



Case Study – Economic Impacts of *Maudie*

Prepared for the Canadian Media Producers Association
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TABLE OF CONTENTS

1. Summary.....	2
2. About Maudie.....	2
3. Study Purpose and Disclaimer.....	3
4. Production Spending and Government Incentives	3
5. Economic Impacts of Production Spending	4
6. Employment Comparison with Other Industries	7
7. Additional Impacts	7
Appendix A – Economic Impact Methodology	9
Appendix B – Detailed Results	10

1. SUMMARY

Spending on film and television productions can create significant economic impacts for residents and businesses in the region where productions are filmed, as well as substantial tax revenues for federal, provincial and local governments.

MNP LLP was engaged by the Canadian Media Producers Association to develop a case study of the economic impacts of the production of the film *Maudie*. For the study, MNP used data provided by Rink Rat Productions to estimate the economic impacts that occurred during production and post-production in Newfoundland and Labrador, and Ontario.

Maudie saw production-related spending in Canada of \$5.4 million, which generated:

- Approximately \$6.4 million in total GDP in Canada.
- Approximately 76 FTEs (full time equivalent positions) in total employment in Canada.

The employment supported by the production of *Maudie* is equivalent to the direct and indirect employment supported by the construction of approximately 21 new homes in Newfoundland and Labrador.¹ In all of Canada, the employment supported by the production is roughly equivalent to that supported by the construction of 35 new homes.

2. ABOUT MAUDIE

Embraced by audiences around the world, *Maudie* is a Canadian feature film starring Sally Hawkins and Ethan Hawke that tells the story of Canadian folk artist Maud Lewis, who overcame physical challenges and abuse on her way to becoming a world renowned painter.² The film was produced by Rink Rat Productions, Screendoor Inc. and Parallel Films and was released on September 2, 2016. The film premiered at the Telluride Film Festival and was selected for a special presentation at the 2016 Toronto Independent Film Festival (TIFF). *Maudie* was shown in more than 75 theatres across Canada, grossing approximately \$10 million worldwide and won the People's Choice Award at the 2016 Vancouver International Film Festival.³

The production was filmed in Newfoundland and Labrador, which stood in for Maud Lewis' home province of Nova Scotia, and post-production occurred in Ontario and Ireland. The film was a Canada-Ireland co-production with a total Canadian budget of approximately \$5.4 million.

ABOUT RINK RAT PRODUCTIONS INC.

Founded in 1994 and based in St. John's, NL, Rink Rat Productions has produced high quality programming for over 20 years. Most recently Rink Rat co-produced the critically acclaimed feature film *Maudie*, an international co-production between Newfoundland (Rink Rat), Ontario (Screen Door) and Ireland (Parallel Films). Rink Rat also co-produced the series *Cold Water Cowboys* with BC based Paperny Entertainment for Discovery Channel and the movie-of-the-week, *A Christmas Fury*, for CBC.

Rink Rat is currently co-developing the period drama *Cougar Annie* with Rock Island Productions for CBC, as well as the feature comedy *Auntie Vigilantes* and feature drama *Portuguese Boy*. Other projects include the feature comedy *A Bay Story*, and the dramas *Brotherly Love* and *Dear Everybody*.

¹ Will Dunning Inc., *Economic Impacts of New Home Construction – Newfoundland and Labrador 2015*. Retrieved from: <http://chbanl.ca/app/uploads/1-Newfoundland-and-Labrador.-New-Residential-Construction.pdf>.

² IMDb, *Maudie* (2016). Retrieved from: <http://www.imdb.com/title/tt3721954/>.

³ Based on information provided by Rink Rat Productions.

3. STUDY PURPOSE AND DISCLAIMER

This study was commissioned by the Canadian Media Producers Association and supported by Telefilm Canada. MNP LLP was engaged by the CMPA to develop a case study of the economic impacts of the production of *Maudie* on the Newfoundland and Labrador and Ontario economies. For the study, MNP obtained data on production expenditures from Rink Rat Productions.

The following report solely reflects the views of the authors. Findings, conclusions or recommendations expressed in this report are those of the authors and do not necessarily reflect the views of the funders of this report, who are in no way bound by any recommendations contained herein.

4. PRODUCTION SPENDING AND GOVERNMENT INCENTIVES

Production spending on *Maudie* engaged close to 300 vendors from across Canada. As shown in Table 1, this included 195 vendors from Newfoundland and Labrador, 86 vendors from Ontario and 16 vendors from the rest of Canada.⁴ In Newfoundland and Labrador, there were 139 vendors from St. John's and 56 vendors from 21 other communities in the province. The production engaged a wide variety of vendors including vehicle and equipment rental agencies, post-production facilities, catering companies, professional services firms and various types of retailers.

