



# **Case Study – Economic Impacts of *Republic of Doyle***

**Prepared for the Canadian Media Producers Association**

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## 1. INTRODUCTION

The long-running Canadian television series *Republic of Doyle* focussed on a fictional private investigator Jake Doyle and his father Malachy Doyle, a former police officer, as they partnered together to solve cases in St. John's, Newfoundland and Labrador.

The series was produced and developed by Take the Shot Productions and aired on CBC for six seasons from 2010 to 2014. In 2013, the series was voted as one of the top 10 shows in Canada by critics. *Republic of Doyle* was also made available to viewers in over 90 countries across the world.<sup>1</sup>

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

**Table 1: *Republic of Doyle* Production Pattern**

	Season 1	Season 2	Season 3	Season 4	Season 5	Season 6
Premiere Date	January 6, 2010	January 12, 2011	January 11, 2012	January 6, 2013	October 2, 2013	October 15, 2014
Number of Episodes	12	13	13	13	16	10

Source: IMDB, CBC

The series was filmed in Newfoundland and Labrador, primarily in and around St. John's. Through the production spending of the series, significant economic impacts were created for Newfoundland and Labrador residents and businesses, and substantial tax revenues accrued to federal, provincial and local governments.

### ABOUT TAKE THE SHOT PRODUCTIONS

**Take the Shot Productions** is a Canadian television and film production company based in St. John's, Newfoundland and Labrador, which has achieved critical and commercial success in Canada and abroad. It produces scripted and unscripted projects for television, including popular series such as *Republic of Doyle*, *Frontier*, and *Majumder Manor*. Recently, Take the Shot Productions and co-producer eOne announced a new six-part series for CBC, *Caught*, which is based on the novel by the same title.<sup>2</sup>

## 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 *Republic of Doyle* on the Newfoundland and Labrador economy.<sup>3</sup> For the study, MNP used data provided by Take the Shot Productions for Season 5 of the series to estimate the economic impacts in Newfoundland and Labrador that occurred during the 16 episodes of that season of production. As the series completed 77 episodes by the end of Season 6, the impacts in Newfoundland and Labrador over the life of the series (i.e. Seasons 1 through 6) could be expected to be approximately four and a half times the Season 5 impacts.

<sup>1</sup> Take the Shot Productions

<sup>2</sup> Take the Shot Productions

<sup>3</sup> The series involved production activity in both Newfoundland and Labrador and Ontario. In this report, we examined only the production activity and economic impacts in Newfoundland and Labrador.

### 3. SEASON 5 PRODUCTION SPENDING

Season 5 production spending engaged over 380 vendors from 18 communities across Newfoundland and Labrador.<sup>4</sup> As shown in Table 2, this included over 300 vendors from St. John’s as well as 70 vendors from other communities in the province. The series 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 2: Season 5 Vendor Data**

Region	Number of Vendors
St. John’s	312
Rest of Newfoundland and Labrador	70
<b>Total</b>	<b>382</b>

Source: Take the Shot Productions

As shown in Table 3, Season 5 of *Republic of Doyle* was associated with total production-related spending in Newfoundland and Labrador of approximately \$19.4 million.<sup>5</sup> About \$11.4 million in total was spent in Newfoundland and Labrador on wages and salaries for individuals involved in the production and post-production of Season 5, and approximately \$8.0 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 5 of *Republic of Doyle*, spending on wages and salaries included spending on “above the line” talent that were residents of Newfoundland and Labrador.

**Table 3: Season 5 Production Spending in Newfoundland and Labrador**

	Spending	Share of Spending
Spending on labour related to production and post-production	\$11.4 million	59%
Spending on goods and services	\$8.0 million	41%
<b>Total Spending</b>	<b>\$19.4 million</b>	<b>100%</b>

Source: Take the Shot Productions

<sup>4</sup> Estimated based on vendor data provided by Take the Shot Productions.

<sup>5</sup> Estimated based on information and expenditure data provided by Take the Shot Productions.

As shown in Table 4, the production of Season 5 benefited from Newfoundland and Labrador and federal government incentives, including approximately \$7.5 million in Newfoundland and Labrador government incentives and approximately \$6.7 million in federal government incentives.

**Table 4: Federal and Newfoundland and Labrador Government Incentives Received for Season 5**

	Incentive Amount
Newfoundland and Labrador Government Incentives <sup>6</sup>	\$7,537,793
Federal Government Incentives <sup>7</sup>	\$6,675,658
<b>Total</b>	<b>\$14,213,451</b>

Source: *Take the Shot Productions*

#### 4. ECONOMIC IMPACTS OF PRODUCTION SPENDING

MNP estimated the economic impact of the production of *Republic of Doyle* using the 2010 Statistics Canada provincial input-output multipliers for Newfoundland and Labrador (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 Newfoundland and Labrador economy of a set of direct expenditures related to the filming of Season 5 of *Republic of Doyle*. The television series, like other productions, has an amount of direct expenditure, which in turn stimulates so-called indirect impacts across

<sup>6</sup> Newfoundland and Labrador government incentives included equity investment from the Newfoundland and Labrador Film Development Corporation (NLFDC) and the Film and Video Industry Tax Credit administered by the NLFDC.

