

Case Study – Economic Impacts of *Mr. D*

Prepared for the Canadian Media Producers Association (CMPA)

in partnership with
Screen Nova Scotia

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1. SUMMARY

Spending on film and television productions can create significant positive 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 (“MNP”) was engaged by the Canadian Media Producers Association (“CMPA”) in partnership with Screen Nova Scotia, to develop a case study of the economic impacts of the production of the television series *Mr. D* on the Nova Scotia economy. For the study, MNP used data from Topsail Productions on production expenditures for Seasons Five and Six of the series, to estimate the economic impacts that occurred during production. Season Six was the most recent production for which complete data was available. The incentive structure for productions in Nova Scotia was changed between the filming of Seasons Five and Six. As such, Season Five was included for comparison purposes.¹

Production-related spending in Nova Scotia over Seasons One through Eight of *Mr. D* was estimated to be \$49.4 million, and was estimated to have generated:

- Approximately \$56.8 million in total GDP in Nova Scotia.
- Approximately 927 FTEs (full-time equivalent positions) in total employment in Nova Scotia.

The estimated total employment supported over the production of Seasons One through Eight of *Mr. D* is equivalent to the direct and indirect employment supported by the construction of 329 new homes in Halifax.²

2. INTRODUCTION

The Canadian comedy television series *Mr. D* is co-produced in Nova Scotia and Ontario by Halifax-based independent production companies Topsail Productions and Gerard ADHD Entertainment. Filmed in the Halifax area, the series focuses on an under-qualified teacher who struggles through his professional and personal life – a premise inspired by stand-up comedian and series co-creator, Gerry Dee’s own experiences as a school teacher.³ The series, co-created by Gerry Dee and Topsail’s Michael Volpe, premiered in January 2012 on the Canadian Broadcasting Corporation (“CBC”) television network, and will air its eighth, and final, season in November 2018.

¹ Seasons One through Five received Nova Scotia government incentives under the Film Industry Tax Credit (FITC). In April 2015, the government of Nova Scotia announced that it was ending the FITC program and, in its place, introducing the Film and Television Production Incentive Fund (FPIF) starting July 1, 2015. Seasons Six, Seven and Eight received Nova Scotia government incentives under the FPIF.

² Will Dunning Inc. 2017. “Economic Impacts of New Home Construction – Halifax, 2017.” Retrieved from: <http://www.chba.ca/CHBADocs/CHBA/HousingCanada/Information-Statistics/Impacts/1%20Halifax%20Economic%20Impacts%20of%20New%20Home%20Construction%202017.pdf>

³ CBC. “Mr. D.” Retrieved from: <http://www.cbc.ca/mrd/>

Table 1 summarizes the premiere dates and number of episodes for *Mr. D*.

Table 1: *Mr. D* Production Pattern

	Season One	Season Two	Season Three	Season Four
Premiere Date	January 9, 2012	January 7, 2013	February 23, 2014	January 20, 2015
Number of Episodes	12	13	8	13
	Season Five	Season Six	Season Seven	Season Eight
Premiere Date	January 19, 2016	October 18, 2016	September 26, 2017	November 7, 2018
Number of Episodes	13	10	11	8

Source: IMDB, Topsail

Filming of *Mr. D* took place primarily in and around Halifax, Nova Scotia, with some support and post-production activities in Ontario. Throughout the production of the series, significant economic impacts were created for residents and businesses in Nova Scotia, and substantial tax revenues accrued to federal, provincial and local governments.

ABOUT TOPSAIL PRODUCTIONS

Located in Halifax, Nova Scotia, Topsail is currently producing the television series *Mr. D*. The production company was founded by Michael Volpe. Past co-productions by Topsail include the feature films and television series *Trailer Park Boys*, *Afghan Luke*, *Moving Day*, and *The Healer*.⁴

3. STUDY PURPOSE AND DISCLAIMER

MNP was engaged by the CMPA to develop a case study of the economic impacts of the production of *Mr. D* on the Nova Scotia economy. For the study, MNP used data from Topsail Productions on production expenditures for Seasons Five and Six of the series, to estimate the economic impacts that occurred during the 13 episodes of Season Five and the 10 episodes of Season Six. Season Six was the most recent production for which complete data was available. The incentive structure for productions in Nova Scotia was changed between the filming of Seasons Five and Six. As such, Season Five was included for comparison purposes.⁵

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 Topsail Productions Limited. Retrieved from: <http://topsailentertainment.com/>

⁵ Seasons One through Five received Nova Scotia government incentives under the Film Industry Tax Credit (FITC). In April 2015, the government of Nova Scotia announced that it was ending the FITC program and, in its place, introducing the Film and Television Production Incentive Fund (FPIF) starting July 1, 2015. Seasons Six, Seven and Eight received Nova Scotia government incentives under the FPIF.

