

**NOVA SCOTIA FILM DEVELOPMENT CORPORATION  
2006-2007 BUSINESS PLAN**

Prepared April 14, 2006

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## **Mission**

To grow Nova Scotia’s film, television, and new media industry with our partners by stimulating investment and employment and by promoting Nova Scotia’s producers, productions, locations, skills and creativity in global markets.

## **Introduction**

Following a study evaluating the economic potential of the film and television industry in Nova Scotia, the Nova Scotia Film Development Corporation (NSFDC) was created in 1990 under the Film Development Corporation Act as a provincial Crown corporation. The Corporation reports to the Minister of Economic Development.

A Board appointed by the Governor in Council directs the affairs of the Corporation. Members of the Board are appointed for up to three-year terms and may be appointed for no more than two consecutive terms. The administration of the Corporation and its programs and the implementation of the Board’s decisions are carried out by the Chief Executive Officer assisted by full-time staff including a Director of Finance, a Program Administrator, a Locations Officer, a Communications & Locations Assistant, a Finance Assistant and an Office Administrator. The Chief Executive Officer reports to the Board and has chief responsibility for all programs administered by the Corporation.

## **Legislation and By-laws**

Nova Scotia Film Development Corporation Act – Bill No. 42

By-laws of the Nova Scotia Film Development Corporation

Nova Scotia Film Industry Tax Credit

## ***Role***

The Corporation provides financial, development and marketing programs to the local film industry. Its financial programs provide first-in funding, which is then used to leverage funds available through federal programs such as Telefilm Canada and the Canadian Television Fund, and private sources such as broadcasters, distributors, and investment funds.

The Corporation’s investment funds are used to generate production, which results in job creation and supply consumption. Its development programs are of a product nature as well as training and development. The marketing programs are designed to raise the profile of Nova Scotia’s film industry, create access to decision-makers for local producers, and market the province to foreign studios, broadcasters, distributors, and producers.

The NSFDC is also the “go to” resource for both local and foreign production communities. It provides liaison services between industry and government, where necessary, and networks producers with one another.

## Planning Context

The Nova Scotia Film Development Corporation has two inter-related approaches to development of the film industry in Nova Scotia. The Corporation's financial programs are aimed at local filmmakers and they include equity investments, development loans, new media equity investments, feature film distribution assistance, CBC/NSFDC Bridge Award, sponsorship and training awards, and market/festival and professional development assistance. Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit program. The Corporation strives to administer the public funds that it is entrusted with in an effective and efficient manner. At the same time, providing excellent quality service and creating a film-friendly environment are at the forefront of all its activities.

The Corporation makes its investment decisions with the following outcomes in mind: employing Nova Scotians, spending funds in the province, promoting the province internationally with positive spin-offs resulting in other areas such as tourism, allowing Nova Scotians to tell their unique cultural stories, and demonstrating an opportunity for the Corporation to recoup some or all of its investment.

Local filmmakers employ residents of the province all year, train these employees in the skills required for film production, tell local stories, and create Nova Scotia intellectual property which guarantees reinvestment of profits back into the province. In addition, local producers create the industrial base required to support the foreign or guest production activity that takes place in the province.

The Programs Department works closely with producers providing ongoing coaching and support in the areas of development and production financing.

The second category of programs involves a Locations Department, which markets the province as a place to film. The efforts of the Locations Department result in attracting fully financed productions and co-productions to Nova Scotia. The Locations Department maintains an extensive library of photographs representing the entire province, and the Corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, locations photographs, and the *Nova Scotia Film and Video Production Guide*. The Corporation produces this high-quality informative guide to film and television production in the province, which is a key tool, used by producers and production companies when considering shooting in Nova Scotia. The Corporation incorporates the images and messages outlined in the Brand Nova Scotia initiative in all of its marketing activities.

