

Digital Media

Program 2009-2010



Canadian Television Fund
Fonds canadien de télévision

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Interpretation, Application, Disclaimer, and other Important Information:

These Guidelines are for the information and convenience of Applicants (as defined in Section 3.1) to the Canadian Television Fund (CTF). They provide an overview of the objectives of the Fund, the manner in which the Fund is administered, and information on typical administrative practices of the Fund. Compliance with these Guidelines is a prerequisite to eligibility for any CTF funding.

The CTF has full discretion in the administration of its programs and in the application of these Guidelines to ensure funding is provided to those projects that contribute to the fulfillment of its mandate. In all questions of interpretation of these Guidelines, the interpretation by the CTF shall prevail.

Projects that receive CTF funding in a given year are subject to the Guidelines and the CTF policies that are in effect for that fiscal year. For greater clarity, changes to CTF Guidelines and/or policies made in a subsequent fiscal year will not be applied retroactively, unless specifically stated. The CTF fiscal year is April 1 to March 31.

Please note: These Guidelines may be changed or modified as required, without notice. Please consult the CTF website at www.ctf-fct.ca to receive the latest Guideline news and documentation.

1 INTRODUCTION TO THE CANADIAN TELEVISION FUND

In the traditional broadcast/television medium, the Canadian Television Fund (CTF) supports a high volume of distinctively and identifiably Canadian broadcast programming, reflecting Canadian culture, stories, and themes. CTF-funded television projects must be initiated by Canadian companies, under Canadian ownership, that exercise creative and financial control from development through production to distribution and exhibition. Their underlying rights are owned and significantly and meaningfully developed by Canadians.

With the Digital Media Program, the CTF seeks to expand its funding to digital new media projects that reflect the CTF's mandate. The objectives of the Program are to support Canadian digital media projects that are made by Canadians with Canadian audiences in mind, enhancing audience experiences across platforms and supporting a Canadian presence on new platforms.

The CTF also seeks to foster a productive working relationship between the CTF and the production, broadcast, new media, and interactive industries, and to maximize the effective and efficient administration of CTF services.

The CTF is a cultural programming fund. It does not support industrial or foreign service productions or those that cede control to foreign entities.

2 HOW THE DIGITAL MEDIA PROGRAM WORKS

2.1 Introduction

The Digital Media Program seeks to support Canadian digital media projects that are associated with CTF-funded television productions. The CTF delivers funding in the Digital Media Program to Eligible Projects (see Section 3.2) on a first-come, first-served basis until funds are depleted.

In accordance with the requirements of the CTF's Contribution Agreement with the Department of Canadian Heritage, 37% of the Digital Media Program is reserved for new media projects with a letter of interest (see Section 3.2.5) from CBC/Radio-Canada. 10% of the French-language allocation to the Digital Media Program is reserved for Applicants that meet the requirements of section 3.1 of the CTF 2009-2010 French-language Projects Outside Quebec Guidelines, as applicable to the context of new media (the FLPOQ allocation).

In order to be funded from the Digital Media Program, a project must meet all of the eligibility criteria under these guidelines.

2.2 Nature of Funding Contribution

Successful Applicants receive funding in the form of a grant.

2.3 Amount of Funding Contribution

2.3.1 CTF Contribution

The CTF may contribute to an Eligible Project an amount not exceeding the Eligible Costs (see Section 2.3.2) of the project minus the project's financing from other sources, up to the Maximum Contribution amount.

The Maximum Contribution in the Digital Media Program is \$200,000 or 50% of the project's Eligible Costs, whichever is less.

For international co-productions, the Maximum Contribution will be calculated on the lesser of the Eligible Costs of the Canadian portion of the project's global budget and the Eligible Costs of the Canadian portion of the global final costs.

2.3.2 Eligible Costs

Eligible Costs are the costs set out in the budget for the project or the final cost report, as applicable (including both related-party and non-related party costs), plus any costs the CTF considers necessary, minus any costs that the CTF considers excessive, inflated, or unreasonable. Assessment of a project's Eligible Costs shall be done at the CTF's sole discretion.

Eligible Costs in the Digital Media Program do not include costs that are primarily related to development or marketing and publicity.

Eligible Costs may include budgeted upkeep and enhancement costs related to a period of up to 12 months after the launch of the new media project.

Costs incurred and paid prior to April 1, 2009 are not Eligible Costs.

3 ELIGIBILITY FOR FUNDING

3.1 Eligible Applicants

Applicants must own and control all the rights necessary to produce and exploit the digital new media project; entities that provide services but do not own the applicable rights are not eligible to apply to the Digital Media Program.

3.1.1 Production Companies

An eligible Applicant* to the CTF must be a corporation that is Canadian-controlled, as determined for the purposes of sections 26 to 28 of the *Investment Canada Act*, with its head office based in Canada. In addition, when assessing an Applicant's eligibility, the CTF may choose to look at factors, including:

- ▶ if the Applicant's activities take place in Canada;
- ▶ the financial stability of the Applicant (with appropriate exceptions for new production companies without established parent companies); and
- ▶ whether or not the Applicant operates principally as a television/film or digital/interactive/new media production entity.

