



Case Study – Economic Impacts of *Heartland*

Prepared for the Canadian Media Producers Association

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1. INTRODUCTION

The long-running Canadian television series *Heartland* tells a multi-generational saga, focusing on the lives of two sisters and their grandfather, who are struggling to overcome the challenges of running a family ranch and balancing their lives. Based on Lauren Brooke’s best-selling novels, the series takes place in the Alberta Rocky Mountains and is the longest-running one-hour drama in the history of Canadian television.

Produced and developed by Canadian independent production companies SEVEN24 Films and Dynamo Films, the series premiered on October 14, 2007 on the CBC network for 10 seasons from 2007 to 2016. *Heartland* was renewed for Season 11 with the new season premiering in fall, 2017.¹

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

Table 1: *Heartland* Production Pattern²

	Season 1	Season 2	Season 3	Season 4	Season 5
Premiere Date	October 14, 2007	October 5, 2008	October 4, 2009	September 26, 2010	September 18, 2011
Number of Episodes	13	18	18	18	18
	Season 6	Season 7	Season 8	Season 9	Season 10
Premiere Date	September 16, 2012	October 6, 2013	September 28, 2014	October 4, 2015	October 2, 2016
Number of Episodes	18	18	18	18	18

Source: IMDB

Most episodes of the series were filmed in and around High River, Alberta, with support activities in other regions in Canada.³ Through the production spending of the series, significant economic impacts were created for the residents and businesses of Alberta and other regions in Canada, and substantial tax revenues accrued to federal, provincial, and local governments.

ABOUT SEVEN24 Films

SEVEN24 Films is an award-winning Canadian production company based in Calgary, Alberta. Its current development and production activity focuses on unique dramatic stories with universal appeal, and includes dramatic series, television movies, mini-series and feature films. Current projects include *Wynonna Earp* for SyFy, *Young Drunk Punk* with CBC & Rogers, and *Heartland* for CBC. SEVEN24 Films has working relationships with broadcasters and co-producers including CBC, Bell Media, Shaw, CBS, Lifetime, TNT, ABC Family, BBC, Disney Channel, Warner Brothers, Focus Features, and Mandalay Television.

¹ CBC.ca, Retrieved from <http://www.cbc.ca/heartland/>.

² IMDb, Retrieved from <http://www.imdb.com/title/tt1094229/>.

³ Visit Calgary, Retrieved from <http://www.visitcalgary.com/things-to-do/beyond-calgary/regional-alberta/town-high-river>.

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 *Heartland*. For the study, MNP used data provided by SEVEN24 Films on Season 9 of the series to estimate the economic impacts that occurred during the 18 episodes of that season of production. As the series completed 175 episodes by the end of Season 10, the impacts through Season 10 could be expected to total roughly 9.7 times that from Season 9.

3. SEASON 9 PRODUCTION SPENDING AND GOVERNMENT INCENTIVES

Season 9 production spending engaged over 1,400 vendors from 47 communities across Alberta.⁴ As shown in Table 2, this included 121 vendors from High River, 820 from Calgary, 470 from the rest of Alberta, and 330 from other regions in Canada. The series engaged a wide variety of vendors including, vehicle and equipment rental agencies, production and post-production facilities, catering companies, professional services firms and various types of retailers.

Table 2: Season 9 Vendor Data

Region	Number of Vendors
High River	121
Calgary	820
Rest of Alberta	470
Other Regions in Canada	330
Total Canada	1,741

Source: SEVEN24 Films

As shown in Table 3, Season 9 of *Heartland* was associated with total production-related spending in Alberta of approximately \$19.7 million.⁵ About \$11.4 million in total was spent in Alberta on wages, salaries and per diems for individuals involved in the production and post-production of Season 9, and another \$8.3 million was spent on production-related goods and services. In addition, total production spending for the rest of Canada was approximately \$9.0 million, with \$6.9 million spending on labour and \$2.1 million spending on goods and services.