4. PRODUCTION SPENDING AND GOVERNMENT INCENTIVES

Production spending on *Mr. D* engaged close to 400 vendors from across Canada. As shown in Table 2, this included 314 vendors from Nova Scotia, 58 vendors from Ontario and 14 vendors from the rest of Canada.⁶ In Nova Scotia, there were 289 vendors from Halifax and 25 vendors from 19 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 2: Vendor Data for Season Six of *Mr. D*

Region	Number of Vendors
	Season Six
Halifax ⁷	289
Other Communities in Nova Scotia	25
Ontario	58
Rest of Canada	14
Total	386

Source: Topsail

Based on data provided by Topsail Productions, total production expenditure in Nova Scotia and Ontario for Season Five of *Mr. D* was \$10.7 million, and for Season Six was \$8.5 million. As shown in Table 3, Season Five of *Mr. D* was associated with total production-related spending in Nova Scotia of approximately \$7.3 million.⁸ About \$4.4 million was spent in Nova Scotia on wages, salaries and per diems for individuals involved in production and post-production of the film, and another \$2.9 million was spent on production-related goods and services. Season Six of *Mr. D* was associated with total production-related spending in Nova Scotia of approximately \$5.6 million.⁹ About \$3.4 million was spent in Nova Scotia on wages, salaries and per diems for individuals involved in production and post-production of the film, and another \$2.2 million was spent on production-related goods and services.

⁶ Estimated based on vendor data provided by Topsail Productions.

⁷ Includes communities within the Halifax Regional Municipality including Dartmouth, Bedford and Sackville. Nova Scotia vendors for whom city data was not available were assumed to be located in Halifax.

⁸ Estimated based on information and expenditure data provided by Topsail Productions.

⁹ Estimated based on information and expenditure data provided by Topsail Productions.

Table 3: *Mr. D* Production Spending

	Season Five		Season Six	
	Nova Scotia Spending	Ontario Spending	Nova Scotia Spending	Ontario Spending
Spending on Labour Related to Production and Post-production, including Per-Diems	\$4.4 million	\$2.9 million	\$3.4 million	\$2.5 million
Spending on Goods and Services	\$2.9 million	\$0.5 million	\$2.2 million	\$0.4 million
Total Spending	\$7.3 million	\$3.4 million	\$5.6 million	\$2.9 million
Number of episodes	13 episodes		10 episodes	

Source: Topsail

As shown in Table 4, the production of Season Five received federal and provincial government incentives, including approximately \$2 million in federal government incentives, \$2.3 million in Nova Scotia government incentives, and \$1 million in Ontario government incentives. The production of Season Six received approximately \$1.9 million in federal government incentives, \$1.5 million in Nova Scotia government incentives, and \$0.9 million in Ontario government incentives.

Table 4: Federal and Provincial Government Incentives Received for *Mr. D*

	Season Five Incentive Amount	Season Six Incentive Amount
Federal Government Incentives	\$1.97 million	\$1.92 million
<i>Canada Media Fund (CMF)</i>	<i>\$0.86 million</i>	<i>\$0.98 million</i>
<i>Canadian Film or Video Production Tax Credit (CPTC)</i>	<i>\$1.11 million</i>	<i>\$0.94 million</i>
Nova Scotia Government Incentives ¹⁰	\$2.26 million	\$1.53 million
Ontario Government Incentives	\$0.96 million	\$0.85 million
Total	\$5.19 million	\$4.30 million

Source: Topsail

¹⁰ Production of Season Five received Nova Scotia government incentives under the FITC. Production of Season Six received Nova Scotia government incentives under the FPIF.

5. ECONOMIC IMPACTS OF PRODUCTION SPENDING

MNP estimated the economic impact of the production of *Mr. D* using the 2013 Statistics Canada provincial input-output multipliers (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.¹¹ 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).
- **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 production of Seasons Five and Six of *Mr. D*. 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.