Broadcasters, broadcasting distribution undertakings (BDUs), internet service providers (ISPs), and telecommunications companies (telcos) are not eligible Applicants; the CTF does not support "in-house" production.

* For the purposes of these Guidelines, the term "Applicant" is deemed to mean and include all co-applicants and/or related companies as applicable.

3.1.2 Broadcaster, BDU, ISP, or Telco-Affiliated Production Companies

A production company, as defined in Section 3.1.1 above, that is affiliated with a Canadian broadcaster, BDU, ISP, or telco, is only an eligible Applicant for CTF funding if it is:

- ▶ a separately incorporated entity and is distinct from the operations of its affiliated Canadian broadcaster, BDU, ISP, or telco; and
- ▶ not affiliated with a publicly funded Canadian broadcaster, BDU, ISP, or telco.

The CTF uses the definition of "Affiliate" set out in the *Canada Business Corporations Act*.

3.2 Eligible Projects

An Eligible Project is one which meets all of the requirements of Section 3.2 and all its subsections. In the case of a series, or multiple versions or forms of content, these requirements are applicable to every episode, version, or form. The CTF has full discretion to decide whether or not a project meets these requirements; the interpretation of the CTF shall prevail.

An Eligible Project in the Digital Media Program is an audiovisual, multimedia, or interactive project that:

- a. is associated with a television production* that is funded by the CTF;
- b. enhances the viewer experience of that television production; and
- c. is made available to the Canadian public by way of a digital network, including internet and mobile.

* In order to be eligible, a new media project must be associated with a television project that receives *production* funding from the CTF.

3.2.1 Canadian Content

An Eligible Project must meet the following criteria:

- a. Its underlying rights are owned and significantly and meaningfully developed by Canadians;
- b. It is produced in Canada, with at least 75% of its Eligible Costs being Canadian costs; and
- c. Its content is intended primarily for a Canadian audience.

International co-productions may be eligible where there is an acceptable degree of Canadian ownership and control.

3.2.2 Ineligible Content

The following is a non-exhaustive list of types of content that are not eligible for support through the Digital Media Program: predominantly text or text-and-still image based websites with no significant audiovisual, multimedia, or interactive component; industrial, corporate, or primarily promotional projects; curriculum-based projects; stand-alone games intended primarily for the arcade, console or PC gaming markets; stand-alone CD-ROMs or DVD-ROMs; and application software and system software.

A project that consists primarily of existing content reused on new platforms (such as the online streaming/broadcast of existing television programs) is not an Eligible Project.

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3.2.3 Canadian Ownership and Control

An Eligible Project must meet the following criteria*:

- a. It is under Canadian ownership and Canadian executive and creative control;
- b. It is under the financial control of Canadian citizens or permanent residents;
- c. It is, and has been, controlled creatively and financially by a Canadian production company during all phases of production, and all distribution and exploitation rights are owned and initially controlled by a Canadian production company. A project formerly produced in-house by a broadcaster is eligible as long as the Applicant is an independent production company and has full control of the proposed project;
- d. Generally, no more than 49% of the production financing/final cost is provided by a single non-Canadian entity, person or related entity (via licence fees, distribution advances, goods and services and/or equity investment). Interim lending of more than 49%, however, may be provided by a non-Canadian arm's-length entity in the business of lending money and taking security;
- e. The Applicant retains and exercises all effective controls or approvals consistent with those of a producer. This includes control and final approval of creative decisions and production financing, distribution and exploitation, and preparation and final approval of budget, subject to reasonable and standard approval rights customarily required by arm's-length financial participants, including Canadian broadcasters and distributors; and
- f. The Applicant owns all rights (including copyright) and options necessary for the production and distribution of the digital media project in Canada and abroad, and retains an ongoing financial interest in the project

* These criteria shall be interpreted so as to allow international co-productions that have an acceptable degree of Canadian ownership and control to access the CTF.

3.2.4 **Miscellaneous Requirements**

An Eligible Project must:

- a. where applicable, conform to the Canadian Association of Broadcasters' Code of Ethics and to all programming standards endorsed by the Canadian Radio-television and Telecommunications Commission (CRTC), including those related to equitable portrayal and violence;
- b. be made available to the Canadian public in a meaningful way. What is meaningful in a particular instance will depend on the nature of the project and its distribution plan. The CTF will make this determination on a case by case basis, but in general, in the absence of an acceptable distribution/exploitation plan to the contrary, the CTF considers that making the project available to the Canadian public for at least 3 months contemporaneously with the associated television production will be meaningful; and
- c. be 100% fully financed at application (including CTF financing). Producer investment/deferrals cannot comprise more than 15% of the project's total financing.

3.2.5 **Broadcaster Letter of Interest**

An Eligible Project must have a letter of interest from a Canadian broadcaster indicating the broadcaster's support for the digital media project and its financial commitment to the project, if any.