Table 3: Season 9 Production Spending

	Alberta Spending	Rest of Canada Spending	Total Canadian Spending
Spending on labour related to production and post-production, including per-diems	\$11.4 million	\$6.9 million	\$18.3 million
Spending on goods and services	\$8.3 million	\$2.1 million	\$10.4 million
Total Spending	\$19.7 million	\$9.0 million	\$28.7 million

Source: SEVEN24 Films

⁴ Estimated based on vendor data provided by SEVEN24 Films.

⁵ Estimated based on information and expenditure data provided by SEVEN24 Films.

As shown in Table 4, the production of Season 9 benefited from federal and provincial government incentives, including approximately \$3.1 million in federal government incentives, and approximately \$5.9 million in provincial government incentives.

Table 4: Federal and Provincial Government Incentives Estimated from Season 9 Financing

	Tax Incentives
Federal Government Incentives ⁶	\$3.1 million
Provincial Government Incentives ⁷	\$5.9 million
Total	\$9 million

Source: SEVEN24 Films

4. ECONOMIC IMPACTS OF PRODUCTION SPENDING

MNP estimated the economic impact of the production of *Heartland* using the 2010 Statistics Canada provincial input-output multipliers. 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 impacts of a set of direct expenditures related to the filming of Season 9 of *Heartland*. 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

⁶ Federal government incentives include the Canadian Film or Video Production Tax Credit (CPTC).

⁷ Provincial government incentives include those from the Alberta Media Fund and from the Ontario Film & Television Tax Credit.

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 Season 9 production expenditure data provided by SEVEN24 Films, MNP estimated the total economic impacts (i.e. direct, indirect, and induced) arising from the \$19.7 million in production spending for Season 9 in Alberta and from \$9.0 million in other areas of Canada. 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 9 Production Spending

	Alberta Production Impacts	Rest of Canada Production Impacts	Total Canadian Impacts
Direct Production Expenditure	\$19.7 million	\$9.0 Million	\$28.7 million
Total Output	\$31.8 million	\$16.5 million	\$48.3 million
Total GDP	\$24.1 million	\$12.0 million	\$36.1 million
Total Employment (FTEs⁸)	264 FTEs	204 FTEs	468 FTEs
Federal Tax Revenues	\$3.4 million	\$1.4 million	\$4.8 million
Provincial Tax Revenues	\$1.5 million	\$0.7 million	\$2.2 million
Municipal Tax Revenues	\$0.4 million	\$0.3 million	\$0.7 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
Output per dollar of federal government incentives	\$15.70
GDP per dollar of federal government incentives	\$11.70
Employment per \$100,000 of federal government incentives	15 FTEs
Federal tax revenues per dollar of federal government incentives	\$1.60

⁸ One FTE is equivalent to one person-year of employment.

Table 7 shows the economic impacts per dollar of provincial government incentives received by the production.

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

	Production Impacts
Output per dollar of provincial government incentives	\$8.10
GDP per dollar of provincial government incentives	\$6.10
Employment per \$100,000 of provincial government incentives	8 FTEs
Provincial and municipal tax revenues per dollar of provincial government incentives	\$0.50

Assuming that the level and pattern of production spending over the 18 episodes in Season 9 was similar across all 175 episodes in the series, the estimated economic impacts generated over the life of the series through Season 10 could be expected to total roughly 9.7 times that from Season 9. These impacts are presented in Table 8.

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

	Alberta Production Impacts	Rest of Canada Production Impacts	Total Canadian Impacts
Direct Production Expenditure	\$190.7 million	\$87.8 million	\$278.5 million
Total Output	\$309.0 million	\$160.1 million	\$469.1 million
Total GDP	\$234.0 million	\$117.0 million	\$351.0 million
Total Employment (FTEs)	2,566 FTEs	1,979 FTEs	4,545 FTEs
Federal Tax Revenues	\$32.7 million	\$14.0 million	\$46.7 million
Provincial Tax Revenues	\$14.5 million	\$6.9 million	\$21.4 million
Municipal Tax Revenues	\$3.5 million	\$2.9 million	\$6.4 million