Table 1: Vendor Data

Region	Number of Vendors
St. John's	139
Other Communities in Newfoundland and Labrador	56
Ontario	86
Rest of Canada ⁵	16
Total	297

Source: Rink Rat Productions

As shown in Table 2, *Maudie* was associated with total production-related spending in Newfoundland and Labrador of approximately \$3.7 million.⁶ About \$1.6 million was spent in Newfoundland and Labrador on wages, salaries and per diems for individuals involved in production and post-production of the film, and another \$2.1 million was spent on production-related goods and services. In addition, \$1.7 million was spent in Ontario, which included \$1.0 million on labour and \$0.7 million on production-related goods and services.

⁴ Estimated based on vendor data provided by Rink Rat Productions.

⁵ These vendors were located in Quebec, Nova Scotia and Alberta.

⁶ Estimated based on information and expenditure data provided by Rink Rat Productions.

Table 2: *Maudie* Production Spending

	Newfoundland and Labrador Spending	Ontario Spending	Total Canadian Spending
Spending on labour related to production and post-production, including per-diems	\$1.6 million	\$1.0 million	\$2.6 million
Spending on goods and services	\$2.1 million	\$0.7 Million	\$2.8 million
Total Spending	\$3.7 million	\$1.7 million	\$5.4 million

Source: Rink Rat Productions

As shown in Table 3, the production benefited from federal and provincial government incentives, including approximately \$239,000 in federal government incentives, \$658,000 in Newfoundland and Labrador government incentives and \$320,000 in Ontario government incentives.⁷

Table 3: Federal and Provincial Government Incentives Received for *Maudie*

	Incentive Amount
Federal Government Incentives ⁸	\$0.2 million
Newfoundland and Labrador Government Incentives ⁹	\$0.7 million
Ontario Government Incentives ¹⁰	\$0.3 million
Total	\$1.2 million

Source: Rink Rat Productions

5. ECONOMIC IMPACTS OF PRODUCTION SPENDING

MNP estimated the economic impact of the production of *Maudie* using the 2013 Statistics Canada provincial input-output multipliers for Newfoundland and Labrador and for Ontario (the latest multipliers available). Statistics Canada’s input-output model is the most widely used system for measuring economic impacts in Canada, and provides a measure of the interdependence between an industry and the rest of the economy. The provincial economic multipliers show the direct, indirect and induced effects on economic metrics, and can be used to measure the quantitative impact of a change in the production or expenditure of a particular industry.

In general, economic impacts are viewed as being restricted to quantitative, well-established measures of economic activity. The most commonly used of these measures are output, gross domestic product (GDP), employment and government tax revenue:

- **Output** – the total gross value of all business revenue. This is the broadest measure of economic activity.
- **Gross Domestic Product (GDP)** – the “value added” to the economy (the unduplicated total value of goods and services).

⁷ According to Rink Rat Productions, the film also benefited from a repayable advance of \$300,000 from the Ontario Media Development Corporation (OMDC) and a recoupable investment of \$1,500,000 from Telefilm.

⁸ Federal government incentives include the Canadian Film and Video Production Tax Credit (CPTC).

⁹ Newfoundland and Labrador government incentives include the Film and Video Industry Tax Credit administered by the NLFDC.

¹⁰ Ontario government incentives include the Ontario Film and Television Tax Credit.

- **Employment** – the number of jobs created or supported (in full-time equivalents or FTEs).
- **Government Tax Revenue** – the total amount of tax revenues generated for different levels of government.

Economic impacts may be estimated at the direct, indirect and induced levels:

- **Direct impacts** are due to changes to front-end businesses that receive expenses or operating revenue as a direct consequence of the activities of an industry or project.
- **Indirect impacts** are due to changes in the activity of suppliers of the front-end businesses.
- **Induced impacts** are due to shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses.

In this analysis, MNP estimated the impacts of a set of direct expenditures related to the filming of *Maudie*. The film, like other productions, has an amount of direct expenditure, which in turn stimulates so-called indirect impacts across the industry supply chain. These expenditures also create or support jobs, as firms add or retain labour to meet rising demand. This, in turn, raises incomes and stimulates what are known as induced impacts, as higher incomes flow through to consumption. The total economic impact of the production spending is the sum of each of these direct, indirect and induced impacts.