¹¹ Note that Statistics Canada's input-output model is based on the assumption that there is no social safety net, i.e. those that do not earn wages have no income from social assistance or unemployment programs, and therefore all induced spending is new spending in the economy. Economic impacts estimated with a social safety net assumption would be slightly lower.

Using Statistics Canada’s input-output multipliers and Seasons Five and Six production-related expenditures provided by Topsail Productions, MNP estimated the total economic impacts (i.e. direct, indirect and induced) arising from the \$10.7 million of production expenditure in Nova Scotia and Ontario for Season Five and the \$8.5 million of production expenditure in Nova Scotia and Ontario for Season Six. 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 Total Economic Impacts of *Mr. D* Production Spending

	Season Five		Season Six	
	Nova Scotia Production Impacts	Ontario Production Impacts	Nova Scotia Production Impacts	Ontario Production Impacts
Direct Production Expenditures	\$7.3 million	\$3.4 million	\$5.6 million	\$2.9 million
Total Output	\$11.3 million	\$7.1 million	\$8.6 million	\$6.1 million
Total GDP	\$8.4 million	\$5.3 million	\$6.4 million	\$4.5 million
Total Employment (FTEs)¹²	137 FTEs	70 FTEs	104 FTEs	61 FTEs
Federal Tax Revenues	\$0.9 million	\$0.7 million	\$0.7 million	\$0.6 million
Provincial Tax Revenues	\$0.9 million	\$0.3 million	\$0.7 million	\$0.3 million
Municipal Tax Revenues	\$0.2 million	\$0.1 million	\$0.2 million	\$0.1 million

Table 6 shows the total economic impacts per dollar of the CPTC federal tax credit received for Seasons Five and Six of *Mr. D*.

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

	Season Five Production Impacts	Season Six Production Impacts
Output per Dollar of the CPTC Federal Tax Credit	\$16.68	\$15.75
GDP per Dollar of the CPTC Federal Tax Credit	\$12.37	\$11.67
Employment per \$100,000 of the CPTC Federal Tax Credit	19 FTEs	18 FTEs
Federal Tax Revenues per Dollar of the CPTC Federal Tax Credit	\$1.38	\$1.31

¹² One FTE is equivalent to one person-year of employment.

Table 7 shows the total economic impacts per dollar of federal government incentives (including CMF and CPTC) received for Seasons Five and Six of *Mr. D*.

Table 7: Estimated Total Economic Impacts per Dollar of Federal Government Incentives

	Season Five Production Impacts	Season Six Production Impacts
Output per Dollar of Federal Government Incentives	\$9.39	\$7.70
GDP per Dollar of Federal Government Incentives	\$6.96	\$5.71
Employment per \$100,000 of Federal Government Incentives	11 FTEs	9 FTEs

Table 8 shows the economic impacts per dollar of Nova Scotia government incentives received for Seasons Five and Six of *Mr. D*.

Table 8: Estimated Total Economic Impacts per Dollar of Nova Scotia Government Incentives¹³

	Season Five Production Impacts	Season Six Production Impacts
Output per Dollar of Nova Scotia Government Incentives	\$5.01	\$5.63
GDP per dollar of Nova Scotia Government Incentives	\$3.73	\$4.18
Employment per \$100,000 of Nova Scotia Government Incentives	6 FTEs	7 FTEs

Assuming that the level and pattern of production spending per episode over Seasons One through Five of *Mr. D* was similar to the spending per episode in Season Five, the estimated economic impacts generated over Seasons One through Five could be expected to total roughly four and a half times that from Season Five. Similarly, assuming that the level and pattern of production spending per episode over Seasons Six through Eight of *Mr. D* was similar to the spending per episode in Season Six, the estimated economic impacts generated over Seasons Six through Eight could be expected to total roughly three times that from Season Six. Estimated impacts over the life of the series (Seasons One through Eight) are the sum of these impacts. These impacts are presented in Table 9.

¹³ Production of Seasons One through Five received Nova Scotia government incentives under the FITC. Production of Seasons Six, Seven and Eight received Nova Scotia government incentives under the FPIF.

