

**Clarification:**

*In its original October 30, 2012 media release concerning the report on the impact of the Film Employment Tax Credit cuts, the Saskatchewan Chamber of Commerce inaccurately stated that the report had been verified by KPMG.*

*In fact, KPMG was not corporately engaged to perform this verification, nor was it involved in any way with the study.*

*The Saskatchewan Chamber regrets any inconvenience this error may have caused.*

**Sask Film and Saskatchewan Chamber of Commerce release study on the impact of the film sector to the province**

A study commissioned by Sask Film and the Saskatchewan Chamber of Commerce to determine the actual sector value and net cost to government of the Film Employment Tax Credit (FETC) which was cut as part of the 2012 spring budget has determined that the FETC had a net cost of only \$1.3 million, rather than the \$3 - \$8 million annually which the government had estimated.

“The Chamber is focused on ensuring the responsible use of public funds and ensuring that the process used to develop public policy is fact-based and transparent,” said Steve McLellan, CEO of the Saskatchewan Chamber.

“In this case it is very clear that the process used by the province to cut this program had many flaws. Key facts were missing, and no consultations were done before the announcement of what some thought would be a simple program cut. This decision represents a substantial lack of sector-specific knowledge and policy transparency on the part of the provincial government.

“The decision affected real people and real businesses, whose commitment to growing the film sector was shattered as the lifeline to this industry was cut. The film sector as part of Saskatchewan’s creative industries should play a prominent role in the future of Saskatchewan business. This government can and must do better in the future. We fully understand it is the provincial government’s role and responsibility to make budget decisions, but we also have a role and responsibility as the Chamber to ensure that public policy affecting business is shaped using the highest standard.”

The study engaged Mckercher LLP to survey film sector businesses in order to determine their full financials and used an economic model created in the past by the Ministry, to determine the net cost of the film tax credit to the provincial coffers. The report was written by Derek Murray Consulting.

“We believe these numbers are an accurate reflection of the facts. The net cost to sustain a film sector that brought us *Corner Gas*, international recognition through accolades such as an

*Emmy* and many other awards was modest. These benefits are in addition to the employment for people all across the province and economic impacts realized,” said Susanne Bell, CEO of Sask Film.

“The revenues generated from the projects which were approved for the FETC program averaged \$44.5 million annually, while the direct government contribution averaged \$7.772 million. The projects generated \$6.5 million in taxes to the province, resulting in a net cost of only \$1.3 million.

“The Ministry of Culture, Sport and Recreation, since the spring budget, has undertaken a series of consultations on enhancing all sectors of the creative industries within the province. Our study demonstrates both high economic value of one sector, and also the moderately low net cost to the government. It should prove to be a useful model for the broader sector discussions,” said Bell.

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For further information, contact:

Susanne Bell, CEO  
Sask Film  
O: 306.798.3457

Steve McLellan, CEO  
Saskatchewan Chamber of Commerce  
C: 306.533.7686

Attachment:

Executive summary – *Impact of the Film Employment Tax Credit (FETC) on the Film and Video Industry of Saskatchewan* – Derek Murray Consulting and Associates, 2012.

Full report is available on the Saskatchewan Chamber website at <http://tinyurl.com/saskfilm2012>