<sup>7</sup> Federal government incentives included those from the Canada Media Fund (CMF) and the Canadian Film or Video Production Tax Credit (CPTC).

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 Newfoundland and Labrador and Season 5 production expenditure data provided by Take the Shot Productions, MNP estimated the total economic impacts (i.e. direct, indirect, and induced) arising from the \$19.4 million in production spending for Season 5 in Newfoundland and Labrador. 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 5 Production Spending in Newfoundland and Labrador**

	Production Impacts
<b>Direct Production Expenditure in Newfoundland and Labrador</b>	\$19.4 million
<b>Total Output</b>	\$29.4 million
<b>Total GDP</b>	\$23.0 million
<b>Total Employment (FTEs<sup>8</sup>)</b>	293 FTEs
<b>Federal Tax Revenues</b>	\$2.8 million
<b>Provincial Tax Revenues</b>	\$2.5 million
<b>Municipal Tax Revenues</b>	\$0.3 million

Table 6 shows the economic impacts per dollar of federal government incentives received by the production.

**Table 6: Estimated Economic Impacts per Dollar of Federal Government Incentives**

	Production Impacts
<b>Output per dollar of federal government incentives</b>	\$4.40
<b>GDP per dollar of federal government incentives</b>	\$3.44
<b>Employment per \$1 million of federal government incentives</b>	43.9 FTEs

<sup>8</sup> One FTE is equivalent to one person-year of employment.

Table 7 shows the economic impacts per dollar of Newfoundland and Labrador government incentives received by the production.

**Table 7: Estimated Economic Impacts per Dollar of Newfoundland and Labrador Government Incentives**

	Production Impacts
<b>Output per dollar of provincial government incentives</b>	\$3.90
<b>GDP per dollar of provincial government incentives</b>	\$3.05
<b>Employment per \$1 million of provincial government incentives</b>	38.9 FTEs

According to data provided by Take the Shot Productions, production expenditures in Newfoundland and Labrador over the life of the *Republic of Doyle* series (i.e. Seasons 1 through 6) were approximately \$88.5 million. Assuming that the level and pattern of production spending over the 16 episodes in Season 5 was similar across all 77 episodes in the series, the estimated economic impacts in Newfoundland and Labrador generated over the life of the series could be expected to be about four and a half times the impacts generated in Season 5. These impacts are presented in Table 8.

**Table 8: Estimated Economic Impacts of Seasons 1 through 6 Production Spending in Newfoundland and Labrador**

	Production Impacts
<b>Direct Production Expenditure in Newfoundland and Labrador</b>	\$88.5 million
<b>Total Output</b>	\$134.3 million
<b>Total GDP</b>	\$105.0 million
<b>Total Employment (FTEs)</b>	1,338 FTEs
<b>Federal Tax Revenues</b>	\$12.7 million
<b>Provincial Tax Revenues</b>	\$11.4 million
<b>Municipal Tax Revenues</b>	\$1.6 million

According to data provided by Take the Shot Productions, over the life of the series, the production of *Republic of Doyle* in Newfoundland and Labrador benefited from approximately \$7.3 million in Canadian Film or Video Production Tax Credit (CPTC) federal tax credits. Table 9 shows the economic impacts per dollar of the CPTC federal tax credit received by the production over the life of the series.

**Table 9: Estimated Economic Impacts per Dollar of the CPTC Federal Tax Credit**

	Production Impacts
<b>Output per dollar of the CPTC federal tax credit</b>	\$18.54
<b>GDP per dollar of the CPTC federal tax credit</b>	\$14.49
<b>Employment per \$1 million of the CPTC federal tax credit</b>	184.6 FTEs
<b>Federal tax revenues per dollar of the CPTC federal tax credit</b>	\$1.75

## 5. COMPARISON WITH OTHER INDUSTRIES

To provide perspective on the size of the economic impacts generated by the production of *Republic of Doyle* in Newfoundland and Labrador, it is useful to compare the impacts with those created by other industries. Two examples of other industries are new home construction and aquaculture.

