

Case Study – Economic Impacts of *Murdoch Mysteries*

Prepared for the Canadian Media Producers Association

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1. INTRODUCTION

The Canadian television series *Murdoch Mysteries* is set in the late 1890s and early 1900s in Toronto, Ontario. It is one of Canada’s most successful and longest running dramas. The series focuses on fictional police detective William Murdoch, who uses innovative forensic techniques to solve cases. Produced and developed by Shaftesbury, the series is based on characters from the novels by Toronto-based author Maureen Jennings.

Seasons 1 through 5 of *Murdoch Mysteries* aired on City, and now on CBC and Zoomer, while Seasons 5 through 10 aired on CBC and Zoomer. In association with international distribution and broadcast partners ITV Studios Global Entertainment and UKTV, *Murdoch Mysteries* is also available to viewers in 110 countries and territories across the world.¹

Table 1 summarizes the premiere dates and number of episodes for each of its ten seasons.

Table 1: *Murdoch Mysteries* Production Pattern

	Season 1	Season 2	Season 3	Season 4	Season 5
Premiere Date	January 20, 2008	March 4, 2009	March 14, 2010	June 7, 2011	June 7, 2012
Number of Episodes	13	13	13	13	13
	Season 6	Season 7	Season 8	Season 9	Season 10
Premiere Date	January 7, 2013	September 30, 2013	October 6, 2014	October 5, 2015	October 10, 2016
Number of Episodes	13	18	18	20*	20*

Source: IMDB, Shaftesbury (* Includes a two-hour holiday special.)

Most episodes of the series were filmed in Ontario, with filming occurring in over 200 unique locations.² Through the production spending of the series, significant economic impacts were created for Ontario residents and businesses, and substantial tax revenues accrued to federal, provincial and local governments.

ABOUT SHAFTESBURY

Shaftesbury is an award-winning Canadian production company with offices in Toronto and Los Angeles. It creates and produces original content for television and digital platforms. Shaftesbury has produced over 300 feature film and television series; recent titles include *Murdoch Mysteries*, *Houdini & Doyle*, *Slasher*, and the children’s series *The Mobles*. Shaftesbury’s digital arm, **Smokebomb Entertainment**, produces original digital, convergent and branded entertainment projects including the YouTube series *Carmilla* and the *Slasher* VR app. In June 2014, Shaftesbury/Smokebomb launched **shift2**, a branded entertainment agency that drives profitable engagement with millennials using scripted series, turning brands into executive producers.²

¹ Shaftesbury

² Shaftesbury

2. STUDY PURPOSE

MNP LLP (“MNP”) was engaged by the Canadian Media Producers Association (“CMPA”) to develop a case study of the economic impacts of the production of the television series *Murdoch Mysteries* on the Ontario economy. For the study, MNP used data provided by Shaftesbury for Season 8 of the series to estimate the economic impacts in Ontario that occurred during the 18 episodes of that season of production. As the series would have completed 154 episodes by the end of Season 10, the impacts in Ontario over the life of the production through Season 10 could be expected to be approximately eight and a half times the Season 8 impacts.

3. SEASON 8 PRODUCTION SPENDING

Season 8 production spending engaged over 500 vendors from 72 communities across Ontario.³ As shown in Table 2, this included vendors from Toronto, the rest of the Greater Toronto Area, Hamilton, and other parts of Ontario. The series engaged a wide variety of vendors including production facilities, vehicle and equipment rental agencies, catering companies, audio and video companies, cleaners, professional services firms, and various types of retailers.

Table 2: Season 8 Vendor Data

Region	Number of Vendors
Toronto	314
Rest of the Greater Toronto Area	54
Hamilton	50
Rest of Ontario	109
Total	527

Source: Shaftesbury

As shown in Table 3, Season 8 of *Murdoch Mysteries* was associated with total production-related spending in Ontario of approximately \$24.5 million.⁴ About \$15.6 million in total was spent in Ontario on wages, salaries and per diems for individuals involved in the production and post-production of Season 8, and another \$8.9 million was spent on production-related goods and services.

For Canadian productions, usually a substantial number of “above the line” talent (e.g. producers, directors, writers, and lead stars) are based in Canada, and are often based in the province in which filming occurs. This increases the level of in-province expenditures related to filming Canadian productions, compared with foreign productions that film in Canada. For Season 8 of *Murdoch Mysteries*, spending on wages and salaries included spending on “above the line” talent that lived in or were based in Ontario.

³ Estimated based on vendor data provided by Shaftesbury.

⁴ Estimated based on information and expenditure data provided by Shaftesbury.

