

APPENDIX 18

CANADIAN INDEPENDENT PRODUCTION INCENTIVE PROGRAM (CIPIP)

1. Purpose

- (a) The purpose of the CIPIP is to encourage low-budget Canadian film and television projects engaging professional Performers represented by ACTRA.
- (b) To this end, Performers' minimum fees under the Independent Production Agreement ("the IPA") may be discounted in CIPIP-qualified projects in accordance with the Schedule of Discounts found below.
- (c) Productions fulfilling the conditions below are automatically eligible to benefit from the provisions of this Appendix.
- (d) This Appendix is not intended for and not available to foreign service production directly or indirectly through a Canadian line production company or another Canadian agent.

2. Filing Procedure

- (a) Producers wishing to access the CIPIP must first be signatory to the IPA.
- (b) In all instances in which the CIPIP is silent, the terms and conditions of the IPA apply.
- (c) At least four (4) weeks in advance of principal photography, the Producer will provide to ACTRA filing documents including a copy of the shooting script, detailed and certified Production and cast budgets, outlines of distribution arrangements (both extant and under negotiation), and full disclosure of all sources of financing for the project, together with confirmation of the Producer's intent to access the CIPIP agreement.
- (d) A standard executed Security Agreement as per Appendix 7A or 7B of the IPA is required prior to principal photography.

3. Qualified Projects Those projects that qualify for CIPIP shall be of the following nature and type:

- (a) **New Projects Only** No projects that are in production or that

have previously been in production under the IPA may access the terms contained herein.

- (b) **Canadian Content** Projects must be able to qualify as Canadian content under the requirements of the Canadian Audio-Visual Certification Office (CAVCO) and/or the CRTC. ACTRA will consider in good faith a request from an official treaty co-production as administered by Telefilm Canada to access CIPIP provided that the total production budget meets the CIPIP budgetary thresholds, and that the Canadian partner holds majority ownership of the Production, with the majority of principal photography taking place in Canada.
- (c) **Certified Budgets** Budgets of qualifying projects must be certified by a bonding company or a public agency such as Telefilm Canada. Where it is not possible to provide a certified budget, the Producer agrees to sign a statutory declaration that the budget submitted is the true and final budget.
- (d) **Open Market** Any project seeking qualification under CIPIP cannot have its world distribution rights pre-sold to finance production, i.e., there must be meaningful open markets for distribution of a CIPIP-qualified project. Producers at the time of production shall make full disclosure to the ACTRA PRS in respect of any and all proposed licensing agreements or the like (including territory, term, and the amount of license fees, etc.). Allocation of revenue issues, if any, shall be determined pursuant to the provisions of Article B509.
- (e) **Qualified Producer** To access the CIPIP, the Producer(s) of a project must be CMPA-qualified or AQPM-qualified.

4. **Excluded Projects**

The CIPIP does not apply to the following types of projects:

- (a) industrial/corporate videos
- (b) animated Productions or Series
- (c) Dubbing
- (d) Pilot Productions for which the Producer is utilizing Article B206 of the IPA unless the projected Budget for the Series would qualify the Production for the benefits of this Appendix.

5. **Series** Producers seeking to avail themselves of this Appendix for television Series must resubmit for each production cycle or season of such Series. Producers wishing to engage Performers on Series option contracts must conform to the requirements of Article A805 of the IPA for Performers.
6. **Schedule of Discounts of Minimum Fees**

| Period | Budget | All-Canadian Cast Percentage Discount | Other Percentage Discount |
|---|-------------------------------|---|---------------------------------|
| Movies of the Week (MOWs) and Each 2 Hours of Mini-Series | | | |
| | under \$2,034,938 | 35% | 25% |
| | \$2,034,939 to \$2,713,250 | 25% | 15% |
| Features | | | |
| | Under \$2,500,000 | 35% | 25% |
| | \$2,500,001 to \$3,250,000 | 25% | 15% |
| | \$3,250,001 to \$4,000,000 | 15% | 5% |
| Super-Low-Budget Features and MOWs (see Note 1) | | | |
| | under \$339,158 | 45% | 35% |

| Period | Budget | All-Canadian Cast Percentage Discount | Other Percentage Discount |
|---|------------------------|--|----------------------------------|
| TV Series on Film/HD (per ½ hour) [see Note 2] | | | |
| | under \$203,494 | 30% | 20% |
| | \$203,495 to \$440,904 | 20% | 10% |
| | \$440,905 to \$610,482 | 15% | 5% |
| TV Series on Tape (per 1/2 hour) [see Note 2] | | | |
| | up to \$40,700 | 40% | 30% |
| | \$40,701 to \$94,964 | 30% | 20% |
| | \$94,965 to \$183,145 | 20% | 10% |
| | \$183,146 to \$284,893 | 15% | 5% |
| TV Drama Specials and One-off Productions (per 1/2 hour and less than 2 hours) | | | |
| | up to \$461,253 | 35% | 25% |
| | \$461,254 to \$556,216 | 25% | 15% |
| | \$556,217 to \$644,398 | 15% | 5% |

Note 1: Limitation on Super-Low-Budget Features and MOWs

- (a) This limitation will apply to Producers that have not previously produced a feature film or MOW.
- (b) A Producer may produce only one project under this category.

