

**INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES, MOVING PICTURE TECHNICIANS,
ARTISTS AND ALLIED CRAFTS OF THE UNITED STATES, ITS TERRITORIES AND CANADA**

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My name is John Lewis and I am an International Vice President and the Director of Canadian Affairs for the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada (IATSE).

The IATSE was founded in 1893 (1898 in Canada) and presently has over 110,000 members, 16,000 of whom are in Canada; making it the largest trade union in the entertainment industry. The IATSE represents workers in a number of crafts, with the majority employed in motion picture & television production. Our members are integral to the production, distribution and exhibition of motion pictures and television.

We represent workers, not artists or producers or directors. We represent working men and women who earn their livelihood in the motion picture and television industry. Men and women who work on big budgeted foreign service productions from the United States such as *X-Men* in Vancouver and *Mummy 3* in Montreal, as well as on domestic television and motion picture productions such *Trailer Park Boys* in Halifax and *Corner Gas* in Regina.

I have had the opportunity of reviewing the transcripts of the witnesses who have appeared before this body and I have been impressed with their thoughtful input as well as the probing questions and comments from the members of the Senate. I am honoured to be here today and to play a small part in the democratic process.

As I understand the proposed legislation, Bill C-10 contains a provision that would allow the Minister of Canadian Heritage to refuse to grant a tax credit to certain film and television productions for which public financing is considered "contrary to public policy". It also requires the Minister to develop guidelines clarifying the types of productions that would fall into this category.

In her testimony before this body, Minister Verner stated that:

There is material that is potentially illegal under the *Criminal Code* such as indecent material, hate propaganda and child pornography, currently, there are no provisions in the *Income Tax Act* or *Regulations* that exclude such material.

This is a loophole that C-10 would, in particular, address.

Up to this point, I think the industry is in agreement that there should be restrictions on public financing through tax credits for any production which contravenes the Criminal Code. To that effect the IATSE would support the proposed amendment to Bill C-10 as put forward by the Canadian Film & Television Production Association (CFTPA).

The difficulty that many who work in the industry have with Bill C-10 is that it purports to go well beyond codifying the Criminal Code and introduces a subjective, non-transparent decision making process that could create financial mischief.

As Minister Verner herself stated before this body:

These guidelines would cover the types of content that may be illegal under the *Criminal Code* as well as other types of content for which public support is clearly unacceptable.

We are appreciative that the Minister has offered to consult with the industry before drafting guidelines, however, as a non-statutory instrument, these guidelines may be revised at any time, without any public consultation and without the consent of Parliament. This creates the potential for uncertainty which could have a disastrous impact on the motion picture and television industry in Canada.

This industry is under-capitalized. Producers are required to secure financing from private and public sources. Tax credits, which can form as much as 10% of a budget, are an essential part of the traditional funding model. Financial institutions will typically advance up to 80% of the value of the tax credits to a producer. They will not do so if there is a possibility that the tax credits may be denied based on a decision that may arise well after the production has been shot.

I read with great concern the statement attributed to the Royal Bank of Canada that formed part of the submissions of Film Ontario.

Should the assumption of eligibility currently underlying all bank loans to this industry be compromised or diminished by Bill C-10, this will indeed limit the ability of the Bank to continue funding Canadian Content production.

That statement should concern every single person who works in the industry.

Thank you for this opportunity.