- **New Home Construction** – The total estimated employment supported by production spending on Season 5 is equivalent to the direct and indirect employment supported by the construction of approximately 134 new homes in Newfoundland and Labrador.<sup>9</sup> The employment supported over Seasons 1 through 6 of production is equivalent to that supported by the construction of 613 new homes in Newfoundland and Labrador.
- **Aquaculture** – The total estimated GDP generated by production spending over the life of the series from Seasons 1 through 6 of production (\$105 million) is roughly equivalent to that generated in 2013 by the aquaculture industry in Newfoundland and Labrador (\$104 million).<sup>10</sup>

## 6. ADDITIONAL IMPACTS

In addition to economic impacts that arise through production spending, television series such as *Republic of Doyle* 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.<sup>11</sup>
- **Personal Spending by Non-resident Labour while in Newfoundland and Labrador** – This may include spending by non-resident labour on vacations or other personal purchases while on location in Newfoundland and Labrador.

<sup>9</sup> 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>

<sup>10</sup> Aquaculture Division, Department of Fisheries and Aquaculture, *Economic Impacts of the Newfoundland and Labrador Aquaculture Industry*, 2014. Retrieved from [http://www.fishaq.gov.nl.ca/publications/pdf/Aquaculture\\_Macro\\_FINAL.pdf](http://www.fishaq.gov.nl.ca/publications/pdf/Aquaculture_Macro_FINAL.pdf)

<sup>11</sup> Croy, Glen W, *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*, 2004.

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 *Republic of Doyle*, MNP interviewed representatives from organizations associated with the series and businesses that were featured in the series. The interviews focused on the effect of the series on those organizations and businesses, and are described below.

### The Duke of Duckworth

The *Duke of Duckworth* pub in St. John's was a regular filming location for *Republic of Doyle*. According to Colin Dalton, co-owner, the pub experienced significant growth in sales and popularity during the production of the series. Mr. Dalton noted that fans of *Republic of Doyle* still go to the pub to see the filming location, and that the effects of the series on the pub's business have continued long past the series finale in 2014. The impacts included the cast and crew frequenting the pub every week. In addition, Mr. Dalton stated that the production held its annual wrap party at *The Duke of Duckworth*, bringing in over 250 people.

**"It [*Republic of Doyle*] certainly impacted our business and it's still happening. Allan Hawco, the actor who played Jake Doyle on the show, would try to drive business our way. We were a pretty popular bar before, but they made it better."**

-Colin Dalton, Co-Owner, *The Duke of Duckworth*

### Newfoundland and Labrador Film Development Corporation

The Newfoundland and Labrador Film Development Corporation has been involved with the *Republic of Doyle* since production of the series began in 2010. According to Dorian Rowe, Acting Executive Director and Film Commissioner, the production has had a positive effect on tourism in St. John's. During the time period that *Republic of Doyle* was in production, the province had a television marketing campaign for Newfoundland and Labrador and began airing the advertisements alongside episodes of *Republic of Doyle*. Mr. Rowe noted that there was a "symbiotic relationship" between the series and the campaign. Mr. Rowe also mentioned positive social and community impacts related to *Republic of Doyle*. For example, Allan Hawco, the actor that played Jake Doyle, was featured in an advertising campaign for "Foster a Future," which encouraged Newfoundlanders and Labradorians to become foster parents.

**"We have heard a lot of anecdotal information related to the series that was extremely positive. There are obvious tourism impacts like those seen by *The Duke of Duckworth* bar, which served as one of the main locations for filming. That bar has lots of visitors that know it as "the bar from *Republic of Doyle*!" The town itself also played a strong character on the show, which had several establishing shots of St. John's."**

-- Dorian Rowe, Acting Executive Director/Film Commissioner, Newfoundland and Labrador Film Development Corporation