Using Statistics Canada’s input-output multipliers and a schedule of production-related expenditures provided by Rink Rat Productions, MNP estimated the total economic impacts (i.e. direct, indirect and induced) arising from the \$3.7 million of production spending in Newfoundland and Labrador, and the \$1.7 million spending in Ontario. The results of this analysis are presented in Table 4. (For an overview of the methodology used to estimate the economic impacts and for more detailed results, please see Appendices A and B of this report.)

Table 4: Estimated Economic Impacts of *Maudie* Production Spending

	Newfoundland and Labrador Production Impacts	Ontario Production Impacts	Total Canadian Production Impacts
Direct Production Expenditures	\$3.7 million	\$1.7 million	\$5.4 million
Total Output	\$5.6 million	\$3.4 million	\$9.0 million
Total GDP	\$4.1 million	\$2.3 million	\$6.4 million
Total Employment (FTEs¹¹)	45 FTEs	31 FTEs	76 FTEs
Federal Tax Revenues	\$0.6 million	\$0.3 million	\$0.9 million
Provincial Tax Revenues	\$0.4 million	\$0.2 million	\$0.6 million
Municipal Tax Revenues	\$0.1 million	\$0.06 million	\$0.16 million

¹¹ One FTE is equivalent to one person-year of employment.

Table 5 shows the economic impacts per dollar of federal government incentives received by Rink Rat Productions for *Maudie*.

Table 5: Estimated Economic Impacts per Dollar of Federal Government Incentives

	Production Impacts
Output per dollar of federal government incentives	\$37.67
GDP per dollar of federal government incentives	\$26.68
Employment per \$100,000 of federal government incentives	32 FTEs
Federal tax revenues per dollar of federal government incentives	\$3.50

Table 6 shows the economic impacts per dollar of Newfoundland and Labrador provincial government incentives received by Rink Rat Productions for *Maudie*.

Table 6: Estimated Economic Impacts per Dollar of Newfoundland and Labrador Provincial Government Incentives

	Production Impacts
Output per dollar of provincial government incentives	\$8.54
GDP per dollar of provincial government incentives	\$6.23
Employment per \$100,000 of provincial government incentives	7 FTEs
Provincial and municipal tax revenues per dollar of provincial government incentives	\$0.77

Table 7 shows the economic impacts per dollar of Ontario provincial government incentives received by Rink Rat Productions for *Maudie*.

Table 7: Estimated Economic Impacts per Dollar of Ontario Provincial Government Incentives

	Production Impacts
Output per dollar of provincial government incentives	\$10.58
GDP per dollar of provincial government incentives	\$7.12
Employment per \$100,000 of provincial government incentives	9 FTEs
Provincial and municipal tax revenues per dollar of provincial government incentives	\$0.68

6. EMPLOYMENT COMPARISON WITH OTHER INDUSTRIES

To provide perspective on the size of the economic impacts generated by the production of *Maudie* in Newfoundland and Labrador, it is useful to compare the impacts with those created by other industries. Three examples of other industries are new home construction, tourism and the cruise ship industry.

New Home Construction – The employment supported by the production of *Maudie* is equivalent to the direct and indirect employment supported by the construction of approximately 21 new homes in Newfoundland and Labrador.¹² In all of Canada, the employment supported by the production is roughly equivalent to that supported by the construction of 35 new homes.



Tourism / Visitors – The employment supported by production spending on *Maudie* in Newfoundland and Labrador is equivalent to the employment generated by operating the St. John's International Airport for approximately six days of the year. The total employment supported in the province by the production is further roughly equivalent to the direct employment supported by the spending of approximately 7,100 air visitors to St. John's and surrounding area.¹³



Cruise Ship Industry – Newfoundland and Labrador has an active cruise ship industry. Each cruise ship call involves local spending by passengers and crew members, as well as substantial spending by cruise line operators. The employment supported by the production spending on *Maudie* (45 FTEs) in Newfoundland and Labrador is equivalent to the employment supported by the spending of crews and passengers onshore from approximately 75 cruise ship calls in Newfoundland and Labrador.¹⁴



7. ADDITIONAL IMPACTS

In addition to economic impacts that arise through production spending, productions such as *Maudie* produce impacts that can result from infrastructure spending, film induced tourism and personal spending by non-resident labour.