Table 3: Season 8 Production Spending in Ontario

	Spending	Share of Spending
Spending on labour related to production and post-production, including per-diems	\$15.6 million	64%
Spending on goods and services	\$8.9 million	36%
Total Spending	\$24.5 million	100%

Source: Shaftesbury

As shown in Table 4, the production of Season 8 benefited from federal and provincial tax credits, including approximately \$7 million in provincial tax credits through the Ontario Film & Television Tax Credit (OFTTC) program, and approximately \$2.8 million in federal tax credits through the Canadian Film or Video Production Tax Credit (CPTC) program.

Table 4: Federal and Provincial Tax Credits Received for Season 8

	Tax Credits
Provincial	
Ontario Film & Television Tax Credit	\$7,030,305
Federal	
Canadian Film or Video Production Tax Credit	\$2,826,317
Total	\$9,856,622

Source: Shaftesbury

4. ECONOMIC IMPACTS OF PRODUCTION SPENDING

MNP estimated the economic impact of the production of *Murdoch Mysteries* using the 2010 Statistics Canada provincial input-output multipliers 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, 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).
- **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 impact on the Ontario economy of a set of direct expenditures related to the filming of Season 8 of *Murdoch Mysteries*. The television series, 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 for Ontario and Season 8 production expenditure data provided by Shaftesbury, MNP estimated the total economic impacts (i.e. direct, indirect, and induced) arising from the \$24.5 million in production spending for Season 8 in Ontario. The results of this analysis are presented in Table 5. (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 5: Estimated Economic Impacts of Season 8 Production Spending in Ontario

	Production Impacts
Direct Production Expenditure in Ontario	\$24.5 million
Total Output	\$55.1 million
Total GDP	\$38.7 million
Total Employment (FTEs⁵)	560 FTEs
Federal Tax Revenues	\$4.5 million
Provincial Tax Revenues	\$3.2 million
Municipal Tax Revenues	\$1.0 million

⁵ One FTE is equivalent to one person-year of employment.

Table 6 shows the economic impacts per dollar of the CPTC federal tax credit received by the production.

Table 6: Estimated Economic Impacts per Dollar of the CPTC Federal Tax Credit

	Production Impacts
Output per dollar of federal tax credit	\$19.48
GDP per dollar of federal tax credit	\$13.70
Employment per \$100,000 of federal tax credit	19.8 FTEs
Federal tax revenues per dollar of federal tax credit	\$1.59

Table 7 shows the economic impacts per dollar of the OFTTC provincial tax credit received by the production.

Table 7: Estimated Economic Impacts per Dollar of the OFTTC Provincial Tax Credit

	Production Impacts
Output per dollar of provincial tax credit	\$7.83
GDP per dollar of provincial tax credit	\$5.51
Employment per \$100,000 of provincial tax credit	8.0 FTEs
Provincial and municipal tax revenues per dollar of provincial tax credit	\$0.60

Assuming that the level and pattern of production spending over the 18 episodes in Season 8 was similar across all 154 episodes in the series, the estimated economic impacts in Ontario generated over the life of the series through Season 10 could be expected to total roughly eight and a half times that from Season 8. These impacts are presented in Table 8.

Table 8: Estimated Economic Impacts of Seasons 1 through 10 Production Spending in Ontario

	Production Impacts
Direct Production Expenditure in Ontario	\$209.9 million
Total Output	\$471.1 million
Total GDP	\$331.2 million
Total Employment (FTEs)	4,793 FTEs
Federal Tax Revenues	\$38.4 million
Provincial Tax Revenues	\$26.9 million
Municipal Tax Revenues	\$8.9 million

5. COMPARISON WITH OTHER INDUSTRIES

To provide perspective on the size of the economic impacts generated by the production of *Murdoch Mysteries* in Ontario, it is useful to compare the impacts with those created by other industries. Three examples of other industries are new home construction, natural resources, and tourism/major events.

- **New Home Construction** – The total estimated employment supported by production spending on Season 8 is equivalent to the direct and indirect employment supported by the construction of approximately 250 new homes in Ontario.⁶ The employment supported over Seasons 1 through 10 of production is equivalent to that supported by the construction of 2,145 new homes in Ontario.
- **Natural Resources** – The total estimated employment supported over Seasons 1 through 10 of production is roughly equivalent to that supported by the construction of three new open pit gold mines in Ontario.⁷
- **Tourism/Major Events** – The estimated GDP generated by production spending on Season 8 is roughly equivalent to that generated by hosting one large-sized festival or event in Ontario.⁸

6. ADDITIONAL IMPACTS

In addition to economic impacts that arise through production spending, television series such as *Murdoch Mysteries* 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. Television series are especially likely to reach much larger audiences than specifically targeted tourism promotion.⁹