The Locations Department is responsible for fostering strong community relationships with the various regions throughout Nova Scotia, as well as organizations that have or could have involvement in the film industry. The primary purpose of these relationships is to educate target audiences about the economic benefit that film production will bring to their communities/organizations; promote, collectively, the various regions of the province in an effort to attract production; ensure that communities, organizations and individuals are familiar with filming procedures so they are prepared to handle productions prior to and upon their arrival; ensure fair and equitable treatment both for communities/organizations and the productions themselves and to mediate any concerns that may arise; and, ensure that the Corporation is aware

of policies, guidelines and applications that exist so that its clients' questions can be effectively answered.

The Locations Department is responsible for fostering strong relationships with the various industry organizations that represent personnel involved in production activity. These include, but are not limited to, ACTRA, IATSE 849, IATSE 667 and the DGC. The primary purpose of these relationships is to solicit input from the private sector on best approaches for marketing and promoting the province, give and receive feedback on industry issues and past production activity, work together in securing productions for the province, and update the respective stakeholders on current production interest and activity.

The Finance Department strives to process tax credit applications in a timely manner in order to meet producers' expectations. The Film Industry Tax Credit is a crucial financing tool used by both local and guest filmmakers. Ensuring that the tax credit remains competitive with other provinces is a priority of the Corporation.

Investing in both local filmmakers and locations marketing contributes to the development of a stable film industry in Nova Scotia.

The film, television and new media industry is vibrant and ever changing. Nova Scotia's industry is affected by many external environmental factors. Some of the major factors include a decline in the demand for North American programming in international markets; the introduction of alternate delivery platforms, including computers, cell phones and iPods; limited production funding; the heightened awareness of the negative aspects of moving production outside of the United States due to the recent downturn in the American industry; the strengthening of the Canadian dollar against the American dollar; and other jurisdictions, both nationally and internationally, which have become more competitive in recruiting guest productions.

The Corporation strives to stay on top of these challenges by designing appropriate strategies and solutions to deal with them.

## **Strategic Goals**

1. Cultivate the economic and export potential of Nova Scotia's film, television and new media industry.
2. Provide or support mechanisms for the advancement of Nova Scotia's film, television and new media industry.

## **Core Business Areas**

### ***1. Economic and Export Potential***

Develop Nova Scotia's film, television and new media industry, with priorities including the following:

#### **Investment Programs**

##### *Equity Investments, Development Loans & New Media*

The Corporation will invest in a qualifying Nova Scotia film production up to 40% of the production budget spent in the province to a maximum dollar participation of \$250,000 per project. This investment triggers other sources of financing and enables producers to make their films while employing Nova Scotians.

The Corporation provides development loans up to \$15,000 per project to a maximum of 33% of the budget spent in the province. These loans enable producers to develop their ideas to a stage where they can be pitched to investors.

The Corporation provides equity investment up to \$30,000 per new media project to a maximum of 33% of the budget spent in the province for projects such as CD-ROM, DVD, and Internet-delivered programs that are related to feature film or television projects in which the Corporation has an equity investment. In cases where the Corporation is not involved in the original feature film or television project, it must be demonstrated that the project has a stand-alone recoupment and financial structure separate from the underlying feature film or television property.

The July 2004 industry strategy identified these investment programs as "very important" for attracting other financing required to complete films.

##### *Bridge Award*

The Corporation partners with CBC Television, Atlantic Region to provide the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers to enter the industry. Successful applicants receive a \$10,000 CBC broadcast licence, a \$20,000 NSFDC equity investment and \$10,000 in services from the CBC. Up to two awards are offered in February each year.

##### *Feature Film Distribution Assistance Program*

The Corporation offers a Feature Film Distribution Assistance Program. The program supports the theatrical release costs of a Nova Scotia-produced dramatic, documentary or animated feature film in which the Corporation has an equity investment. The goal of the program is to enhance the marketing campaign for the feature films and increase the Canadian box office returns.

### *Market and Festival Assistance*

The Corporation provides assistance for local producers to attend markets and festivals with the goal of selling completed works, attracting co-production partners for projects in the development stage, and raising the profile of Nova Scotia production companies.