- **Infrastructure Impacts** – Infrastructure spending includes expenditures associated with production facilities and equipment. While the economic impacts of infrastructure spending have not been assessed in this report, it is important to note that the impacts can be significant.
- **Film Induced Tourism Impacts** – Film induced tourism (FIT) is the phenomenon of films and television programs encouraging viewers to visit the country or region where filming occurred. FIT and its related tourism concepts, which include the effects of TV, films, movies and media culture, has increasingly been viewed as an important component of tourism marketing.¹⁵
- **Personal Spending by Non-resident Labour while in Newfoundland and Labrador, or Ontario** – This may include spending by non-resident labour on vacations or other personal purchases while on location in Newfoundland and Labrador or Ontario.

¹² Will Dunning Inc., *Economic Impacts of New Home Construction – Newfoundland and Labrador 2015*. Retrieved from: <http://chbanl.ca/app/uploads/1-Newfoundland-and-Labrador.-New-Residential-Construction.pdf>.

¹³ St. John's International Airport Authority, *St. John's International Airport Economic Impact Study, 2017*. Retrieved from: <http://stjohnsairport.com/wp-content/uploads/2013/11/2016-SJIAA-Economic-Impact-Study-Final.pdf>.

¹⁴ Business Research & Economic Advisors, *The Economic Contribution of the International Cruise Industry in Canada*, April 2017.

¹⁵ Croy, Glen W, *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*, 2004.

Community and Tourism Benefits

It is worth noting that film and television productions can also generate additional economic, community and social benefits. These may include the creation of opportunities for trainees or interns, the development of business partnerships, the creation of spin-off companies and contributions to community and culture.

To illustrate some additional impacts and broader benefits of *Maudie*, MNP interviewed representatives from Rink Rat Productions and the Art Gallery of Nova Scotia. The interviews focused on the economic benefits related to the filming of *Maudie*, and are described below.

Art Gallery of Nova Scotia

The Art Gallery of Nova Scotia located in Halifax, is home to the largest collection of Maud Lewis' art, including the home she shared with her husband, Everette Lewis. According to Mr. Colin Stinson, Marketing and Communications Manager at the Art Gallery of Nova Scotia, the gallery has seen a substantial increase in visitors since the release of the film in 2016. In July 2017, the gallery had 8,675 visitors, up from 4,036 over the same period in 2016. In addition, Mr. Stinson noted that their gift shop and online sales nearly tripled, reporting roughly \$126,000 from April to July 2017, compared to \$23,800 from April to July 2016. Mr. Stinson also noted that the gallery worked in collaboration with local tourism and marketing organizations in an effort to leverage the film's success. The marketing campaigns showcased the *Maudie* film and Maud Lewis exhibit, including cinema and print ads along with a national promotion.



“Our sales nearly tripled because of Maudie! We were shipping items from our online store to places like Korea and Spain!”

Mr. Colin Stinson, Marketing and Communications Manager, Art Gallery of Nova Scotia

