



Case Study – Economic Impacts of *Sullivan's Crossing*

Final Report

Prepared for the Canadian Media Producers Association

September 2024

Contents

Executive Summary	ii
Key Findings	ii
1. Introduction	1
Background and Purpose	1
Limitations.....	1
2. Methodology and Data Sources	2
Economic Impact Methodology	2
Data Sources	2
3. Overview of the Production Spending.....	3
Businesses that Benefitted from Production Spending	4
4. Economic Impacts.....	5
Impacts of Incentives and Tax Credits.....	6
Comparison with other Industries.....	9
Appendices	10
Appendix A – Detailed Results.....	10
About MNP	11

Executive Summary

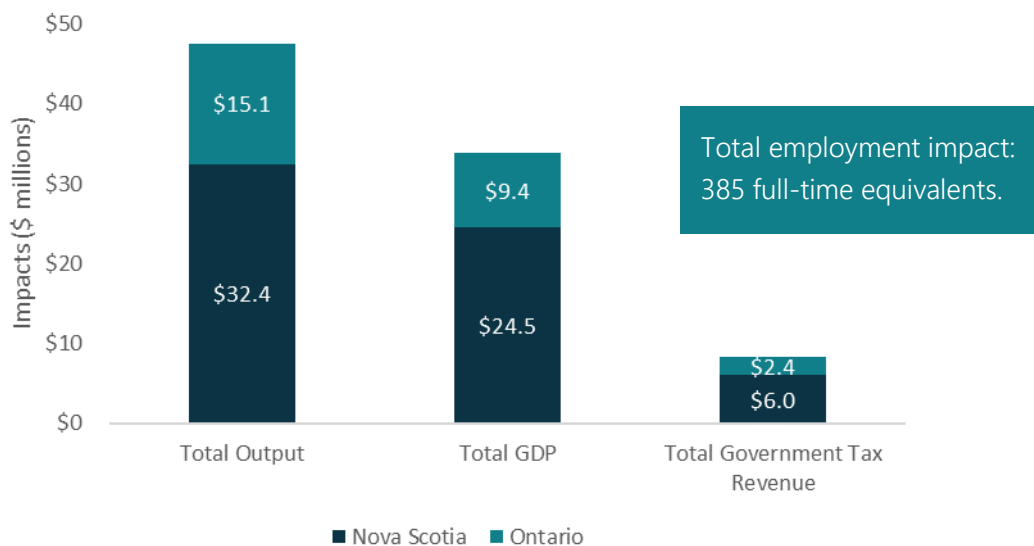
Premiered in 2023 and based on a bestselling novel series, *Sullivan's Crossing* revolves around the life of a neurosurgeon, who finds herself amid a scandal that forces her to leave her professional and personal life in the city behind. To reconnect with her roots, she returns to her small-town past in rural Nova Scotia, and navigates through a journey of self-discovery, family ties and the power of second chances.

Filming of the first season of *Sullivan's Crossing* began in June 2022 and concluded in October 2022 at locations across rural Nova Scotia and Ontario. The production of the show created significant economic impacts for the residents as well as businesses in Nova Scotia and Ontario. The production also created substantial tax revenue for the federal, provincial, and local governments.

Key Findings

The production-related spending in Nova Scotia and Ontario was \$28.59 million, approximately 72 percent of the total was spent in Nova Scotia. The charts below illustrate the economic impacts generated in Nova Scotia and in Ontario.

Figure A: Economic Impacts of Production Spending for *Sullivan's Crossing*



The total employment generated in Nova Scotia by the production of the first season of *Sullivan's Crossing* is equivalent to the employment supported by 18,837 out-of-province visitors.

1. Introduction

Background and Purpose

Sullivan's Crossing is a drama television series based on a series of novels by Robyn Carr. The series follows Maggie Sullivan, a skilled neurosurgeon who returns to her hometown after her career in the city stumbles due to a scandal involving her colleagues. In the charming setting of Sullivan's Crossing, she reconnects with her estranged father and the local community, finding an opportunity to reinvent herself. As she adapts to country life, Maggie discovers the healing power of nature and community, redefining her priorities and path forward.