For example, the annual *Murdoch Mysteries* Fan Event, hosted by Shaftesbury, has drawn fans of the series to Toronto since 2012. In 2014, over 2,500 fans had the opportunity to meet the cast and crew while touring the production studio. The event attracted fans from around the world including England, France, Spain, China and the United States.¹⁰

Furthermore, Shaftesbury's *Making Murdoch* (a 20-part online mini-series that provided a behind-the-scenes look at the filming of Season 8 of *Murdoch Mysteries* on location in Ontario) was distributed to broadcast partners in 110 countries worldwide.¹¹ The mini-series received tens of thousands of views, clicks, likes, comments and shares on social media from fans around the world, many of whom expressed a desire to visit the filming locations.

- **Personal Spending by Non-resident Labour while in Ontario** – This may include spending by non-resident labour on vacations or other personal purchases while on location in Ontario.

⁶ Will Dunning Inc., *Economic Impacts of New Home Construction – Ontario 2015*. Retrieved from <http://chbafiles1.ca/impacts/8.%20Ontario.%20New%20Residential%20Construction.pdf>

⁷ University of Toronto, *An Authentic Opportunity: The Economic Impact of a New Gold Mine in Ontario*, 2014.

⁸ Festivals & Events Ontario, *2014 Economic Impact of Festivals and Events in Ontario*.

⁹ Croy, Glen W, *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*, 2004.

¹⁰ Retrieved from <https://www.thestar.com/entertainment/television/2015/08/11/fans-show-their-love-for-all-things-murdoch-mysteries.html>

¹¹ Retrieved from <https://shaftesbury.ca/shaftesbury-partners-with-ontario-government-on-murdoch-mysteries-companion-series/>

It is worth noting that television series 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 *Murdoch Mysteries*, MNP interviewed representatives from organizations and communities that have been featured in the series. The interviews focused on the impacts to those organizations and communities of being featured in the series, and are described below.

Westfield Heritage Village

Since 2008, *Murdoch Mysteries* has filmed up to two episodes per season at the Westfield Heritage Village¹ in Rockton, Ontario, which contains over 30 historic buildings. According to Rondalyn Brown, Manager of the Westfield Heritage Village, the series has generated extra interest in the Village from both domestic and international visitors. Ms. Brown stated that for the last two years, the Friends of Westfield have held a sold-out fundraising event called the “Mystery Fare, inspired by *Murdoch Mysteries*”, to which the production has donated official *Murdoch Mysteries* merchandise as prizes.

“For us, it has increased our public awareness. People knowing that they film here and getting to know we are here.”

– Rondalyn Brown, Manager, Westfield Heritage Village



Photo courtesy of Shaftesbury



Photo courtesy of Shaftesbury

City of Cambridge

The City of Cambridge has been a regular filming location for *Murdoch Mysteries* since Season 1. According to Greg Durocher, President and CEO of the Cambridge City of Commerce, has seen an increase in the number of US visitors that have specifically requested information on *Murdoch Mysteries* filming locations. The Cambridge Chamber of Commerce Visitors Services now tracks the filming locations to help *Murdoch Mysteries* fans visit the sites. Mr. Durocher noted that as a result of the benefits experienced by the City from the filming of *Murdoch Mysteries*, the City is promoting itself within the film industry to encourage other productions to film there.

S.S. Keewatin

In the first episode of Season 7, *Murdoch Mysteries* featured the S.S. Keewatin, a museum ship docked in Port McNicoll, Ontario. The ship’s Captain Eric Conroy noticed an increase in visitors as soon as the episode aired in September 2013.¹ Conroy estimates that over fifty percent of the S.S. Keewatin’s annual 30,000 visitors come to visit in part due to *Murdoch Mysteries*, including fans of the series from around the world. Visitors to the S.S. Keewatin also came as a result of viewing the *Making Murdoch* mini-series or attending the *Murdoch Mysteries* Fan Event. According to Captain Conroy, *Murdoch Mysteries* restored and upgraded the S.S. Keewatin, and employed many locals from Port McNicoll when it filmed the episode featuring the ship.

“I couldn’t afford to buy the kind of advertising that they (Murdoch Mysteries) have provided for us.”

