



# Program Guidelines

## NUNAVUT SPEND INCENTIVE PROGRAM

### 1. WHAT IS THE NUNAVUT SPEND INCENTIVE PROGRAM?

The Nunavut Spend Incentive Program is an initiative that awards production companies a rebate on the total eligible costs for production goods and services purchased and consumed in Nunavut. Only those eligible productions which spend more than \$25,000 on goods and services consumed in Nunavut are eligible to apply for a rebate.

This program has been founded to support the development of a strong film, television and digital media industry while cultivating local production expertise and nurturing local talent.

An eligible applicant company may apply through one of the two streams, based on the ownership of the company: Ownership and Control Indicators.

Spending Stream I with Majority Nunavut ownership	or	Spending Stream II with Equal or Minority Nunavut ownership
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When assessing Spending Stream I and Spending Stream II submissions and determining ownership and control levels, Nunavut Film will consider the following:

- who was directly responsible for the acquisition and development of the production?
- who has been issued voting shares in the company and how many?
- who is being identified in the production and on all marketing materials as a ‘Producer’?
- who is a central decision maker in respect of the eligible production?
- who has been granted control and approval(s) with respect to the eligible production and the affairs of the applicant company, creatively/financially and otherwise?
- who owns copyright to the completed production and at what percentages?
- who controls distribution and exploitation rights, in Canada, in the USA and elsewhere in the world?
- who has a right to a share of budgeted producer fees and overhead and at what percentages of the whole?
- who is entitled to share in net profits and at what percentages?
- who has the first right of negotiation to acquire or option sequels, prequels, subsequent cycles of series, digital media rights and other spin-offs from the eligible production?

Nunavut Film reserves the right to request a statutory declaration and/or letter of opinion (from the applicant's legal counsel) in circumstances where documentation, in the sole opinion of Nunavut Film, warrants additional comfort and verification. The cost of preparation of a statutory declaration or legal letter of opinion must be borne by the applicant.

Increased financial benefits may apply by the employment and training of additional key creative personnel who are resident in Nunavut and/or the completion of an Inuktitut language version of the production.

## 2. APPLICANT ELIGIBILITY

To be eligible to apply for a Nunavut Spend Incentive rebate, the applicant must:

- be a production company incorporated pursuant to the laws of the Territory of Nunavut or Canada whose primary activity is developing and producing film, television and/or digital media content;
- be able to demonstrate that they own 100% of copyright in the eligible production, or first option to adapt the underlying property and acquire copyright ownership
- be in good standing with the relevant Corporate Registry
- with respect to Stream II applications for eligible productions with budgets exceeding \$500,000 only: be able to provide written evidence that the applicant, or its affiliate, has entered into an agreement with a licensed Canadian broadcaster or bona fide distributor.

### THE INDIVIDUAL PRODUCERS

Each Producer named in the application must meet the following minimum criteria:

- be an individual whose primary business activity to date has been developing, producing, marketing and exploiting film, television and/or digital media project(s); and
- be an individual who:
  - is a central decision-maker at all levels in respect of the eligible production,
  - is directly responsible for the creative direction, financial control, completion, delivery and exploitation of the eligible production;
  - is contractually entitled to reasonable, verifiable and commensurate monetary participation in budgeted Producer fees and net profits,
  - is contractually entitled to receive on-screen credit as a Producer, Executive Producer, or Co- Producer and, ultimately, identified in the production as being a Producer, Executive Producer,

### CO-PRODUCERS

- At least one of the Individual Producers named in the application **must** be a resident of Nunavut.
- An Individual Producer can be an Executive Producer, a Producer or a Co-Producer.
- is in good standing with Nunavut Film.

In circumstances where individuals are contracted by the applicant company to work as Co-Producers, Executive Producers, and/or Associate Producers, these additional producing executives must be identified to Nunavut Film at the time of application. The applicant will be required to provide Nunavut Film with copies of all agreements entered into with these individuals. A review will be conducted to assess responsibilities, tasks, levels of control and, if applicable, levels of

ownership. Nunavut Film must be able to verify that the qualifying individual producer(s) named in the Stream I or Stream II applications retain tangible, substantive and beneficial levels of control and ownership relative to the Nunavut Spend Incentive requested.

### 3. ELIGIBLE PROJECTS

The following types of productions are eligible for rebate:

- feature length films, including animation, documentary or docudrama, intended for release in commercial cinemas, DVD sales and rentals and download;
- television programming intended for commercial broadcast, DVD sales and rentals and download including dramas, sitcoms, factual, variety, reality, lifestyle and animation for youth; and
- digital media projects, including those convergent to a television program intended for cross platform digital media exploitation and/or download.

Nunavut Spend Incentive will support series production on the following basis: Season One: 100% of the applicable rebate Season Two: 80% of the applicable rebate Season Three: 60% of the applicable rebate Season Four: 40% of the applicable rebate Season Five: 20% of the applicable rebate Season Six: No Funding

### 4. INELIGIBLE PROJECTS

The following genres of production are NOT eligible for rebate:

- news, current events or public affairs programming;
- programs that include weather or market reports;
- talk shows;
- sports events or activities;
- gala presentations or award shows;
- projects that solicit funds;
- pornography;
- advertising and commercials;
- projects produced primarily for industrial, corporate or institutional purposes;
- projects, other than documentaries, which substantially consist of stock footage;

### 5. ELIGIBLE NUNAVUT COSTS

The applicant must provide a detailed production budget and separate detailed breakdown of estimated costs for goods and services purchased and consumed in Nunavut. Nunavut Film has prepared an 'Eligible Nunavut Costs' worksheet for use by applicants. This worksheet may be downloaded from the Nunavut Film website ([www.nunavutfilm.ca](http://www.nunavutfilm.ca)) and is only applicable to traditional film and television productions. Applicants applying for digital media projects may use the Bell Fund Budget Template for this purpose (downloadable at: [www.bellfund.ca/guidelines](http://www.bellfund.ca/guidelines))

Eligible Nunavut costs must be consistent and competitive with industry standards.

