

March 29, 2016

The Honourable Michael de Jong, QC, MLA
PO BOX 9048 STN PROV GOVT
Victoria, BC
V8W 9E2

Dear Minister de Jong,

On behalf of the Burnaby Board of Trade (BBOT) and our over 1,100 members, I am writing to encourage you and your ministry to continue the provincial government's strong support of the film and television industry by maintaining BC's current film tax credit regime and being cautious with any review of the tax credits as proposed in Budget 2016.

While we were excited to hear the provincial government's recent commitment to the creative economy with the creation of the new Creative Economy Strategy, we feel that a change in the film tax credit system would be counter to this important priority. The film and television industry is a key part of the creative economy and is a bright spot of the BC economy. This industry now contributes over \$2 billion annually to the provincial economy through production spending, with much of it (\$1.6 billion) flowing in from outside the province. This industry also creates thousands of skilled, well-paying, green jobs and serves as the cornerstone for a more than \$4 billion creative economy that employs tens of thousands and fosters innovation and economic diversification throughout BC.

We can understand the motivation of your ministry to limit the growth of these tax credits. In Budget 2016 the cost of the province's film tax credit regime is estimated at \$493 million, which is a dramatic increase from the average of \$255 million in recent years. However, as these tax credits directly correlate to the size and strength of the industry, this increase in tax credits has been accompanied by a much larger increase in economic activity and job creation in the industry. The tax credits are indeed growing, but the fact is they are doing so because BC is attracting a record amount of film, television and commercial productions.

The Burnaby Board of Trade believes that amending the current tax credit regime could have negative unintentional consequences for the industry and the provincial economy. There have been several examples of the negative impact of creating uncertainty by adjusting film tax credit systems from jurisdictions on both sides of the border. Tax credit reductions or caps imposed in those jurisdictions have all exerted negative pressure on their respective film and television industries, and illustrate the elasticity of demand in this highly mobile industry.

BC's film and television industry is currently experiencing tremendous growth which is due in part to our tax credit system. In fact, Budget 2016 itself mentions that one of the major contributors to the development of BC's robust film and television industry has been the "certainty and simplicity of British Columbia's suite of tax credit incentives." While the low

Canadian dollar, our skilled workforce, and the beautiful BC environment all contribute to the strength of this sector, the tax credit system remains an integral part of the industry's winning formula and one that we should avoid undermining.

Over the past several years, the Burnaby Board of Trade has been supportive of the government's focus on balancing the provincial budget and has applauded the fiscal discipline shown by your ministry in delivering four consecutive balanced budgets. And we also appreciate your government's proactive consultation with industry on this matter, seeking constructive input from those who would be directly impacted by any changes to the tax credit system. However, we strongly urge you to reconsider any plans to cut BC's film and television tax credit regime.

As film and television production is a key part of the Burnaby economy and as our city is home to 2/3rds of the region's studio space, we are keenly interested in the future of this industry. We would welcome any further opportunity for consultation during your ministry's review of BC's film tax credit system.

Respectfully submitted on behalf of the Burnaby Board of Trade,



Paul Holden
President & CEO
Burnaby Board of Trade