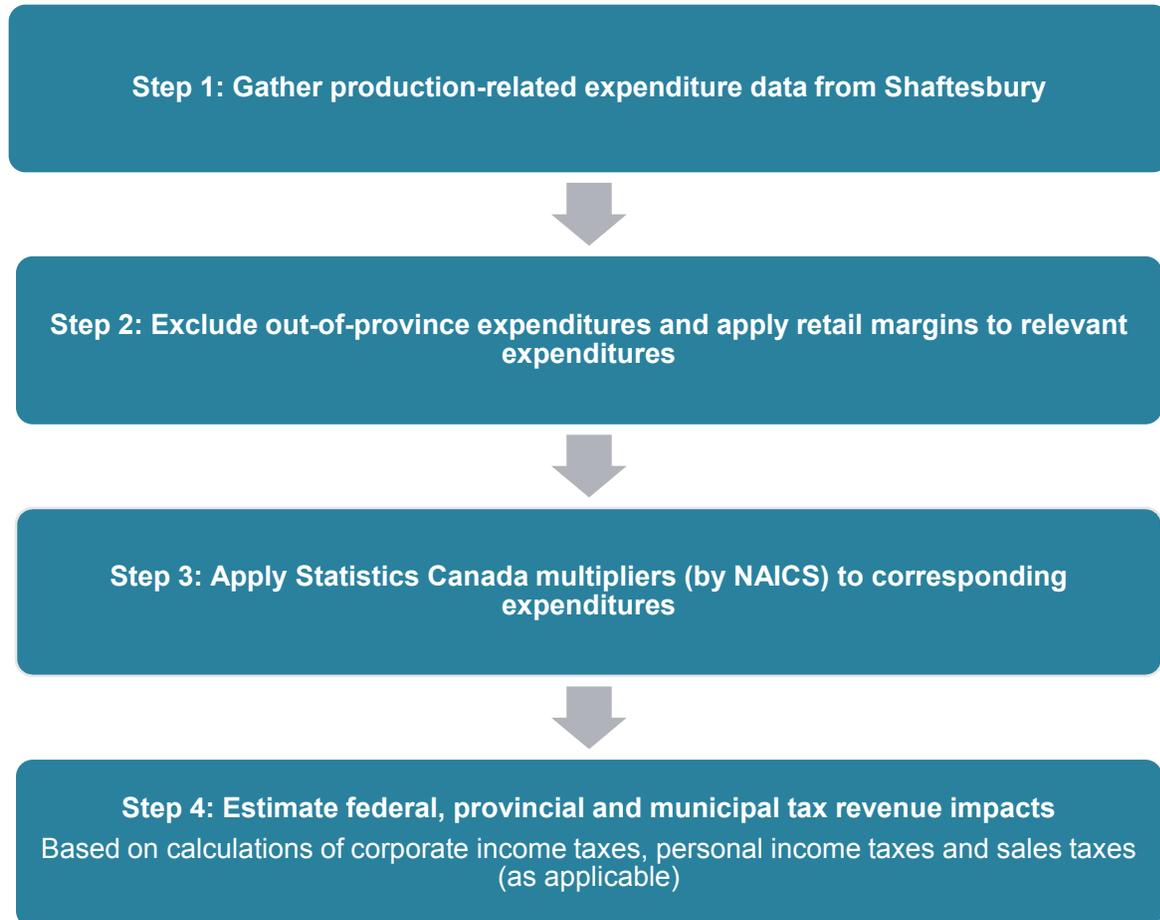
– Captain Eric Conroy, S.S. Keewatin



Photo courtesy of S.S. Keewatin

APPENDIX A – ECONOMIC IMPACT METHODOLOGY

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



APPENDIX B – DETAILED RESULTS

Table B-1: Estimated Economic Impacts of Season 8 Production Spending in Ontario

	Output ¹² (millions)	GDP (millions)	Employment (FTEs)	Federal Tax (millions)	Provincial Tax (millions)	Municipal Tax (millions)
Direct	\$23.9	\$20.5	348	\$2.8	\$1.9	\$0.3
Indirect and Induced	\$31.2	\$18.2	212	\$1.7	\$1.3	\$0.7
Total	\$55.1	\$38.7	560	\$4.5	\$3.2	\$1.0

Table B-2: Estimated Economic Impacts of Seasons 1 through 10 Production Spending in Ontario

	Output ¹³ (millions)	GDP (millions)	Employment (FTEs)	Federal Tax (millions)	Provincial Tax (millions)	Municipal Tax (millions)
Direct	\$204.5	\$175.2	2,982	\$23.9	\$16.1	\$2.8
Indirect and Induced	\$266.6	\$156.1	1,812	\$14.5	\$10.8	\$6.1
Total	\$471.1	\$331.2	4,793	\$38.4	\$26.9	\$8.9

¹² Direct output includes adjustments for spending on retail purchases. Retail margins were applied to expenditures on building materials and supplies (33.8%), art supplies (38.8%), makeup and hair supplies (31.5%), and office supplies (46.3%). (*Statistics Canada, CANSIM Tables 080-0023*)

¹³ Ibid.