The ten episodes of the first season of *Sullivan's Crossing* were primarily filmed in Nova Scotia, capturing the scenic sites of Halifax, Beaver Bank, and Hubley from June 2022 to October 2022. Additional filming took place in Ottawa, Ontario. Throughout the production of the series, significant economic impacts were created for residents and businesses in Nova Scotia and Ottawa, and substantial tax revenue accrued to federal, provincial, and local governments.

Sullivan's Crossing premiered on March 19, 2023 and was broadcast on CTV in Canada and shown on The CW in the United States. The series was renewed for a second season, which premiered on April 14, 2024.

The Canadian Media Producers Association ("CMPA") engaged MNP LLP ("MNP") to develop a case study on the economic impacts for the production of the first season of *Sullivan's Crossing* in Nova Scotia, Ontario, and the rest of Canada's economy, as well as the impact of government incentives provided to the production.

Limitations

This report is not intended for general circulation, nor is it to be published in whole or in part without the prior written consent of MNP. The report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, investment, or business advice.

We have relied upon the completeness, accuracy, and fair presentation of all information and data obtained from the CMPA, the production team and public sources, believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. As a result, we caution readers not to rely upon any findings or opinions for business or investment purposes and disclaim any liability to any party who relies upon them as such.

2. Methodology and Data Sources

Economic Impact Methodology

To estimate the economic impacts, MNP employed an input-output methodology that uses multipliers published by Statistics Canada. Input-output modeling is a widely-used and widely-accepted approach, making it recognizable by many different stakeholders and audiences. The structure of the approach also facilitates easy comparisons between reported results for different projects and facilities. 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 revenues:

- **Output** is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer. This is the broadest measure of economic activity.
- **Gross Domestic Product (“GDP”)**, or value added, refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus, GDP is equal to the unduplicated value of goods and services produced.
- **Employment** is the number of jobs created. Employment is measured in terms of full-time equivalents (“FTEs”). One FTE is considered one person-year of employment, as in one FTE is the equivalent of one person working full-time for a period of one year.
- **Government Tax Revenues** are the total amount of revenues generated for different levels of government. Tax revenues arise from personal income taxes, corporate income taxes, taxes on products, and taxes on production. Government revenues also include non-tax revenues like Employment Insurance and Workers Compensation Board payments. Please note that because tax revenues can frequently change due to modifications in tax policy, the tax revenue impacts in this report are estimates only and subject to change. They should be viewed as approximate in nature.

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

- **Direct impacts** are due to changes to “front end” businesses that would initially receive operating revenue as a direct consequence of the operations and activities of a facility or industry.
- **Indirect impacts** arise from changes in activity for suppliers of the “front end” businesses.
- **Induced impacts** arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses.

Data Sources

Information used in the study was gathered from administrative sources, primary research and secondary sources. Administrative data related to production spending were provided by CMPA and the production team.

3. Overview of the Production Spending

As shown in Table 1, the total production spending of the first season of *Sullivan's Crossing* in Nova Scotia and Ontario was \$28.59 million. Of this total, \$20.57 million (72 percent) was spent in Nova Scotia and \$8.02 million was spent in Ontario.

Approximately 61 percent (\$12.58 million) of the spending in Nova Scotia, and 56 percent of all the production spending, was for labour. The remainder of spending was on goods and services.

Table 1: *Sullivan's Crossing* Season 1 Production Spending

	Ontario Spending	Nova Scotia Spending	Total Spending
Spending on Labour Related to Production and Post-production, including Per-Diems	\$3.49 million	\$12.58 million	\$16.07 million
Spending on Goods and Services	\$4.53 million	\$7.99 million	\$12.52 million
Total Spending	\$8.02 million	\$20.57 million	\$28.59 million

Businesses that Benefitted from Production Spending

As shown in Table 2 and Table 3, production spending (except labour expenditure) on the first season of *Sullivan's Crossing* engaged retailers and businesses in various industries both in Nova Scotia and Ontario. The production spent a total of approximately \$12.52 million on these vendors.