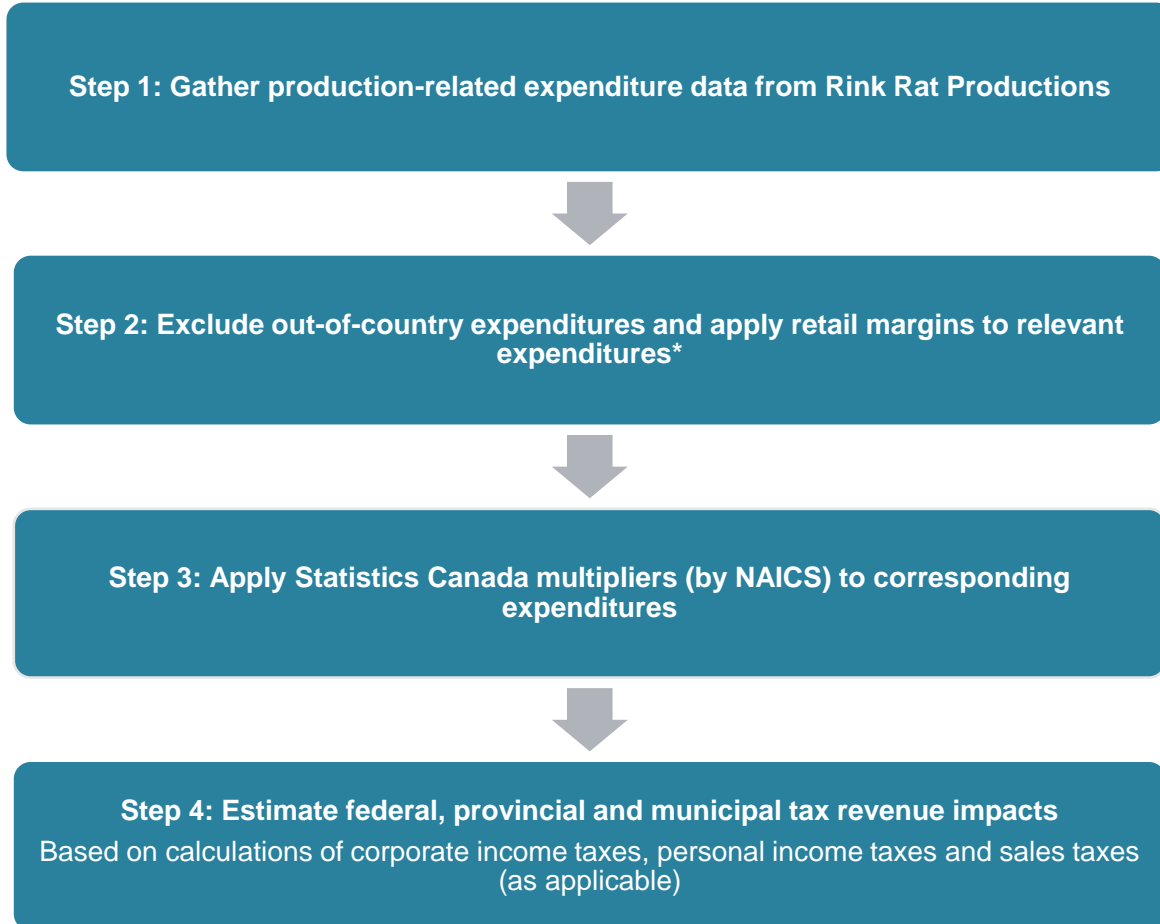
The Mesh Store (Maudie's Tea Room)

The Mesh Store located in Keels, NL, was a filming location for *Maudie*. A fixture in the community for many years, this general store provides residents with groceries, hardware, household supplies, and mail. The store is planning to leverage the success of the movie and draw tourists to the area through a new addition to the store, “Maudie's Tea Room”, which will display items used in the film.



APPENDIX A – ECONOMIC IMPACT METHODOLOGY

A step-by-step overview of our approach to estimating the economic impacts of *Maudie* is provided below.



* Retail margins were applied to expenditures on machinery, equipment and supplies (26.9% for Newfoundland and Labrador), building material and supplies (23.5% for Newfoundland and Labrador margins) furniture and home furnishing (39.1% for Newfoundland and Labrador and 44.3% for Ontario), clothing and clothing accessories (52.7% for Newfoundland and Labrador and 50.6% for Ontario). (Statistics Canada, CANSIM Tables 080-0030 and 081-0017)

APPENDIX B – DETAILED RESULTS

Table B-1: Estimated Economic Impacts of the Production of *Maudie* in Newfoundland and Labrador

	Output	GDP	Employment	Federal Tax	Provincial Tax	Municipal Tax
<i>Direct</i>	\$3,639,602	\$2,886,278	19	\$384,397	\$221,770	\$39,622
<i>Indirect and Induced</i>	\$1,975,778	\$1,210,462	26	\$166,334	\$172,636	\$74,890
Total	\$5,615,380	\$4,096,740	45	\$550,731	\$394,406	\$114,512

Table B-2: Estimated Economic Impacts of the Production of *Maudie* in Ontario

	Output	GDP	Employment	Federal Tax	Provincial Tax	Municipal Tax
<i>Direct</i>	\$1,693,934	\$1,313,761	17	\$178,650	\$82,773	\$13,111
<i>Indirect and Induced</i>	\$1,692,905	\$965,739	14	\$107,661	\$75,576	\$47,523
Total	\$3,386,839	\$2,279,500	31	\$286,312	\$158,349	\$60,634

ECONOMIC IMPACT OF MAUDIE



TELEFILM
CANADA

Embraced by audiences around the world, *Maudie* is a Canadian feature film starring Sally Hawkins and Ethan Hawke that tells the story of Canadian folk artist Maud Lewis, who overcame physical challenges and abuse on her way to becoming world renowned.

