

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

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Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The taxation system needs to be revised. A more graduated tax system based on increments of 500\$ should be implemented. Someone or a couple making 50000 \$ a year should not be paying the same as 75000\$. The amount of tax paid on income needs to be relative to the amount personal income and cost of living. 22% tax on 50000\$ affects them more than 22% on 75000\$. The larger your personal income the less your life is affected by the tax you have to pay. Invest in Canadian culture and tv and film industry sector! Why? Creativity is Essentially free! For script to be written it is basically free but stands to make a lot of money if given the opportunity to be shared with the world. Canada's cultural industries play an important role in our nation's financial prosperity. Culture contributes more than \$46 billion and more than 640,000 jobs to our economy. Taking in direct, indirect and spin-offs, cultural industries make-up 7.4% of Canada's GDP, making it three times bigger than Canada's insurance industry and twice the size of Canada's forest industry. Culture is not a frill, it is a mature industry driven by innovators and entrepreneurs, based on renewable resources. The National Film Board (NFB) is recognized around the world as one of the great cultural workshops and for over 70 years it has created ground-breaking documentaries, animations, digital media productions and led to many technical innovations. The 2012 federal budget saw \$6.68 million cut from the NFB's Parliamentary allocation over three years, which has not only lead to job losses but also reductions to much needed services as well. As a proven digital innovator and Canada's leading public film producer the NFB's Parliamentary allocation should be restored in full and secure long-term funding put in place so the NFB can continue sharing Canadian stories and perspectives to the world.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

We must invest in ourselves! Whether its small business or big business. Whether its a plumber or a playwright. Investing in Canada product and making it available to the world is how we can continue to grow. We need to be leaders. Investing in Canada's culture is important! We should make tv, music and movies right here in Canada because we have the skill and talent to create product that can sell internationally! There is a reason why Canadians move to LA to direct or produce or act or write! Its because we dont provide the platform for them to succeed. There is a ceiling in Canada. The television and film industry makes billions a year! Lets make more billions in Canada! The amount of jobs created in the industry will also create a trickle down effect. Increasingly, Canadian production is becoming sought after, not only at home but internationally as well. On television, shows like Rookie Blue, Flashpoint, Republic of Doyle, The Listener, Heartland, Degrassi and Saving Hope are ensuring that Canadians are watching more domestically produced English-language television programs than ever before. Many of these shows are breaking records in Canada, and the U.S., and consistently winning

their time slots. A big reason for this success is the Canada Media Fund (CMF), which supported the creation of 4,400 hours of new Canadian content hours of domestic programming in 2009-2010 alone. Now entering its third year, the CMF has already provided more than \$58 million in funding to 112 productions, creating thousands of direct and indirect jobs for Canadians in a wide range of specialities and skills. In 2010 CMF funded programs were sold in 45 countries and regions, spanning every continent. At the box office, international sales of Canadian productions jumped in 2011, to \$51 million from \$22 million, due mainly to films like Barney's Version, Incendies and Monsieur Lazhar, while domestic box office receipts rose 11.6%. Domestic sales, which include DVD, VOD and pay television, rose from \$15 million to \$34 million. Unfortunately, with the recent cuts made to Telefilm's Parliamentary appropriation the crown corporation's mandate to foster and promote the development of Canada's audiovisual industry and track its export value around the world could be in jeopardy. We strongly recommend restoring Telefilm's full Parliamentary appropriation and giving Canadian creators the support they need to excel on a competitive international stage.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Canada is expensive! Its hard to have a family in canada. Both husband and wife have to have jobs. We need to make it easy for the family to exist in our nation. We want to have families having children born and raised here. Why? Becuase canada has good values. We should also increse immmigration but only if its sustainable. If there isnt the work or affordablity we will just create more issues for our country in the future. Senior artists are an important part of our shared cultural heritage; they are the creators and the keepers of our unique Canadian sense of identity. Unfortunately they also happen to be one of the most vulnerable segments of our population and are particularly vulnerable to shifts in economic prosperity. PAL Canada is a national umbrella organization, linking the seven PAL Chapters in Halifax, Toronto, Stratford, Winnipeg, Edmonton, Calgary and Vancouver. PAL's mandate is to provide assistance to senior performing artists – or those with mobility and health challenges – with affordable accommodation and assistance with healthcare. PAL's continuing goal is to establish Chapters in every centre where numbers warrant so that older artists can maintain their independence and are cared for at the end of their careers by, and in, their own community. The Canadian Senior Artists Research Network (CSARN) was created by the arts and cultural community to help aging artists, who have made a significant contribution to the culture and economy of Canada, live out their later years with dignity and respect. CSARN is helping senior artists by collecting, updating and disseminating information about services, programs, measures and systems that exist to support senior artists. CSARN will also help identify gaps and implement new services to assist senior artists in areas where they are presently underserved.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Expand and enhance existing tax credits for audio-visual content creation and introduce measures to incent advertisers to support websites featuring Canadian content. Encourage canadian content so we make projects here instead of buying them abroad. Audio-visual tax credits are an efficient and effective way to increase Canada's competitiveness and attract international investment. We recommend that the government increase the Canadian Film or Video Production Tax Credit (CFVPTC) and the Production Services Tax Credit (PSTC). Based on the House Finance Committee's 2004 report we suggest an increase