In Nova Scotia, the majority of the spending was on production expenses and equipment rentals. A total of 165 vendors contributed to the production. This included 17 production and post-production suppliers, 10 construction companies, 9 catering food and supply companies, and 8 accommodation vendors.

Table 2: Nova Scotia Vendor Data for Production of *Sullivan's Crossing* Season 1

Category	Percentage of total
Production expenses	28.3%
Equipment rentals	22.6%
Administration	14.3%
Accommodation	9.7%
All Others	8.9%
Security	4.5%
Construction	3.4%
Insurance	2.2%
Professional services	1.9%
Catering food and supplies	1.2%
Real estate rental and leasing	1.0%
Building materials wholesalers	1.0%
Miscellaneous merchant wholesalers	1.0%
Total	100.0%

In Ontario, the majority of the spending was on insurance, post-production and production expenses. A total of 61 vendors contributed to the production in Ontario. In addition to 25 production and post-production companies, this also included 5 equipment rental companies and 4 art or design suppliers.

Table 3: Ontario Vendor Data for Production of *Sullivan's Crossing* Season 1

Category	Percentage of total
Insurance	28.2%
Post-production	27.4%
Production expenses	23.2%
Car/vehicle rental	12.0%
Publicity	3.3%
Professional services	2.4%
All Others	3.5%
Total	100.0%

4. Economic Impacts

Table 4 shows the estimated total economic impacts from the production spending of the first season of *Sullivan's Crossing* in Nova Scotia and Ontario. The total \$28.59 million spent generated \$47.55 million in total output, \$33.83 million in total GDP, 384.9 FTEs of total employment, and \$8.37 million in total tax revenues. A larger share of the economic impacts occurred in Nova Scotia as the region accounted for 72 percent of the production spending.

Table 4: Estimated Total Economic Impacts of *Sullivan's Crossing* (Season 1) Production Spending

	Nova Scotia Production Impacts	Ontario Production Impacts	Total Production Impacts
Direct Production Expenditures	\$20.57 million	\$8.02 million	\$28.59 million
Total Output	\$32.44 million	\$15.11 million	\$47.55 million
Total GDP	\$24.45 million	\$9.38 million	\$33.83 million
Total Employment (FTEs)	301.6	83.3	384.9
Federal Tax Revenues	\$2.43 million	\$1.15 million	\$3.58 million
Provincial and Municipal Tax Revenues	\$3.55 million	\$1.24 million	\$4.79 million

Additional details can be found in Appendix A – Detailed Results.

Impacts of Incentives and Tax Credits

Television and film productions are eligible for a variety of incentives and tax credits. Table 5 shows the estimated federal and provincial incentives and tax credits received by the first season of production of *Sullivan's Crossing*.

Table 5: Estimated Federal and Provincial Government Tax Credits for the Production of Season 1 of *Sullivan's Crossing*

	Tax Credit Amount
Federal Government Tax Credit (CPTC)	\$2.96 million*
Ontario Government Tax Credit (OFTTC)	\$2.01 million
Nova Scotia Film and Television Production Incentive Fund	\$4.97 million
Screen Nova Scotia Content Creator Fund	\$0.25 million
Total	\$8.08 million

*As of May 2024, \$0.85 million has been received for production activities in Ontario. The additional \$2.1 million is based on projected values from the production company's application to the Canada Revenue Agency for production activities in Nova Scotia.