5. COMPARISON WITH OTHER INDUSTRIES

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

- **New Home Construction** – The total estimated employment supported by production spending on Season 9 of *Heartland* is equivalent to the direct and indirect employment supported by the construction of about 113 new homes in Alberta.⁹ The employment supported over Seasons 1 through 10 of production is equivalent to that supported by the construction of approximately 1,100 new homes in Alberta. In all of Canada, the employment supported by Season 9 of production is equivalent to that supported by the construction of about 200 new homes, while the employment supported by Seasons 1 through 10 is equivalent to that supported by the construction of approximately 1,950 new homes.
- **Tourism / Visitors** – The employment supported by production spending on Season 9 of *Heartland* in Alberta (\$31.8 million) is equivalent to the employment supported by the spending of about 18,000 US visitors to Alberta. Season 1 through 10 production spending in Alberta supported the same employment as the spending of about 180,000 US visitors to Alberta.¹⁰
- **Tourism / Major Events** – The estimated economic output generated by the Season 9 production of *Heartland* in Alberta (\$31.8 million) is approximately half of the industry output generated from the hosting of the 2015 FIFA Women's World Cup in Alberta (\$78.3 million).¹¹ The economic output generated over Seasons 1 and 10 of production (\$309 million) is roughly equivalent to hosting the FIFA Women's World Cup four times in Alberta.
- **Outfitted Hunting** – The total GDP generated in Alberta (\$24.1 million) from the Season 9 production of *Heartland* is roughly one-half of that generated in Alberta in a year by the outfitted hunting industry (\$46.5 million in 2013).¹²

6. ADDITIONAL IMPACTS

In addition to economic impacts that arise through production spending, television series such as *Heartland* 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.¹³
- **Personal Spending by Non-resident Labour while in Alberta** – This may include spending by non-resident labour on vacations or other personal purchases while on location in Alberta.

⁹ Will Dunning Inc., *Economic Impacts of New Home Construction – Alberta 2016*. Retrieved from http://www.chba.ca/CHBA/Housing_in_Canada/Information_and_Statistics/impacts/1%20Alberta%20Economic%20Impacts%20of%20New%20Home%20Construction%202016.pdf.

¹⁰ Alberta Tourism, Tourism Research and Innovation Branch, "The Economic Impact of Tourism in Alberta 2012", 2012.

¹¹ Retrieved from http://resources.fifa.com/mm/document/footballdevelopment/women/02/73/04/15/factsheet_en_final2_neutral.pdf.

¹² Alberta Innovates Technology Futures, "The Economic Impact of Outfitted Hunting in Alberta", 2014.

¹³ 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.

Community and Tourism Benefits

To illustrate the community and tourism benefits of *Heartland*, MNP interviewed representatives from three organizations that have been impacted by the series.

“Has Heartland Increased Tourism? Absolutely. There’s no doubt about that.”

- Irene Kerr, Director and Curator, Museum of Highwood

Museum of the Highwood

Since 2007, High River has been the filming location for *Heartland*. According to Irene Kerr, Director and Curator of the Museum of the Highwood, tourism has increased greatly to the point at which in 2016, the museum received 12,000 visitors, with nearly 2,000 visiting specifically because of the series. In 2016, the museum opened an “On Location: Film in the Foothills” exhibit dedicated to productions filmed in the area, and includes a section dedicated to *Heartland*. In addition, the Museum of the Highwood obtained licensing rights with the production and CBC to sell *Heartland* merchandise. Kerr noted that retail sales have increased because of the ability to sell *Heartland* merchandise and overall has helped the non-profit institution considerably.



Anchor D Guiding & Outfitting

Dewey Mathews, lead guide and owner of Anchor D Guiding & Outfitting located near High River, Alberta, has seen an increase in visitors since *Heartland* began filming in 2007. According to Mathews, *Heartland* has generated international visitors and a younger demographic to his business. In an effort to leverage the television series to attract more visitors, Anchor D Guiding & Outfitting partnered with local hotels and other members of the community to create “Hills of Heartland”, which offers fans a *Heartland*-themed experiences such as trail rides that overlook filming locations, hunting, and other wilderness activities.