### *Professional Development Assistance*

The Corporation provides assistance for local producers to advance their career development through attendance at skills development seminars, workshops, and industry-related programs.

### *Broadcaster/Distributor Forum*

The Corporation offers an annual Broadcaster/Distributor Forum, which provides access to national and international broadcasters and distributors and brings relevant industry expertise to the production community.

## **Locations & Marketing Programs**

### *Marketing*

The Corporation will implement the 2006-2007 Marketing Plan primarily targeting established markets such as Los Angeles, New York, and Europe, through a variety of activities including trade missions, participation at festivals and markets, advertising, website, and familiarization tours. In addition, the Corporation will continue to research emerging markets such as Australia and New Zealand to identify opportunities.

### *Script Breakdown/Locations Library*

The Corporation provides complete script breakdown services for feature films, movies of the week, television series and pilots utilizing photos from its extensive library of locations from across the province. Image packages can be sent to producers by courier or digitally via e-mail, and project-specific websites can be created.

### *Scouting*

The Corporation provides the services of experienced and qualified location scouts to producers and directors who visit the province in search of suitable filming locations.

### *Community Liaison & Ongoing Support*

The Corporation provides assistance with ongoing location research, information and support as required and will connect producers to local unions, guilds, production personnel, and other contacts throughout the province. In addition, the Corporation acts as ombudsman and mediator for the industry and the general public.

## **Film Industry Tax Credit**

The Film Industry Tax Credit (FITC) is a labour-based tax credit of 35-40% of eligible Nova Scotia labour capped at 17.5-20% of the total production budget depending on where the production is shot. A frequent filming bonus of 5% of eligible labour is also available for qualifying productions. The tax credit is a key financing tool used by producers to complete their film and television projects and can be accessed by both local and guest producers. The Corporation will undertake the necessary research and reporting to ensure the FITC remains competitive.

## **Partnerships**

### *Atlantic Canada Film Partners (ACFP)*

ACFP is a partnership of Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island, formed to increase the profile of the Atlantic Canadian film industry in international markets. This results in increased film and television production activity in the region thereby generating more jobs in the industry. Through ACFP, producers have access to international marketplaces, strategic professional development, business planning services and industrial research. ACFP is financially supported by the Atlantic Canada Opportunities Agency.

### *Strategic Partners*

The Corporation partners with the Atlantic Film Festival Association to sponsor Strategic Partners, an international co-production and co-venture conference. Strategic Partners provides an opportunity for local industry members to explore international partnership opportunities for television and feature film projects.

### *Film Advisory Committee (FAC)*

The purpose of the Film Advisory Committee (FAC) is to provide a mechanism through which government and industry can work collectively to promote the growth and development of the film and television industry in Nova Scotia. Objectives of the FAC are:

- a) to promote the shared interests of those involved in the film and television industry in Nova Scotia;
- b) to promote a positive image of the film industry in Nova Scotia and a positive atmosphere for location filming in the province;
- c) to encourage cooperation throughout the industry by providing a forum for discussion and decision making; and,
- d) to review and provide input on legislation, policies, guidelines and activities that impact the industry.

### *Association of Provincial Funding Agencies (APFA)*

APFA represents provincial and territorial film, television and new media funding agencies from coast to coast, and was formed to bring together the viewpoints of agencies that serve both



cultural and industrial film, television and new media industries. This covers companies from fledging to well established, from small to large, and from diverse geographical regions of the country.

### *Industry Taskforce and Subcommittees*

The Corporation will continue to participate in the Nova Scotia Film Industry Stakeholders Taskforce, which will guide the implementation of the five-year strategy. The taskforce was organized to oversee the creation of a strategy by a third-party consultant, which would guide the development of the industry as well as outline the economic benefits of the film industry to the province. Taskforce subcommittees will work toward enhancing the competitiveness of Nova Scotia's film and television industry by addressing challenges industry members face in the areas of new media, financing, training and international marketing.

## **2. Industry Support**

Optimize resources by partnering with government, private sector and industry stakeholders to provide professional development opportunities aimed at advancing producers and personnel in Nova Scotia's film, television and new media industry.