In Canada, eligible productions can receive the Canadian Film or Video Production Tax Credit (CPTC), jointly administered by the Canadian Audio-Visual Certification Office and the Canada Revenue Agency. The federal film tax credit is available at a rate of 25 percent of the qualified labour expenditure.¹

Table 6 shows the estimated total economic impacts generated from the production per dollar of federal government tax credit received in Ontario (\$0.85 million) and Nova Scotia (\$2.11 million). In Ontario, \$17.80 worth of total output, \$11.08 worth of total GDP, and \$1.35 worth of federal tax revenues were generated per dollar of the CPTC received from activities in Ontario. For each \$100,000 of the CPTC spending, 9.8 FTEs were supported in Ontario. In Nova Scotia, \$15.44 worth of total output, \$11.64 worth of total GDP and \$1.15 worth of federal tax revenues were generated per dollar received from activities in Nova Scotia. For each \$100,000 of the CPTC spending, 14.29 FTEs were supported in Nova Scotia.

¹ Canadian Film or Video Production Tax Credit. Available at: <https://www.canada.ca/en/canadian-heritage/services/funding/cavco-tax-credits/canadian-film-video-production.html>

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

	Impact in Ontario	Impact in Nova Scotia
Output per Dollar of the CPTC	\$17.80	\$15.44
GDP per Dollar of the CPTC	\$11.08	\$11.64
Employment (FTEs) per \$100,000 of the CPTC	9.8	14.29
Federal Tax Revenues per Dollar of the CPTC	\$1.35	\$1.15

Eligible productions can apply for the Nova Scotia Film and Television Production Incentive Fund. The eligibility criteria are as follows:²

- Applicant must have a permanent establishment in Nova Scotia.
- Be engaged primarily in the creation of film or video productions for public viewing.
- Spent at least \$25,000 (before HST).

There are also two application streams based on the ownership percentage of the production company.³

In addition to the Nova Scotia Film and Television Production Incentive Fund, producers can also apply for the Screen Nova Scotia Content Creator Fund (CCF). It is a top-up funding program that provides funding for eligible productions.⁴ The program is administered by Screen Nova Scotia, a non-profit membership organization and film commissions.⁵

Table 7 provides the total economic impacts per dollars of the Nova Scotia Film and Television Production Incentive Fund and CCF funding received by the production of the first season of *Sullivan's Crossing*. The total funding received (\$5.22 million) generated \$6.21 worth of total output and \$4.68 worth of GDP per dollar. For each \$100,000 of the total funding received, 5.8 FTEs were supported.

² Nova Scotia Film & Television Production Incentive Fund. Nova Scotia Department of Communities, Culture, Tourism and Heritage. Available at: <https://cch.novascotia.ca/film-and-television-production-incentive-fund>

³ Ibid.

⁴ Incentives. Screen Nova Scotia. Available at: <https://screennovascotia.com/incentives/>

⁵ Ibid.

Table 7: Estimated Total Economic Impacts per Dollar of Nova Scotia Film and Television Production Incentive Fund and Screen Nova Scotia Content Creator Fund

	Production Impacts
Output per Dollar of the total funding received	\$6.21
GDP per dollar of the total funding received	\$4.68
Employment (FTEs) per \$100,000 of the total funding received	5.8

Eligible productions in Ontario can apply for the Ontario Film and Television Tax Credit (OFTTC). It is a refundable tax credit based upon Ontario labour expenditure incurred by a production company that has an eligible production in Ontario. OFTTC is generally “harmonized” with the Canadian Film or Video Production Tax Credit (CPTC).⁶

To be eligible, the production company must satisfy the following criteria:⁷

- Production company is a Canadian company that is Canadian-controlled.
 - The company must have a permanent establishment in Ontario, and
 - Files an Ontario corporate tax return.
- Individual producer of the production must have been an Ontario resident for tax purposes at the end of both of the two calendar years prior to the commencement of principal photography.

Table 8 shows the estimated total economic impacts per dollars of the OFTTC received (\$2.01 million). In Ontario, \$7.49 worth of total output and \$4.66 worth of GDP was generated per dollar of the OFTTC. For each \$100,000 of the OFTTC, 4.1 FTEs were supported.