\$5.4M
PRODUCTION
EXPENDITURE

\$6.4M
IN GDP

76
FULL TIME JOBS*

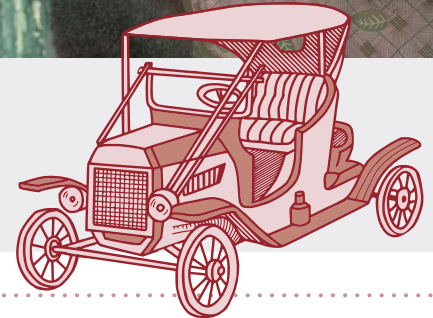
\$9M
TOTAL
ECONOMIC
OUTPUT

\$2.5M
SPENT ON GOODS
& SERVICES

\$2.6M
SPENT ON
EMPLOYMENT



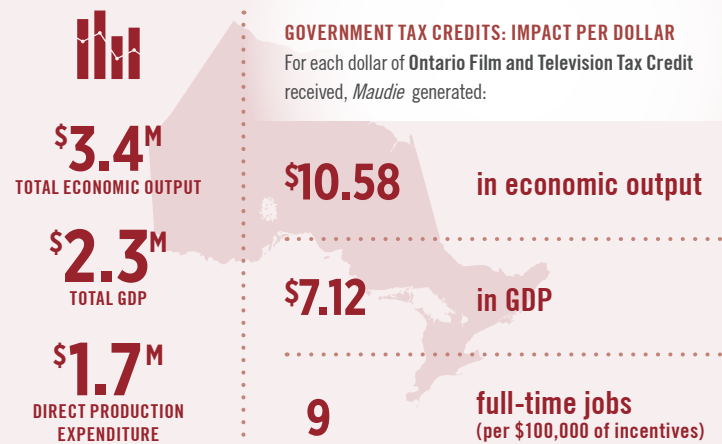
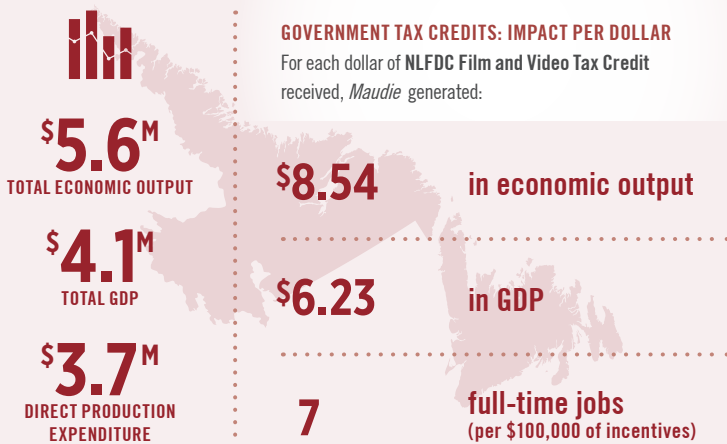
Maudie was principally filmed in Newfoundland and Labrador, with post-production in Ontario and Ireland. The Canada-Ireland co-production led by Canadian independent production companies Rink Rat Productions Inc. and Screen Door Ltd. was released on September 2, 2016.



ECONOMIC IMPACTS

NEWFOUNDLAND and LABRADOR

ONTARIO



TAX REVENUES

\$900,000
FEDERAL
TOTAL

\$400,000
NEWFOUNDLAND
PROVINCIAL TAX REVENUE

\$200,000
ONTARIO
PROVINCIAL TAX REVENUE

*Employment impacts of production spending are based on full time equivalents (FTE).

ECONOMIC IMPACTS

IMPACT PER DOLLAR: FEDERAL TAX CREDIT

For each dollar of **Canadian Film or Video Production Tax Credit (CPTC)** received, *Maudie* generated


\$37.67
IN ECONOMIC
OUTPUT


\$26.68
IN GDP


\$3.50
IN FEDERAL TAX
REVENUES


32
FULL-TIME JOBS PER
\$100,000 OF INCENTIVES

VENDORS

Significant economic impacts were created for businesses in Newfoundland and Labrador, Ontario and other regions in Canada from production spending.


297
BUSINESSES BENEFITED

139 IN ST JOHN'S

86 IN ONTARIO

56 IN REST OF NEWFOUNDLAND
AND LABRADOR

16 IN REST OF CANADA

COMMUNITY IMPACTS

Feature film productions generate additional economic, community and social benefits. This includes business opportunities and contributions to community and culture.



THE "MESH STORE" (MAUDIE'S TEA ROOM)

Located in Keels, NL, The Mesh Store was a filming location for *Maudie*. A fixture in the community for many years, this general store is where locals go for groceries, hardware, and mail. The store is planning to leverage the success of the movie and draw film tourists through a new addition, "Maudie's Tea Room", which will display items used in the film.