“It’s had a really positive effect on the horse industry. People are coming from as far as Australia. We are so busy! It’s great for the town.”

- Dewey Mathews, Owner, Anchor D Guiding & Outfitting



“Heartland has definitely impacted our tourism. The show is hugely popular and helps local businesses. Our only wish is that we had more merchandise to offer fans!”

– Tammy Rombough, Owner, Walkers Country N’ Western Wear

Walkers Country N’ Western Wear

Walkers Country N’ Western Wear is High River’s sole western clothing retailer, and according to Tammy Rombough, owner of the store, they have seen substantial benefits because of *Heartland*. Fans of the series can purchase merchandise and souvenirs from the store, including hoodies and shirts bearing the *Heartland* namesake. Rombough stated that the business has received a noticeable bump in sales and that the series has attracted a high volume of interest from international customers looking to have a *Heartland* experience and purchase souvenirs.



Fandom and Local Tourism

According to the series producers, *Heartland*'s presence on social media has received tens of thousands of views, clicks, likes, comments, and shares on social media from fans around the world and includes followers on Facebook (367,000 followers), Instagram (121,000 followers), Twitter (105,000 followers), and YouTube (22,500 followers, with no episodes being streamed on YouTube).¹⁴ For example, the total digital views for Season 10 on all digital media streams received 10.8 million views, which makes *Heartland* the largest social media reach of any one-hour scripted drama with a Canadian Primary Broadcaster.¹⁵

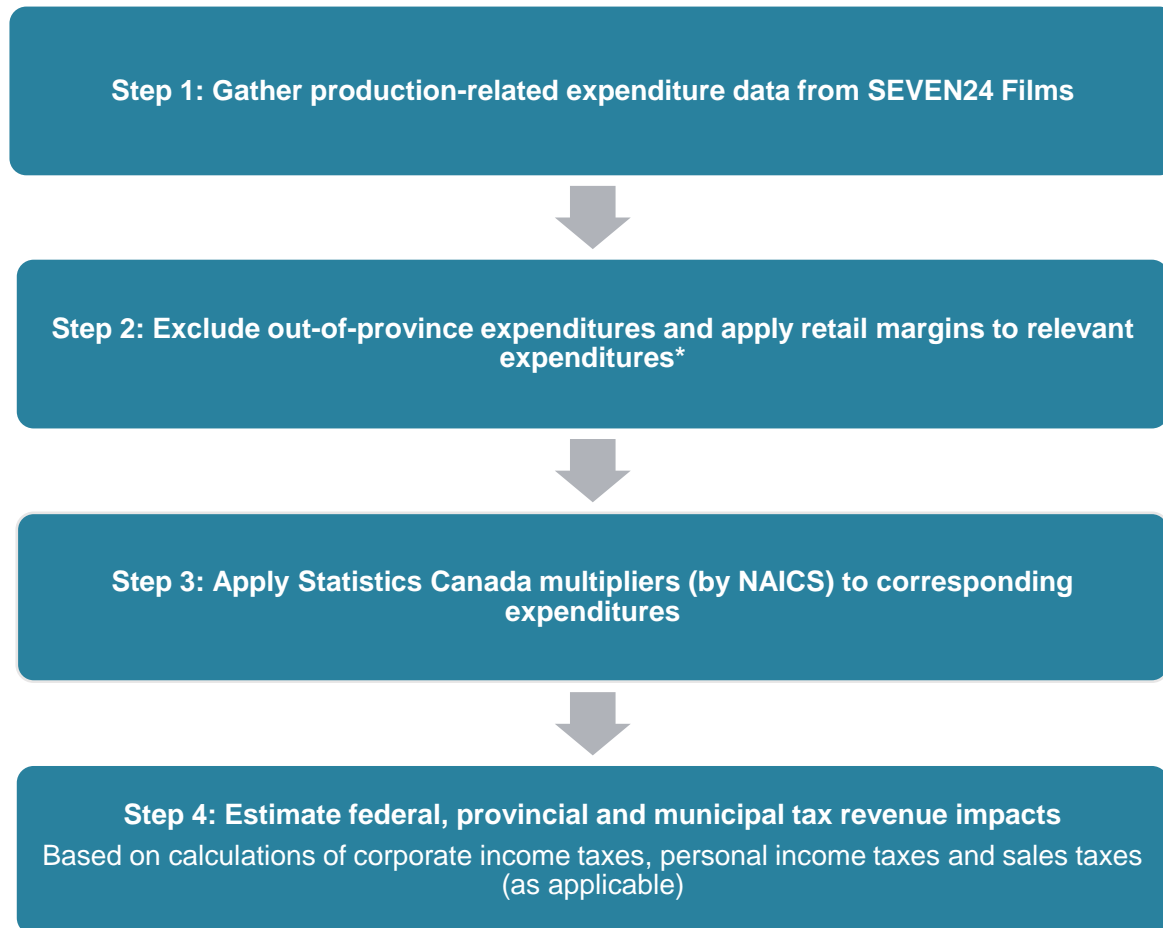
Heartland fans were invited to participate as extras for scenes filmed in Millarville, Alberta in September 2016. The invitation instigated a prompt response with over 2,000 fans trying to register within 24 hours. The production selected 850 fans who represented a crowd watching a rodeo event in Season 10. The event generated a high volume of interest both domestically and internationally, attracting fans from the Maritimes, Ontario, and western Canadian provinces, as well as from the United States, UK, Ireland, France, and Germany.