Table 8: Estimated Total Economic Impacts per Dollar of Ontario Government Tax Credit

	Production Impacts
Output per Dollar of the OFTTC	\$7.49
GDP per dollar of the OFTTC	\$4.66
Employment (FTEs) per \$100,000 of the OFTTC	4.1

⁶ Ontario Film and Television Tax Credit (OFTTC), Ontario Creates. Available at: <https://www.ontariocreates.ca/tax-incentives/ofttc>

⁷ Ibid.

Comparison with other Industries

To provide perspective on the size of the economic impacts generated by the production of *Sullivan's Crossing*, it is useful to compare the impacts with those created by other industries. An example is the impact of tourists visiting a region.

- **Tourism in Nova Scotia** – The total employment supported by the production of *Sullivan's Crossing* in Nova Scotia is equivalent to the tourism sector employment (FTEs) generated from 18,837 out-of-province visitors to Nova Scotia in 2019.^{8,9}
- **Tourism in Ontario** – The total direct, indirect, and induced government revenue supported by the production of the first season of *Sullivan's Crossing* in Ontario is equivalent to the total government revenue generated from 36,128 domestic (from Ontario and the rest of Canada) and international tourists in Ontario in 2021.¹⁰

⁸ Tourism employment, 2019. Government of Nova Scotia. Available at: https://novascotia.ca/finance/statistics/archive_news.asp?id=16271&dg=&df=&dto=0&dti=3

⁹ Visitors by Origin (2010-2019). Tourism Nova Scotia. Available at: <https://app-tourism-dev.apps.ext.novascotia.ca/historic-tourism-statistics>

¹⁰ Tourism research statistics. Government of Ontario. Available at: <https://www.ontario.ca/page/tourism-research-statistics>

Appendices

Appendix A – Detailed Results

Below are the detailed breakdown of the economic impacts from spending in Nova Scotia and Ontario.

Detailed Breakdown of Economic Impacts from spending in Nova Scotia

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
Direct	\$20,569,000	\$16,002,000	233.3	\$1,423,000	\$1,444,000	\$100,000
Indirect	\$2,352,000	\$2,278,000	17.1	\$104,000	\$117,000	\$48,000
Induced	\$9,518,000	\$6,172,000	51.2	\$900,000	\$1,415,000	\$425,000
Total	\$32,439,000	\$24,452,000	301.6	\$2,427,000	\$2,976,000	\$573,000

Detailed Breakdown of Economic Impacts from spending in Ontario

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
Direct	\$8,024,000	\$5,325,000	51.7	\$623,000	\$371,000	\$96,000
Indirect	\$2,732,000	\$1,459,000	12.6	\$148,000	\$107,000	\$39,000
Induced	\$4,354,000	\$2,592,000	19.0	\$376,000	\$444,000	\$184,000
Total	\$15,110,000	\$9,376,000	83.3	\$1,147,000	\$922,000	\$319,000

Detailed Breakdown of Total Economic Impacts

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
Direct	\$28,593,000	\$21,327,000	285.0	\$2,046,000	\$1,815,000	\$196,000
Indirect	\$5,084,000	\$3,737,000	29.7	\$252,000	\$224,000	\$87,000
Induced	\$13,872,000	\$8,764,000	70.2	\$1,276,000	\$1,859,000	\$609,000
Total	\$47,549,000	\$33,828,000	384.9	\$3,574,000	\$3,898,000	\$892,000

About MNP

For 60 years, MNP has proudly served and responded to the needs of clients in the public, private and not-for-profit sectors.

Today, MNP is the fifth largest Chartered Professional Accountancy and business consulting firm in Canada and is the only major accounting and business consulting firm with its head office located in Western Canada. MNP has more than 100 locations and 7,100 team members across the country.



MNP's Consulting Services

MNP Consulting provides a broad range of business and advisory services to clients including:

- Strategy and Development Planning
- Stakeholder Engagement
- Performance Measurement
- Economic Analysis
- Research
- Data and Analytics
- Business Plans and Feasibility Studies
- Performance Improvement
- Financial Analysis



 **PRAXITY**[™]
Empowering Business Globally



Wherever business takes you

MNP.ca