As the following line items are not currently available in Nunavut, upon request and at the sole discretion of Nunavut Film, an amount proportionate to the number of Nunavut shoot days may be

deemed an eligible Nunavut cost and included by the applicant's when estimating its spend rebate:

- film and tape or digital recording stock
- production insurance
- versioning
- closed captioning
- legal
- accounting
- audit
- completion guarantor

With respect to Stream II: fees for key creative provided by producers working on projects over \$1 million will not be eligible for funding. On projects with budgets of less than \$1 million, producers may claim reasonable fees for a maximum of 3 key creative positions. In these instances, total fees payable to producers also employed in key creative positions will be capped at 20% of the budget.

Nunavut Film and/or the Government of Nunavut may, upon request in writing, inspect and audit the records of the recipient of funding under the Spend Incentive Program (or that of its affiliate, if applicable).

Production Funds in the applicant's Financing Plan which are from the Government of Nunavut (other than from the Nunavut Film Development Corporation) must be deducted from the calculation of Eligible Nunavut Expenditures available for rebate.

## 5. NUNAVUT SPEND INCENTIVE CONTRIBUTION STREAMS

5.1 Spending Stream I – 27% of total eligible costs of production goods and services purchased and consumed in Nunavut

In circumstances where:

- a) majority and beneficially owned and controlled by residents of Nunavut
- b) the applicant company maintains a registered head office in Nunavut;
- c) at least two of the eight key creative positions are to be filled out of the eight key creative positions by residents of Nunavut. (Alternatively, one of eight key creative positions and two trainee key creative positions.)

Non-profit production companies with a head office in Nunavut and which meet the eligibility criteria as an applicant are eligible to apply under Stream I. However, the applicable spend rebate for non-profit corporations will be 17% (plus bonuses) of the total eligible costs of production goods and services purchased and consumed in Nunavut. Funding for non-profits under the Nunavut Spend Incentive Program will be capped at \$75,000 for the first six months of the fiscal year after which time the cap will be removed for the remainder of the fiscal, assuming available funds are in the program.

5.2 Spending Stream II – 17% of the total eligible costs of production good and services purchased and consumed in Nunavut.

In circumstances where:

- a) equal or minority owned, controlled and creatively directed by residents of Nunavut

- b) the applicant company maintains a registered office in Nunavut;
- c) Officers and Directors of the applicant company, who are resident in Nunavut, participate in the management of business activities;
- d) at least two of the eight key creative positions are filled by residents of Nunavut, (Alternatively, one of eight key creative positions and two trainee key creative positions.)

### 5.3 Enhancement for Training of Key Creative Personnel

Eligibility may be enhanced by employing and training additional key creative personnel who are resident in Nunavut. In this case, a bonus equal to 1% of the applicant’s total eligible Nunavut costs will be paid for every individual hired to fill one of the eight key creative personnel positions in the eligible production. Alternatively, the applicant has the option of filling one of the eight key creative personnel with trainees.

Under this enhancement provision, a maximum total bonus of 3% applies to each spending stream.

Key creative personnel triggering this bonus on behalf of the eligible applicant must be qualified and provided with appropriate credit on the completed production. Proposals with respect to the training of key creative personnel must be made in writing and are subject to pre-approval by Nunavut Film.

### 5.4 Inuktit Language Incentive

Funding may be further enhanced if the completed production is produced or versioned into Inuktit language. Under this enhancement provision, a bonus of 10% of the Nunavut spend up to a maximum of \$40,000 is available for original **production** in an Inuit Language or a bonus of 5% for **versioning** in an Inuit Language up to a maximum of \$20,000 is available.

Applicants applying for this incentive must provide a plan for the guaranteed distribution (internet, mobile or direct sales) and/or broadcast of the program within Nunavut.

## 6. NUNAVUT FILM CONTRIBUTION

Nunavut Film contribution will be paid in three sections, as follows:

- 40% upon execution of a Contribution Agreement;
- 40% upon receipt by Nunavut Film of a copy of a fully executed agreement entered into with a broadcaster or bona fide distributor; and verifiable commitments for full financing; or in the case of digital media projects a marketing plan and verifiable commitments for full financing.
- 20% upon completion and delivery of the eligible production receipt and approval of an audited statement of total production costs and receipt of a completed Economic Impact Report

Any audit, review engagement report or statutory declaration must be accompanied by detailed breakdown of actual eligible Nunavut costs.

The Contribution Agreement will include provisions that the completed production include an on-screen credit “Produced with the assistance of the Government of Nunavut and the Nunavut Film

Development Corporation” (in a appropriate/proportionate size, position and prominence), and a “Shot on location in Nunavut, Canada” in the tail credits. Appropriate credit will also be required on all advertising, publicity and promotional materials.