from 25% to 35% for the CFVPTC and improving the PSTC from 16% to 26%. The eligibility criteria for these tax credits should be extended to include all the costs inherent in fulfilling a production, including post-production costs as both Ontario and Quebec have done, and not just the labour costs as is the current practice. We also recommend that the federal government introduce a labour-based tax credit for digital and interactive media similar to those available in a number of provinces. We also urge the government to provide incentives to advertisers to increase shelf-space for Canadian product and help create jobs. The simple way to do this is to amend the Income Tax Act to allow advertisers tax deductions for advertising on advertise on Canadian-owned websites or services that give prominence to Canadian digital media content. This provision is based on the existing provisions of Section 19.1 of the Act which provide rules related to the non-deductibility of advertising on U.S. border broadcasting stations which encourage advertisers to utilize Canadian broadcasters. These tax deductions currently exist in the magazine and newspaper industries and should be extended to cover all media platforms.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Reinstate income tax averaging for professional artists and introduce an exemption on copyright and residual income. M Cultural workers face many challenges throughout the course of their working careers. As self-employed performers operating a small business, artists and musicians do not have the full, automatic access to programs such as Employment Insurance and the Canada Pension Plan that conventional full-time employees do. They also face a tax regime that is biased towards employees and the traditional makeup of the workplace and doesn't address the unique needs of self-employed creative entrepreneurs whose incomes can fluctuate wildly from year-to-year. For example, a performer's sudden emergence as a lead in a television series, in which they are paid well, may have followed many lean years of training, intermittent work, tireless self-promotion and attendance at hundreds of auditions. But if the series doesn't catch on, they may soon return to a more humble and challenging economic reality. Unfortunately, they will be taxed in their successful year as if that was their normal annual income. Income averaging is not a new concept in Canada. Before the provisions governing income averaging were abolished in 1988 Canadian tax laws recognized the volatile nature of artists' incomes. Many jurisdictions also have provisions to allow artists to average their income for tax purposes over a number of years. In 2004, Quebec implemented tax averaging for performers and other creators that allows them to defer the tax on a portion of their royalty income. In Australia, the Income Tax Assessment Act, 1997, allows artists with variable incomes to average their earnings for tax purposes for a period up to five years. UNESCO has reported that income averaging for cultural professionals is also practised in Germany, Denmark, the Netherlands, Greece, France, the United Kingdom and Luxemburg among other countries. Through some simple changes to a couple of CRA bulletins, your government could introduce a four-year income back averaging income tax system that would directly benefit Canadian artists. To be clear, this significant improvement in the working lives of Canadian artists could be done without introducing new legislation. Instead, some simple amendments to Canada Revenue Agency Interpretation Bulletins IT-525R for Performing Artists and IT-504R2 for Visual Artists and Writers would restore tax fairness lost to Canadian artists in 1987. We also recommend granting professional artists a \$15,000 exemption from taxes on revenues earned on copyright and residual payments. This practice is already in place in Quebec; when an artists' total income is under \$30,000, their first \$15,000 in copyright royalties is tax-exempt.