

SMPIA Responds to Quotes from the Honorable Bill Hutchinson, Minister of Tourism, Parks, Culture and Sport.

1. Honorable Bill Hutchinson:

"What we're trying to do with the new approach - is to create a Saskatchewan-based industry. People that can succeed here and stay here, and yes, pay corporate income taxes, too, on their earnings."

FALSE

SMPIA RESPONSE:

The industry is already Saskatchewan based that includes all the infrastructure required for a thriving industry including crew, cast, production and post production services. People do not pay corporate taxes. Fifty Percent (50%) of all production budgets spent in Saskatchewan are paid to a highly skilled labor force, who pay Saskatchewan personal income tax. The Minister continues to say that the industry does not pay taxes. In our industry income taxes and PST are paid on input costs such as labor and goods and services. Over and above the taxes our industry does pay are benefits to provincial residents in increased employment and higher incomes generated by film, TV and digital production activities. Also the economic benefits to the provinces residents extend far beyond the production activities themselves and include increased activity by suppliers to the industry and increased consumer spending from higher incomes.

2. Honorable Bill Hutchinson:

"Hutchinson added that, 'We're looking at the potential of the industry and we're seeing that there has to be some there - We have got to try something different because what we've got now isn't working,' saying production volumes have been diminishing in recent years."

FALSE

SMPIA RESPONSE:

Saskatchewan Film and Television Production Volumes, as provided by SaskFilm
2008-2009, 63 Million
2009-2010, 22 Million
2010-2011, 30 Million
2011-2012, 25 Million

The slow down in production volumes was a combination of the fact that our tax credit incentives have not kept pace with our competitors in Manitoba, Ontario, BC and several US states and the local industry was hit with a global recession that started 2008 affected our industry around the world. Already this year SaskFilm has over 50 million dollars in production applications for the current refundable tax credit, which is a 100% increase over last year. SMPIA is surprised the Minister is not aware of a complete turnaround in our industry for 2012 based on applications that his department has already received.

3. Honorable Bill Hutchinson:

"I think we've got a program that actually meets the real needs of the film industry"

FALSE

SMPIA RESPONSE:

The non-refundable tax credit program does the absolute opposite. It will kill the film, television and digital industry in Saskatchewan.

4. Honorable Bill Hutchinson:

“Every industry creates employment, but only the film industry has benefited from provincial programs without paying income tax”

FALSE

SMPIA RESPONSE:

Half of production budgets are made up of Saskatchewan labor. These employees pay Saskatchewan personal income tax. The production also pays Provincial Sales Tax on all purchases of goods and services.

5. Honorable Bill Hutchinson:

“Hutchinson added that over 98 per cent of the \$100 million paid out through the old program was ‘really just a grant to companies that don’t even pay corporate income tax’ in Saskatchewan.”

FALSE

SMPIA RESPONSE:

100% of the refundable tax credit is used as part of the total financing on each project. The 100 million in refundable tax credits spent over the last 14 years created 630 million in production volumes spent in Saskatchewan with approximately 50% of this amount spent on labor. The workers who make up the labor pool pay Saskatchewan income tax. The other 50% is spent on goods and services, which PST is then also applied.

6. Honorable Bill Hutchinson:

“The key to succeeding in the film industry is to get on board with digital”

FALSE

SMPIA RESPONSE:

A non-refundable tax credit will not work for the digital industry in Saskatchewan. Refundable tax credits are the industry standard for funding digital projects in Canada and across North America. More information on digital funding in Canada can be found at: <http://www.pwc.com/ca/en/entertainment-media/publications/big-table-digital-animation-2011-08-en.pdf>

Works Cited

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<http://www.leaderpost.com/news/defends+film+credit+program/6589694/story.html>

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4., 6. Legislative Assembly of Saskatchewan. *Debates and Proceedings*. N.S. VOL. 54, NO. 41A. Monday, May 7, 2012, 1:30pm. [http://docs.legassembly.sk.ca/legdocs/Legislative %20Assembly/Hansard/27L1S/120507Debates.pdf](http://docs.legassembly.sk.ca/legdocs/Legislative%20Assembly/Hansard/27L1S/120507Debates.pdf)

5. “Filmmakers, NDP give bad reviews to new film credit”. CBC News Online May 8, 2012.

<http://www.cbc.ca/news/canada/saskatchewan/story/2012/05/08/sk-film-subsidy-1205.html>