

[REDACTED]

---

**From:** Erin Oakes [REDACTED]  
**Sent:** May-05-15 9:52 PM  
**To:** Office of the Legislative Counsel  
**Subject:** Financial Measure Act 2015 - Letter to the Law Amendments Committee

May 5th, 2015

Re: Financial Measures Act 2015

Honourable Members of the Law Amendments Committee:

I am writing this letter to express my concern regarding the Financial Measures Act 2015, specifically the abolishment of the Film Industry Tax Credit and the dismantling of Film and Creative Industries Nova Scotia.

Specifically my concerns regarding the actions of the current Government in these matters are as follows:

**1. Lack of transparency in the methodology used to assess the ROI of the FITC / No comprehensive assessment of the economic impact.**

The figures being cited by Nova Scotia's Liberal Party members differ radically from those being cited by Screen Nova Scotia (whose figures were provided by the Canadian Media Producers Association and from those previously published by former N.S. government agency, Film & Creative Industries Nova Scotia). Surely a comprehensive assessment of the economic benefits should have been conducted before taking the radical steps of crippling an Industry.

**2. Lack of Industry consultation.**

The current changes to the FITC / dismantling of Film & Creative Industries Nova Scotia were implemented with no consultation with the Industry.

Minister Whalen maintains that she did meet with Industry representatives prior to announcing the budget. It is important to note: this meeting happened less than two weeks prior to the budget being tabled, thus not allowing any time for changes. As well, this meeting was strictly a formality. No numbers were discussed; no inquiries were made into the real consequences of the decisions that were about to be announced. These decisions were made with no meaningful discussion, no meaningful study and with no interest in the wealth of knowledge that Industry members and the former employees of Film & Creative Industries could have provided.

**3. Inability to assess the impact of policy on existing business models:**

The current ruling Party has shown itself to be completely ignorant of the financial realities of the film and television industry. They have stated the Industry 'will adapt'. The fact that they have told an entire industry to radically 'adapt' its business model in less than three months (when the new regulations come into effect) calls into question their ability to evaluate business models. I have to assume that the ignorance of one Industry extends to the ignorance of all.

Further evidence of the Minister's lack of understanding of the film and television industry, and the impact of the newly introduced policy, is their inability to place the FITC in a nation-wide and global context. Simply put, this industry can no longer compete with other jurisdictions who do have competitive tax credit and labour rebate programs. These include: Ontario, Quebec, Newfoundland, Manitoba, British Columbia, Ohio, New York – virtually any province, state or country who has a film and television industry.

**4. Ignorance of existing provincial policies.**

More alarming than their inability to assess the business model of another Industry, Nova Scotia's Liberal Party failed to consult previously existing Legislation for the Nova Scotia Film Industry Tax Credit (section 47 of the Income Tax Act – Nova Scotia) and the associated Film Industry Tax Credit Regulations.

Minister Whalen stated publicly “...It may be called a tax credit but it isn’t used to offset taxes that are owed...” This statement is in direct contradiction to the Income Tax Act (Nova Scotia) which reads (in part) Appendix 1 Section 47 47 (1) A corporation producing an eligible film in the province may apply in the manner prescribed for a film industry tax credit. 47 (2) Where the corporation meets the prescribed criteria, there may be deducted from tax otherwise payable by the corporation an amount equal to the lesser of ... (The language then continues to describe the calculation to be applied.) The Act also stipulates that any tax credit payable gets applied first to any taxes outstanding before any excess is refunded.

**5. The ruling Party has shown a callous disregard for the 2500+ Nova Scotians whose jobs and futures within this province are under extreme threat.**

On April 7, 2015, just one day before the provincial budget was delivered, Global News reported:

“Whalen says there’s a lot of speculation about the future of the tax credit but those most concerned should simply wait to see what is in the budget.”

To me it is unfathomable that a Minister of Finance could make that statement knowing that the very next day many of the 2500+ Nova Scotians working in film and television would learn that they would soon be out of work. I can only interpret this as malicious or extraordinarily ignorant of the real situation. Either way, it calls into question the Nova Scotia’s Liberal Party’s ability to govern responsibly.

I can not speak to the intent of this Government when they made the decision to both drastically reduce the useable tax credit and dismantle Film and Creative Industries Nova Scotia at the same time. The result was a full on attack which instantly brought this Industry to its knees. The reckless abandon with which this Government has acted is inexcusable. The contempt with which they have treated members of the Nova Scotian public has no place in a democratic society and their ignorance of the havoc they created is unfathomable.

Respectfully,

Erin Oakes

