

May 5, 2015

Law Amendments Committee  
Nova Scotia House of Assembly  
Halifax, Nova Scotia

To the Honorable Chair and Committee Members

Regrettably, I was out of town on Tuesday, May 5th and was unable to appear in front of the committee.

This letter is to contest Bill 108 that the Liberal majority government is trying to put through.

The Provincial government is responsible for the well being of the province and the people that live here. Recently, the Department of Finance, Finance Minister Diana Whalen and ultimately Premier Stephen MacNeil have done an incredible disservice to the people they are supposed to represent due to illegitimate politics trumping sound economic strategy.

#### Bill 108, Clause 15

Obviously, this is a bill which has not yet been passed, yet this clause has already been executed. The Liberal Government has already abused it's majority powers and prematurely closed the doors of Nova Scotia Film and Creative Industries. They did so without consultation or knowledge of its impact on the film and television industry. Attempt an internet search for "filming in Nova Scotia"; most results will direct you to the NSFCI website. Click on any link and you are directed to a single web page from Nova Scotia Business, Inc. that essentially states, "We have they have no idea how to help you right now". Which brings me to...

#### Bill 108, Clause 16

Though this clause as well, has not been passed, once again the Liberal Government has abused it's power to transfer the assets and liabilities of Nova Scotia Film and Creative Industries over to Nova Scotia Business, Inc. Once again, the detrimental impact of this was ignored. Not only was Nova Scotia Business, Inc. ill-prepared to take over the responsibilities of a governmental body that had been growing and evolving for over 24 years, they also have no ability to access any of they equity funds that were once administered by NSFCI. Last year, I directed a children's television show for CBC that became their number one hit in the morning. We filmed the show here in Halifax. CBC has green-lit the show for a second season but as of now, we can't shoot it here. Why? Producers put everything on hold as of April 9th to figure out what was happening in this province. Then, once the new 25% incentive fund was announced, we almost lost it again, but our producer was able to make it work. That was, until NSBI was unable to administer the Eastlink Television Fund, an integral part of the show's budget. Transitions like this take careful planning and preparation. The Liberals lack of consideration and intelligence have had immediate negative impact on the industry.

#### Bill 108, Clauses 17 & 21

One thing that is often missed from the continuing conversation between the Liberal Government and representatives of the Film and Television industry, is how much the old Film Industry Tax Credit structure supported the employment of Nova Scotian labour. The entire incentive was applied only to the hiring of Nova Scotian taxpayers. Taxpayers who bought houses or rented apartments, ate at local restaurants, bought cars, gas, food, clothing, electronics, lumber, etc.

The killing of the tax rebate system and trying to force-feed this new 25% all spend fund will cripple a thriving economic engine in this province. The revenue generated from the film and television industry does not only come from the approximate 2700 Nova Scotian workers it employs. Also included is the

millions of dollars spent all over this province on location rentals, car rentals, hotels and apartments, fuel, food, construction supplies, furniture... the list goes on. Not to mention, the economic benefits of the tourism attracted to the province due to film and television that is watched around the world. Without doing any comprehensive research on how this tax credit worked and what the economic benefits were, this government took a line item in their budget that they felt would be politically safe, and gutted it.

The new tax incentive structure introduced on April 9th would have been the certain demise of an entire industry. Once the Finance Minister and the Premier began to realize just a how big a mistake they had made, they should have put on the brakes. Instead, they decided to hold some extemporaneous information sessions with representatives of our industry, to learn more about how the business actually works across North America and Europe.

Rather than heading the advice of the industry and further investigating the economic impact of their actions, the Liberal government tried to maintain the line in their budget and once again restructure the entire model of the incentive that has helped build a \$140 million per year industry. With limited and rushed research, they switched the incentive to what we are facing in Bill 108: a fund system with an allocation of \$10 million which will offered as a 25% rebate for whatever monies are spent in Nova Scotia. This proposal not only takes away the competitive edge the industry once had, but this type of fund is much less attractive to producers than tax rebates. Waiting to see if you can have a piece of a limited pie is far less dependable than an automatic, guaranteed rebate on hiring Nova Scotian crew and talent. It is much easier to film in another province that offers the labour rebate. Adding a \$10 million cap to this new incentive structure will take the already crippled business and reduce it to only a handful of selected lower budget shows. This will cause hundreds upon hundreds of skilled Nova Scotians, many with young families building a life here in this province to either find a new career or pick up and leave.

Solution:

Hold off a little longer. Follow the recommendations of both the Ivany and Broten reports. Various arms of the film and television industry are currently raising funds to do what the government was unwilling to do; hire a firm to complete a comprehensive, current study of the economic impact that our industry contributes in our province. The last two reports completed in 2004 and 2008 were seemingly ignored by this Liberal government. Even if the Department of Finance were to use these older reports as a guide and update the figures, using the current tax rebate of 50% (plus rural and frequent filming bonuses), a much more accurate picture of the film and television industry and it's impact on the economy would have emerged. Why this wasn't done is inexcusable. Simply reducing the rate of the credit by a percentage (10%?), keeping the structure of the rebate and admitting that there is no "cost" to taxpayers, would save an entire industry that employs 2700 people per year. Maintaining the tax credit until 2020 was not only a Liberal electoral promise, but was also a bill that was just passed on November 20, 2014.

The changes proposed in Bill 108 have created chaos and instability in an industry that was once a vibrant and successful example of what we can do to stimulate the economy in Nova Scotia. The lack of research done by this Liberal Government into this matter is inexcusable. Look at how many people this unnecessarily hurts. Sometimes mistakes are made. When realized, claim accountability and work to fix those mistakes. Do not scramble and push through further changes to "save face", and kill an industry that is not a burden on the economy but a healthy contributor. This Bill is a disservice to the people who put this government in office.

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