects activities include designing, modelling, rendering, lighting, painting, animating and compositing but do not include activities that are scientific research and experimental development.