### **Professional Development**

The Corporation optimizes financial and human resources by partnering with government, private sector, and industry stakeholders to provide professional development opportunities, which support the advancement of Nova Scotia's film industry in global markets.

The Corporation invests in the continued professional development of Nova Scotia filmmakers through organizations such as the Atlantic Filmmakers Cooperative, the Centre for Art Tapes, the Atlantic Film Festival, the National Screen Institute and Women in Film and Television.

The Corporation offers an annual Business Issues seminar, bringing relevant industry expertise to Nova Scotia producers, and other pitching, market readiness, and business development events.

The FirstWorks Program© is a hands-on film and video production curriculum which is available as a turnkey package for licensing by interested groups or organizations. The goal of the program is to open the doors of the film industry to the youth participants, many of whom obtain employment or advance to further training programs in the film and television industry after completing the program.

In partnership with ACFP, the Corporation sponsors annual attendance by local producers at the North American Television Executive Leadership Program or other recognized professional development programs.

## **Priorities for 2006-2007**

Nova Scotia's film, television and new media industry uses government assistance to attract incremental investment and create employment. This practice occurs throughout Canada, Europe, Australia and most other areas, including the United States. Canada does not have the population base or viewers required to maintain a self-sufficient industry under the current business model.

There are other valid reasons for supporting the film, television and new media industry, which include social, cultural and national sovereignty benefits. The industry is a key element in a more broadly-based, creative workforce, it is labour intensive, environmentally friendly and appealing to our youth, and provides employment to individuals with various education levels and a range of occupations. Along with being a multi-million dollar industry, it allows Nova Scotians to preserve their culture and display their talent with pride internationally.

Nova Scotia Film Development Corporation's 2006-2007 Business Plan recognizes the goal of maintaining Nova Scotia as Canada's fourth largest production centre and the first among "regional" production centres.

The most important tool in maintaining this position is a competitive Film Industry Tax Credit (FITC), which is crucial to the growth of the local industry as well as in attracting guest productions to the province. In addition, maintaining the Corporation's core budget at \$3.1 million is vital in supporting the current local production activity.

The Corporation will implement the 2006-2007 Marketing Plan targeting Los Angeles, New York, Europe and Asia-Pacific through a variety of activities including trade missions and familiarization tours. Sponsorship of booths at key markets, including Cannes Film Festival, AFM, and MIPCOM will continue to play a major role in marketing Nova Scotia's film industry. The Corporation will also sponsor ShowCanada 2006, which provides Canadian filmmakers with an opportunity to have their films seen by members of The Motion Picture Theatre Associations of Canada. The Corporation will continue to monitor global trends that could affect the local industry and assess all programs and services to ensure that they are responsive to stakeholder and client requirements as well as to the external environment.

With the assistance of the Province, the Corporation's goal is to continue growing this vibrant and environmentally friendly industry. The Province's investment will be able to lever multi millions of dollars of funds from sources outside the province.

## **Human Resource Strategy**

The Corporation will implement a formal Human Resource Strategy addressing the goals outlined in Nova Scotia's Corporate Human Resource Plan 2005-2010 which will incorporate many of the ongoing policies and strategies currently in place.

## **Budget Context 2006-2007**

In 2005-2006, the Nova Scotia Film Development Corporation's budget appropriation was \$3.1 million. The Corporation's funding acts as seed money for production companies. These funds are "first in" funds, which trigger investment from the private industry and federal programs. Real opportunity costs are associated with reduced levels of funding, which include out of work Nova Scotians, companies ceasing to operate, and new trainees not being hired.

The film and television industry makes a significant contribution to the province's economy. For each dollar that the Province invests in funding programs for local production, in excess of \$20-25 are attracted to the province from private investors and the federal government, placing the Corporation's programs in the position of providing high value programs at a low cost to the Province.

The following budget reflects an appropriation of \$3.1 million.