4. COMPLIANCE AND REPRESENTATIONS

4.1 Provision of Documentation

It is the responsibility of the Applicant to ensure that the CTF is in receipt of all documentation relevant to their application, and to update such documentation and information after a material change. The CTF may request other documentation and information, as required, in order to conduct an assessment and evaluation of the project and, once assessed, to complete CTF file reviews. For the purposes of project assessment and evaluation, the CTF reserves the right to rely solely on the written and audiovisual materials initially submitted by the Applicant.

4.2 Failure to Comply

If an Applicant fails to comply with these Guidelines, as determined by the CTF, then the CTF may refuse the application, revoke the eligibility status of the Applicant's project and may demand repayment of any sums advanced to the Applicant.

4.3 Misrepresentation

If, at any time, an Applicant, as required by the Guidelines or as requested by the CTF, provides false information or omits material information in connection with an application, the Applicant may suffer serious consequences. These may include, among others:

- ▶ loss of eligibility for funding of the current project;
- ▶ loss of eligibility for funding of future productions;
- ▶ repayment of any funds already advanced, with interest; or
- ▶ criminal prosecution, in the case of fraud.

These measures may be imposed not only on the Applicant but also on related, associated, and affiliated companies and individuals (as determined by the CTF at its sole discretion). Any Applicant receiving approval for funding will be required to sign a legally enforceable agreement, which includes further provisions concerning misrepresentations, defaults, and related matters.

5. APPLICATION SUBMISSIONS

As stated at section 3.2 a) of these Guidelines, an Eligible Project must be associated with a television production that is funded by the CTF. As such, applications to the Digital Media Program may be made after or at the same time as the CTF application for the associated television project, but no Digital Media Program application will be accepted before a complete CTF television funding application is submitted.

Eligible Applicants may apply with a maximum of three Eligible Projects per fiscal year.

Application Deadlines

First Opening Date	Second Opening Date	Final Closing Date
Allocation: \$6 million	Allocation: \$4 million	
June 18, 2009, 12:00 p.m. EDT	October 15, 2009, 12:00 p.m. EDT	February 1, 2010

Deadline Definitions:

Opening Dates

All Applicants to the 2009-2010 Digital Media Program may submit applications beginning on the date and time indicated under the 1st Opening Date. No application will be accepted prior to this date and time.

The first Digital Media Program allocation (\$6 million) will be made available on the 1st Opening Date on a first-come, first-served basis.

If the first allocation is depleted prior to the 2nd Opening Date:

- ▶ The Digital Media Program will close until the 2nd Opening Date and no application will be accepted prior to the date and time of the 2nd Opening Date.
- ▶ The second allocation (\$4 million) will be made available on the 2nd Opening Date on a first-come, first-served basis until all Digital Media Program funding is depleted or the Final Closing Date, whichever comes first.

If the first allocation is not depleted prior to the 2nd Opening Date:

- ▶ The first allocation will “roll over” (i.e. be added to the second, \$4 million allocation) and the combined allocation will be made available to applications applying at or after the 2nd Opening Date until all Digital Media Program funding is depleted or the Final Closing Date, whichever comes first.

As an exception to the above, the FLPOQ allocation will not be split between the 1st and 2nd Opening Dates; 100% of the FLPOQ allocation will be made available on the 1st Opening Date on a first-come, first-served basis until the allocation is depleted or the Final Closing Date, whichever comes first.

Eligible applications representing 75% of the value of CBC/Radio-Canada's first allocation (not including the FLPOQ allocation) must be received before the 2nd Opening Date.

Final Closing Date

The final closing date is the deadline for submitting applications for the fiscal year.

Application Offices

The Television Business Unit at Telefilm Canada administers Digital Media Program applications on behalf of the CTF.

Applicants may submit their CTF funding application through eTelefilm at www.telefilm.gc.ca.

Applicants may also submit their CTF funding application to any of the following Television Business Unit offices:

MONTREAL

360 Saint-Jacques Street, 5th Floor
Montréal, Quebec H2Y 1P5
Toll Free: 1-800-567-0890
T: (514) 283-6363
F: (514) 283-8212

HALIFAX

1717 Barrington Street, Suite 300
Halifax, Nova Scotia B3J 2A4
Toll Free: 1-800-565-1773
T: (902) 426-8425
F: (902) 426-4445

TORONTO

474 Bathurst Street, Suite 100
Toronto, Ontario M5T 2S6
Toll Free: 1-800-463-4607
T: (416) 973-6436
F: (416) 973-8606

VANCOUVER

609 Granville Street, Suite 410
Vancouver, British Columbia V7Y 1G5
Toll Free: 1-800-663-7771
T: (604) 666-1566
F: (604) 666-7754

For inquiries on the status of your CTF funding application, please contact Telefilm Canada at 1-800-463-4607.

For inquiries regarding CTF policies, please contact the Canadian Television Fund at 1-877-975-0766 or at digital@ctf-fct.ca.

To contact the CTF:

Canadian Television Fund
50 Wellington Street East, 4th Floor
Toronto, Ontario M5E 1C7
Toll Free: 1-877-975-0766
T: (416) 214-4400
F: (416) 214-4420
digital@ctf-fct.ca

For additional information, updates, and to learn more about CTF policies, please visit www.ctf-fct.ca.