### Coffee Matters

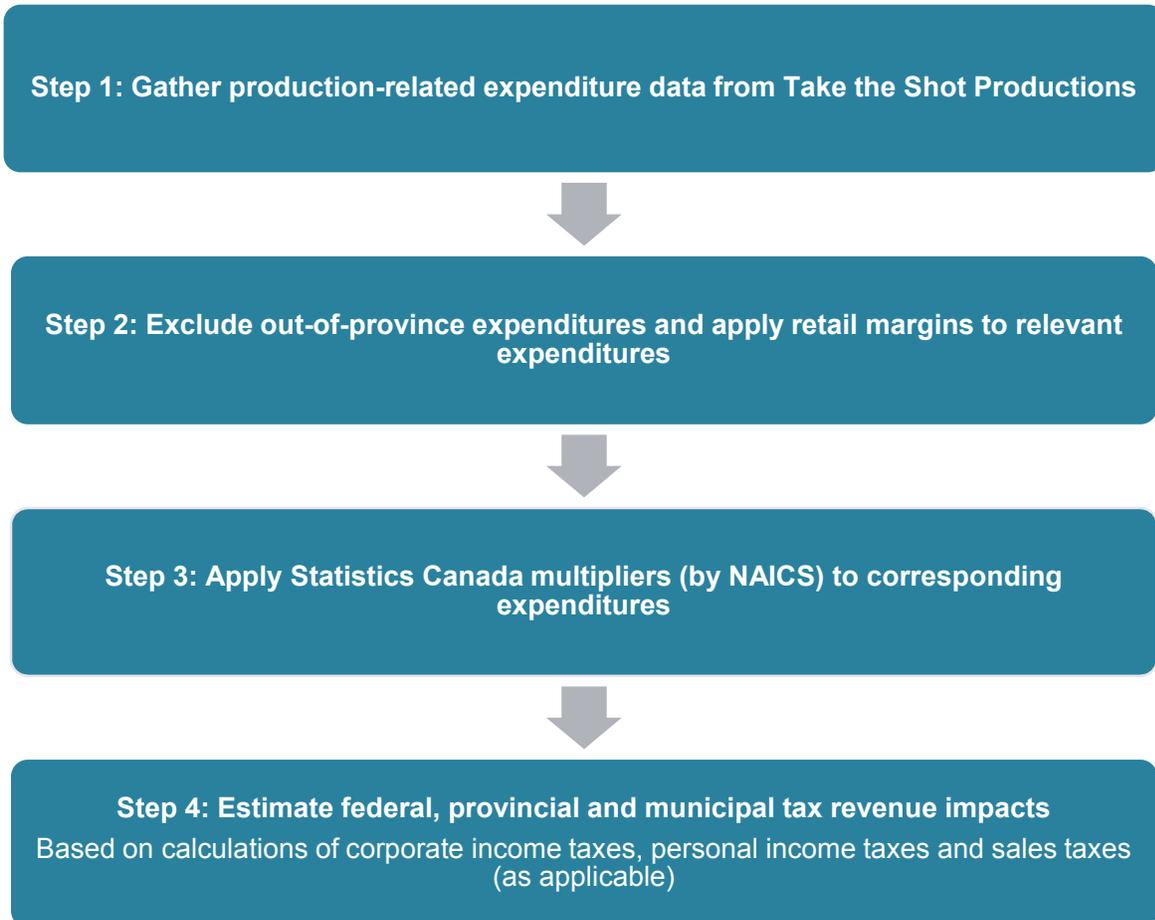
St. John's coffee shop *Coffee Matters* was a filming location for an episode of *Republic of Doyle*. According to Jamie Ross, Marketing and Operations Manager, *Coffee Matters* saw an increase in sales during the period that *Republic of Doyle* was filmed in St. John's. The production crew frequently purchased coffee and lunches from *Coffee Matters* while filming nearby. Mr. Ross also said that many of the *Republic of Doyle* writers sat at the coffee shop and wrote for the television series.

**"Everyone in St. John's benefited when they [*Republic of Doyle*] were shooting here."**

- Jamie Ross, Marketing and Operations Manager, *Coffee Matters* Group of Companies

## APPENDIX A – ECONOMIC IMPACT METHODOLOGY

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



## APPENDIX B – DETAILED RESULTS

**Table B-1: Estimated Economic Impacts of Season 5 Production Spending in Newfoundland and Labrador**

	Output <sup>12</sup> (million)	GDP (million)	Employment (FTEs)	Federal Tax (million)	Provincial Tax (million)	Municipal Tax (million)
Direct	\$19.0	\$16.5	181	\$2.1	\$1.8	\$0.1
Indirect and Induced	\$10.4	\$6.5	112	\$0.7	\$0.7	\$0.2
<b>Total</b>	<b>\$29.4</b>	<b>\$23.0</b>	<b>293</b>	<b>\$2.8</b>	<b>\$2.5</b>	<b>\$0.3</b>

**Table B-2: Estimated Economic Impacts of Seasons 1 through 6 Production Spending in Newfoundland and Labrador**

	Output <sup>13</sup> (million)	GDP (million)	Employment (FTEs)	Federal Tax (million)	Provincial Tax (million)	Municipal Tax (million)
Direct	\$86.6	\$75.3	828	\$9.5	\$8.1	\$0.7
Indirect and Induced	\$47.7	\$29.7	509	\$3.2	\$3.3	\$0.9
<b>Total</b>	<b>\$134.3</b>	<b>\$105.0</b>	<b>1,338</b>	<b>\$12.7</b>	<b>\$11.4</b>	<b>\$1.6</b>

<sup>12</sup> Direct output includes adjustments for spending on retail purchases. Retail margins were applied to expenditures on building materials and supplies (30.7%), art supplies (25.8%), makeup and hair supplies (32.5%), and office supplies (25.8%). (*Statistics Canada, CANSIM Tables 080-0023*)

<sup>13</sup> Ibid.