# Budget March 31, 2007

<b>Contributions:</b>	<b>Budget 2005/2006</b>	<b>Forecast 2005/2006</b>	<b>Budget 2006/2007</b>
Nova Scotia Government	\$3,108,700	\$3,108,700	\$3,135,700
Recovery of Equity Investments & Development Loans	150,000	335,330	300,000
Atlantic Canada Film Partners	37,500	41,000	21,000
Other Income	40,000	102,270	40,000
Interest Income	25,000	37,800	25,000
	<u>\$3,361,200</u>	<u>\$3,625,100</u>	<u>\$3,521,700</u>

## **Disbursements:**

Programming	\$2,618,200	\$2,895,775	\$2,781,300
Atlantic Canada Film Partners	75,000	83,857	42,000
Administrative	447,500	437,500	473,400
Advertising and Marketing	220,500	207,773	225,000
	<u>\$3,361,200</u>	<u>\$3,624,905</u>	<u>\$3,521,700</u>

\$0                      \$195                      \$0

## *Administrative Expenses:*

Salaries & Benefits	\$344,000	\$342,000	\$367,000
Telephone and Fax	6,300	9,500	10,000
Staff Training	7,500	8,300	8,500
Bank Charges	2,500	1,700	2,000
Consultants	10,000	9,000	10,000
Courier	2,500	800	2,000
Dues & Fees	7,000	8,400	8,000
Insurance	2,200	2,500	3,000
Conferences & Marketing	3,500	2,500	3,000
Board	20,000	18,000	20,000
Repairs and Maintenance	2,400	400	2,400
Amortization	7,000	3,400	3,500
Office	16,000	16,000	17,000
Copier & Fax Rental	4,400	4,400	4,400
Postage	5,600	4,000	5,600
Professional Fees	6,600	6,600	7,000
<i>Total Administrative</i>	<u>\$447,500</u>	<u>\$437,500</u>	<u>\$473,400</u>

## *Advertising and Marketing:*

Business Travel	\$40,000	\$39,000	\$45,000
Locations Salaries & Benefits	97,000	97,000	101,000
Advertising and Marketing	35,000	27,000	35,000
Amortization	6,500	4,283	6,500
Familiarization Tour & Marketing Materials	15,000	11,500	13,000
Annual Report	5,000	2,700	4,000
Location Scouts	9,000	9,000	9,000
Locations Library	2,000	9,000	7,000
Location Services	11,000	10,000	11,000
Production Guide	0	(1,710)	(6,500)
<i>Total Advertising and Marketing</i>	<u>\$220,500</u>	<u>\$207,773</u>	<u>\$225,000</u>