- (c) A minimum of ten percent (10%) of the total Production budget must be apportioned to the cast.
- (d) The following statement must appear directly under the ACTRA logo in the credit roll in all prints of the Production: “This Production was made with the generous support of the ACTRA membership.”

Note 2: Series

CIPIP discounts will not apply to dramatic Series beyond the production of the initial sixty-five (65) Episodes.

Nota Bene

- (a) Minimum fees payable to Performers in Background Performer categories may not be discounted. However, the minimum daily requirement for Background Performers may be ten (10) qualified extras. For Productions that qualify as Super-Low-Budget, the requirement to engage ACTRA members as Background Performers is waived.
- (b) Discounts noted above are to be calculated solely on the minimum daily, hourly, overtime, and weekly fees under the IPA. No other rates or fees (including residual, prepayment, or Use payments, if exercised) in the IPA may be discounted.
- (c) The Schedule of Discounts under the “other” category (above) represents the discounts to minimum fees applicable in the event that a Producer wishes to engage a non-Canadian Performer in a CIPIP project. ACTRA will consider in good faith a request that a non- Canadian Performer be the highest paid when such Performer is essential to financing.

7. Credits

- (a) Lead Actors will receive up-front credits if the Producer receives such credits, or
- (b) each Lead Actor will receive single-card billing in tail credits, or
- (c) lead Actors will receive credit at the end of the Production that is no less prominent than for any other key personnel.
- (d) Lead Actors will receive equivalent credit in all print campaigns when any other key personnel receive credit.
- (e) The Producer shall include the ACTRA logo on the credit or cast roll.

8. Prior Notice and Right to Negotiate Producers must give notice to

Performers at the time of casting (through casting notices) that the Producer is seeking qualification of the project as a CIPIP project. Such notices shall not contain any statement that attempts to restrict the right of any Performer to negotiate terms (including rates and fees) and conditions in excess of the minimum fees, rates, and conditions.

9. **Use Payments** At the time of production, the Producer shall choose one of the following options:

- (a) **All Uses Prepayment Option** The Producer may acquire unrestricted Use rights, in all media throughout the world, including New Media, for a period of four (4) consecutive years from the date of first exploitation release in any Residual Market, for one hundred and thirty five percent (135%) of Net Fees for theatrical Productions, or one hundred and ten percent (110%) of Net Fees for television and other Productions.
- (b) **Conventional Use Prepayment Option** The Producer may acquire unrestricted Use rights, in all media throughout the world, excluding New Media, for a period of four (4) consecutive years from the date of first exploitation release in any conventional Residual Market, for one hundred and thirty percent (130%) of Net Fees for theatrical Productions or one hundred and five percent (105%) of Net Fees for television and other Productions.

The Producer shall declare and specify the prepayment in the individual contract of the Performer. The prepayment must be paid to Performers at the time of production. If the Producer elects one of the above options, the Performer shall be paid Use fees pursuant to Article B504; however, the aggregate Use fees paid to Performers shall be five percent (5%) of DGR.

- (c) **Advance Option** At the time of production, a Producer that has not elected a prepayment option above shall choose one of the following options that requires payment of a corresponding percentage of Performers' Net Fees as a non-refundable Advance against the Performers' participation in Distributor's Gross Revenue for all Uses set out in Article A445 (a–h).

| Option Number | Non-refundable Advance (% of Net Fees) | Participation in Distributor's Gross Revenue |
|---------------|--|--|
| 1 | 100.0% | 5.0% |
| 2 | 75.0% | 6.0% |
| 3 | 50.0% | 7.0% |
| 4 | 25.0% | 8.0% |
| 5 | 0.0% | 9.0% |
| 6 | 0.0% | 11.0% |

(super-low-budget features and MOWs)

10. **Joint Administration** The CMPA and the AQPM agree to administer the CIPIP in all facets jointly with ACTRA on a principle of equality between ACTRA and the Producer Associations. ACTRA and the Producer Associations will monitor the progress of any CIPIP project and will intervene should there be any default in a CIPIP-produced project. The CMPA and the AQPM undertake to work jointly with ACTRA to resolve any problems that may occur on a project and recover any monies that may be owing to Performers.
11. **Term** The application and effectiveness of the CIPIP shall be monitored by the quarterly committee, composed of representatives of ACTRA, the CMPA and the AQPM.