Table 9: Estimated Total Economic Impacts of Season One Through Eight Production Spending

	Seasons One through Five Production Impacts	Seasons Six through Eight Production Impacts	Total Production Impacts	Total Production Impacts
	Nova Scotia	Nova Scotia	Nova Scotia	Ontario
Direct Production Expenditure	\$33.2 million	\$16.2 million	\$49.4 million	\$24.1 million
Total Output	\$51.3 million	\$25.0 million	\$76.3 million	\$50.2 million
Total GDP	\$38.2 million	\$18.6 million	\$56.8 million	\$37.1 million
Total Employment	624 FTEs	303 FTEs	927 FTEs	498 FTEs
Federal Tax Revenues	\$4.0 million	\$1.9 million	\$5.9 million	\$4.6 million
Provincial Tax Revenues	\$3.9 million	\$1.9 million	\$5.8 million	\$2.3 million
Municipal Tax Revenues	\$1.0 million	\$0.5 million	\$1.5 million	\$0.8 million

6. COMPARISON WITH OTHER INDUSTRIES

To provide perspective on the size of the economic impacts generated by the production of *Mr. D* in Nova Scotia, it is useful to compare the impacts with those created by other industries. Examples of other industries are new home construction and the cruise ship industry:

- **New Home Construction** – The estimated total employment supported by the Season Six production of *Mr. D* is equivalent to the direct and indirect employment supported by the construction of 37 new homes in Halifax.¹⁴ The estimated total employment supported over all eight seasons of production is equivalent to that supported by the construction of 329 new homes.¹⁵
- **Cruise Ship Visits** – Nova Scotia has an active cruise ship industry. Each cruise ship call involves local spending by passengers through onshore visits. The direct production spending on Season Six of *Mr. D* in Nova Scotia is equivalent to onshore spending by approximately 70,000 cruise ship passengers in Nova Scotia.¹⁶

¹⁴ Will Dunning Inc. 2017. "Economic Impacts of New Home Construction – Halifax, 2017." Retrieved from: <http://www.chba.ca/CHBADocs/CHBA/HousingCanada/Information-Statistics/Impacts/1%20Halifax%20Economic%20Impacts%20of%20New%20Home%20Construction%202017.pdf>

¹⁵ Ibid.

¹⁶ Business Research & Economic Advisors. April 2017. "The Economic Contribution of the International Cruise Industry in Canada."

7. ADDITIONAL IMPACTS

In addition to economic impacts that arise through production spending, productions such as *Mr. D* 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, have increasingly been viewed as an important component of tourism marketing.¹⁷
- **Personal Spending by Non-resident Labour while in Nova Scotia** – This may include spending by non-resident labour on vacations or other personal purchases while on location in Nova Scotia.

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.

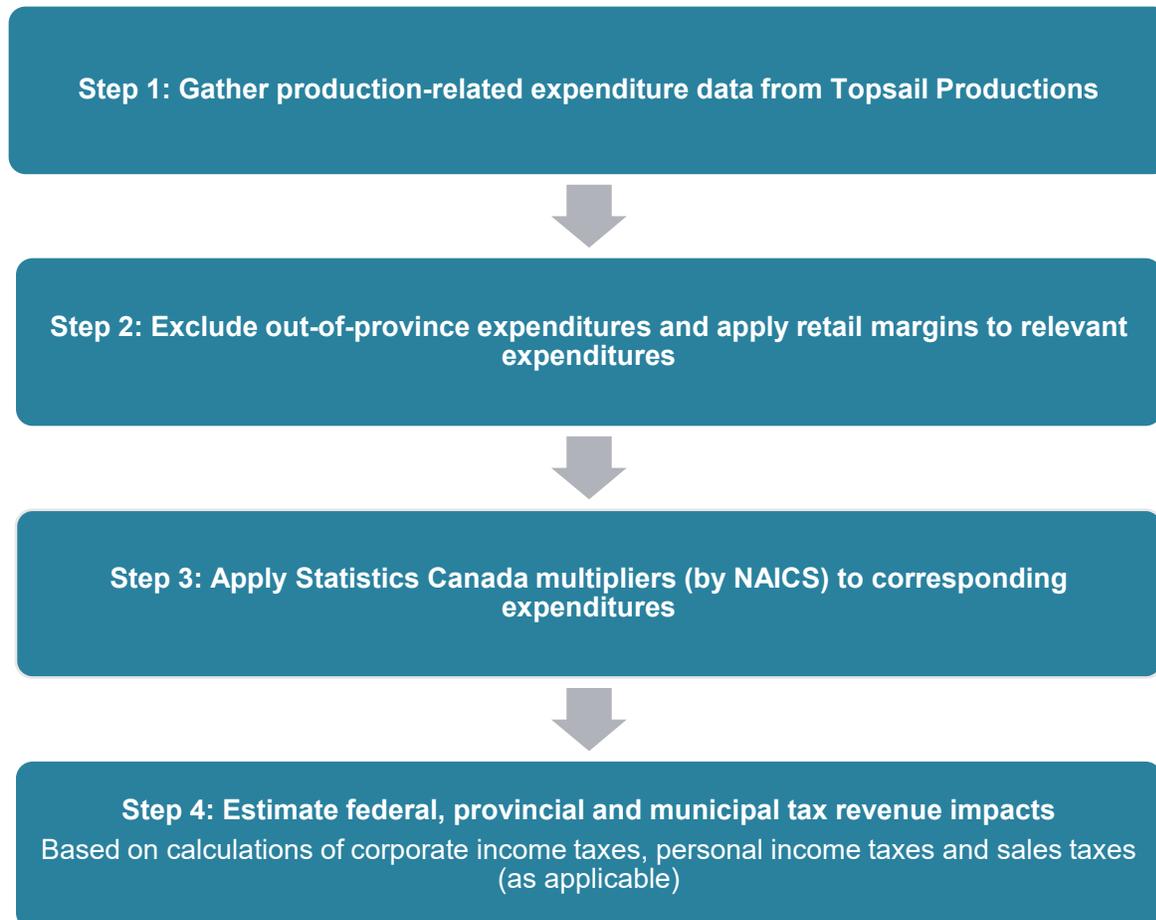
According to Michael Volpe, Executive Producer of *Mr. D*, “Most of our props, set decor, wardrobe, etc. have been sourced locally, and the majority of the people working in those departments are Nova Scotians.” As well, the caterers use local suppliers, and the post-production team have trained several emerging Nova Scotia-based editors.¹⁸

