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Film sector's competitive advantage is at risk

BY TIMOTHY RENSHAW

Quiet on the set! A new episode in B.C.'s ongoing film industry drama is unfolding. This one comes courtesy of a study prepared for the Vancouver Economic Development Commission by MMK Consulting. The good news is that the comparison of film and TV production costs in four major North American cities shows Vancouver with a 10 per cent advantage over Los Angeles. The bad news is that it's running at a two per cent cost disadvantage compared with Toronto.

Further bad news is that the watershed year for local film and TV production is now but a distant memory: 2003, when spending hit \$1.4 billion. The sector suffered a 43 per cent drop in that number last year, and no sequel to 2003's fleeting glory is on the horizon. Vancouver could be headed for the Gloria Swanson role in Sunset Boulevard if the industry and all its hangers-on don't address the issues raised in the study.

Some of those issues are out of the industry's hands.

The rise in the value of the Canadian dollar against its U.S. counterpart, for example, has seriously blunted BC's competitive edge over entertainment production centres in the United States.

But the industry and all those who sup at the table of its fiscal feast are far less helpless when it comes to other factors.

Consider, for instance, that security costs for film and TV shoots in Vancouver are roughly 70 per cent higher than those in the comparison study's other three cities (Toronto, Los Angeles and New Orleans).

Unless you're convinced that Vancouver is 70 per cent more of a security risk than those cities, you'd have to conclude that police, fire and other security services here are taking advantage of the situation.

The police have adopted a lead role in maximizing film business opportunities out west: their service costs in Vancouver for film and TV productions are 33 per cent higher than those in Toronto. Must be all those pesky panhandlers and squeegee kids in these parts.

Also on the list of parties whooping it up in the first-class coaches on the film industry gravy train are those who rent or otherwise provide locations for productions.

Location costs are almost 30 per cent higher in Vancouver than they are in Toronto. They're also marginally higher than those in Los Angeles.

Those differences might not in themselves be deal breakers, but they're all factors that will influence filmmakers as the competition for entertainment production dollars stiffens, not only in North America, but all over the world. New York, for example, provides free policing services to film productions as an industry incentive.

Tax credits have been another key weapon in the North American film production battle of late. According to the MMK report, over 45 state and provincial jurisdictions now provide some form of taxpayer-assisted financial incentives for film production.

In B.C., Gordon Campbell's "no government subsidies here" Liberals upped BC's 11 per cent film tax credit by an additional seven per cent last February to compete with Ontario's film industry largesse. But that bailout is scheduled to expire at the end of March 2006, and the MMK report points out that the loss of BC's enhanced tax credit would push its production costs three per cent higher than Toronto's and perilously close to being on par with those of New Orleans.

Hurricane Katrina has temporarily knocked that Louisiana city out of the game, but Vancouver's advantage in the North American film production trade remains tenuous at best.

The MMK report should rattle some entertainment industry teeth hereabouts. Such issues as security and location costs that are in a different orbit from the rest of the entertainment universe need repair now if the province is to maintain any edge in the North American marketplace without continuing to come cap in hand to government. .

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