

[REDACTED]

From: John-Wesley Chisholm [REDACTED]
Sent: May-05-15 4:22 PM
To: Office of the Legislative Counsel
Subject: Submission regarding the Film Tax Credit Law Amendments Committee hearing.

Putting the NEW back in Nova Scotia: Presentation to the Law Amendments Committee - Film Tax Credits

Law Amendments Committee Notes Regarding The Proposed Film Tax Credit Changes

John Wesley Chisholm, Halifax
President Arcadia Entertainment
Tel: 902.225.0763

Putting the NEW back in Nova Scotia

For every complicated problem there's an answer that's quick, simple and wrong.

Without consultation, or even warning, Government abandoned longstanding policy vetted and reviewed by all parties over years and intervened in the tax credit system - an economic development strategy that the facts show has been a sustainable, wealth creating competitive advantage for Nova Scotia for 20 years.

Why?

What was the problem that needed to be solved?

Government told Nova Scotians that the film industry was unaffordable

- They questioned the cost vs. benefit of economic development in the creative industries. It is now clear to most everyone that the industry contributes substantially to the economy, life and future of Nova Scotia. Yet, in spite of all the effort of the last weeks the government is still publicly representing the industry as a cost to Nova Scotia rather than a profitable sustainable investment. It will be impossible to get to right policy from wrong information.

Government said they wanted to be a market leader

- Our position in the global market for knowledge-based creative industry: we are 2% of the Canadian industry, which in turn is 2% of the global market. With near perfect capital markets we are price-takers not market setters. Any talk of a competitive leadership role is naive. The correct and prudent fiscal policy would be to be 'fast first followers' adjusting our rates up or down as our main competitor, Ontario, adjusts theirs. We CAN afford it because it returns positive net gains many hundreds of times the net investment.

Government said they wanted accountability and transparency

- There are good and bad economic development strategies; I believe in the superiority of the risk diversified, high return, sustainable, wealth creating TC system over older pick-a-winner "fund" style economic development that commits to funding up front, pits local industry against itself and discourages innovators across the economy – in fact, discourages all Nova Scotians.

Government said they had to do something

- Intervention bias: the tendency to introduce changes that aren't necessary in order to feel and appear in control. Massive changes are being proposed where a small course correction was warranted. In Ontario the same market and same issues were dealt with this month with a small course correction. The province shrugged and got on with its work. We should have done the same.

Government whispers that someone is cheating... kind of...

- The whispers that all this has been done to stop one or a couple firms from "gaming the system". Behind the scenes this campaign is being used in the Liberal party to keep MLA's and officials on-side and to lead them to believe they have secret information that justifies the reboot of the entire industry in the best interest of NS.

So what SHOULD be done?

The NS film tax credit system is the greatest economic development success story of our generation. It's a sustainable, wealth creating investment that has provided Nova Scotia with stable and growing returns through 20 years of changing and challenging economic times. If we're going to believe in anything, we should believe in this solid, risk free, accountable strategy that has returned so much to Nova Scotia – wealth, life and future potential. It's a system that works. If innovation, improved quality of life and self-sufficiency are the things we want strategies like this will get us there. We should be celebrating this unique strategy and looking for other ways to ambitiously employ it, not destroy it.

Put things back to the way they were before the Liberals made this ill-advised jet-propelled departure from their own mandate. Put the Tax Credit back in place. Put the Creative Industries group and all its development programs back in place. Put the Arts council back in place. It all costs nothing and contributes a lot. Let us all get back to work building and improving Nova Scotia. Then look to this example and see how it can be used in other areas of our economy to replace the old-timey crony capitalist economic development mediocrity and boondoggles that have been so discouraging to a province ready to innovate and filled with an audacious sense of activist optimism for a better, faster and more fun Nova Scotia in the future.

John Wesley Chisholm

Creative Director, Arcadia Content

6454 Quinpool Road
Suite #301
Halifax, Nova Scotia
Canada
B3L 1A9

www.arcadiatv.com

Office Tel: 902.446.3414 ext. 25

Direct Tel: 902.225.0763

"The deepest joy in life is to be creative. To find an undeveloped situation, to see the possibilities, to decide upon a course of action, and then devote the whole of one's resources to carrying it out, even

if it means battling against the stream of contemporary opinion, is a satisfaction in comparison with which superficial pleasures are trivial. But to create, you must care."

Adm. H. G. Rickover, USN