## Outcome Measures Template

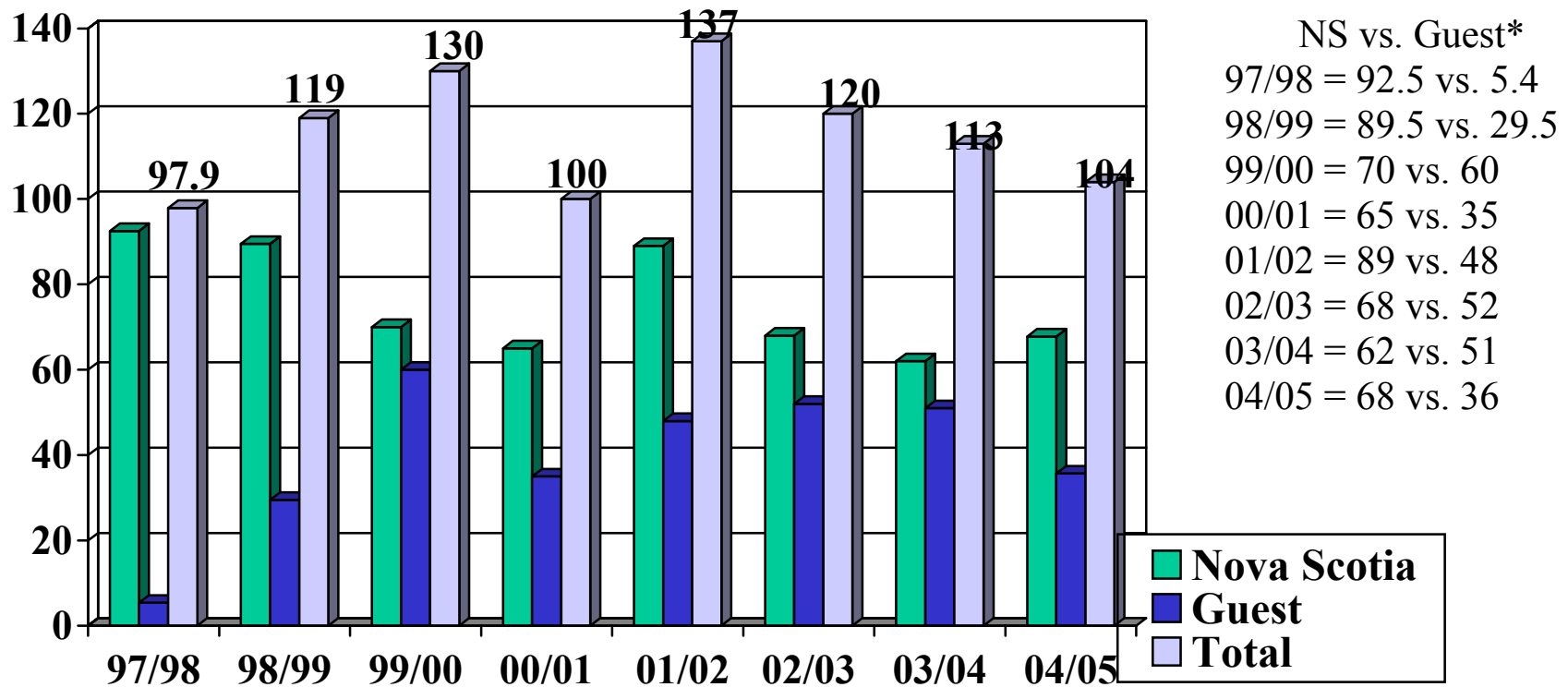
Core Business Area: Economic and Export Potential						
Outcome	Measure	Base Year 2003/04	Data 2004/05	Target 2005/06	Target 2006/07	Strategic Actions to achieve target:
Contribute to Nova Scotia's economy by maximizing, with the resources available, the economic potential of the film, television and new media industry.	Production activity	\$113 million	\$104 million	To maintain or exceed baseline levels to the extent possible with the available resources.		<ul style="list-style-type: none"> <li>• Implement the marketing plan</li> <li>• Continue the NS Film Industry Tax Credit</li> <li>• Continue Investment Programs</li> <li>• Keep abreast of changes in the industry and ensure that programs continue to meet the requirements of stakeholders and clients</li> <li>• Provide Film Commission services for guest productions</li> <li>• Implement Industry Strategy</li> </ul>

Core Business Area: Industry Support						
Outcome	Measure	Base Year 2003/04	Data 2004/05	Target 2005/06	Target 2006/07	Strategic Actions to achieve target:
To assist and promote the development of the film, television and new media industry producers and personnel in Nova Scotia.	Client feedback	Strategic professional development opportunities addressing industry needs	Strategic professional development opportunities addressing industry needs	Strategic professional development opportunities addressing industry needs		<ul style="list-style-type: none"> <li>• Ongoing research into gaps/overlap in industry and identify solutions</li> <li>• Offer and support professional development initiatives</li> </ul>
	Level of stakeholder participation	Development of strategy	Completion and implementation of strategy	Implementation of strategy		<ul style="list-style-type: none"> <li>• Implement Industry Strategy</li> </ul>

# Nova Scotia Film Industry Production Activity

## from 1998 to 2005

(in millions of CDN dollars)



Note: Actual results may vary as these figures are based on budgeted amounts.

Source: Nova Scotia Film Development Corporation  
 \*Please note that "Guest" production refers to Non-Nova Scotia projects filmed in Nova Scotia