¹⁷ Croy, Glen W. 2004. “The Lord of the Rings, New Zealand, and Tourism: Image Building with Film.”

¹⁸ Nova Scotia Business Inc. May 2016. “Spotlight on *Mr. D*.” Retrieved from: <https://www.novascotiabusiness.com/articles/spotlight-mr-d>

APPENDIX A – ECONOMIC IMPACT METHODOLOGY

A step-by-step overview of our approach to estimating the economic impacts of *Mr. D* is provided below.¹⁹



¹⁹ Note that Statistics Canada's input-output model is based on the assumption that there is no social safety net, i.e. those that do not earn wages have no income from social assistance or unemployment programs, and therefore all induced spending is new spending in the economy. Economic impacts estimated with a social safety net assumption would be slightly lower.

APPENDIX B – DETAILED RESULTS

Table B-1: Estimated Economic Impacts of the Season Five Production of *Mr. D* in Nova Scotia

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
<i>Direct</i>	\$7,129,009	\$5,901,095	94	\$624,173	\$581,044	\$63,215
<i>Indirect and Induced</i>	\$4,182,508	\$2,508,786	44	\$254,074	\$288,739	\$149,173
Total	\$11,311,517	\$8,409,881	137	\$878,246	\$869,782	\$212,389

Table B-2: Estimated Economic Impacts of the Season Five Production of *Mr. D* in Ontario

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
<i>Direct</i>	\$3,430,047	\$3,120,100	49	\$419,394	\$171,161	\$3,227
<i>Indirect and Induced</i>	\$3,714,476	\$2,156,446	22	\$228,026	\$160,561	\$105,497
Total	\$7,144,523	\$5,276,546	70	\$647,420	\$331,723	\$108,724

Table B-3: Estimated Economic Impacts of the Season Six Production of *Mr. D* in Nova Scotia

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
<i>Direct</i>	\$5,439,918	\$4,488,589	71	\$475,885	\$443,271	\$48,302
<i>Indirect and Induced</i>	\$3,188,479	\$1,913,955	34	\$193,969	\$220,341	\$113,402
Total	\$8,628,397	\$6,402,544	104	\$669,854	\$663,612	\$161,704

Table B-4: Estimated Economic Impacts of the Season Six Production of *Mr. D* in Ontario

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
<i>Direct</i>	\$2,936,476	\$2,679,677	42	\$360,789	\$145,974	\$1,124
<i>Indirect and Induced</i>	\$3,195,559	\$1,854,242	19	\$195,760	\$137,876	\$90,812
Total	\$6,132,035	\$4,533,920	61	\$556,550	\$283,850	\$91,936