¹⁴ Data on social media followers has been provided as of July 18, 2017.

¹⁵ From communications with Gordon Imlach, the series publicist for *Heartland*, July 18, 2017.

APPENDIX A – ECONOMIC IMPACT METHODOLOGY

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



* Retail margins were applied to expenditures on machinery, equipment and supplies (26.4% for Ontario), building material and supplies (23.8% for Alberta and 25.2% for Ontario margins) furniture and home furnishing (44.0% for Alberta and 44.3% for Ontario), clothing and clothing accessories (51.1% for Alberta 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 Season 9 Production Spending in Alberta

	Output	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
Direct	\$18,827,581	\$16,156,724	161	\$2,402,574	\$1,001,870	\$68,457
Indirect and Induced	\$12,953,704	\$7,914,414	103	\$962,308	\$491,616	\$293,900
Total	\$31,781,285	\$24,071,138	264	\$3,364,882	\$1,493,487	\$362,357

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

	Output ¹⁶	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
Direct	\$183,045,931	\$157,079,258	1,561	\$23,358,357	\$9,740,405	\$665,559
Indirect and Induced	\$125,938,785	\$76,945,690	1,005	\$9,355,774	\$4,779,603	\$2,857,356
Total	\$308,984,716	\$234,024,948	2,566	\$32,714,131	\$14,520,008	\$3,522,915

Table B-3: Estimated Economic Impacts of Season 9 Production Spending in the Rest of Canada

	Output ¹⁷	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
Direct	\$9,034,402	\$7,753,693	155	\$1,015,500	\$389,411	\$9,640
Indirect and Induced	\$7,437,102	\$4,284,047	48	\$428,146	\$324,402	\$285,759
Total	\$16,471,505	\$12,037,740	204	\$1,443,645	\$713,813	\$295,399

Table B-4: Estimated Economic Impacts of Seasons 1 through 10 Production Spending in the Rest of Canada

	Output ¹⁸	GDP	Employment (FTEs)	Federal Tax	Provincial Tax	Municipal Tax
Direct	\$87,834,468	\$75,383,126	1,509	\$9,872,916	\$3,785,938	\$93,726
Indirect and Induced	\$72,305,161	\$41,650,458	470	\$4,162,526	\$3,153,910	\$2,778,212
Total	\$160,139,630	\$117,033,584	1,979	\$14,035,442	\$6,939,849	\$2,871,938

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.