

# EXECUTIVE SUMMARY

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This report presents the estimated economic impact from the direct expenditure of film and motion picture productions in 2022, merited from Malta being one of the most attractive countries for pre and post-production activities, setting Malta's position as a Mediterranean hotspot for production companies alike and adding to its competitive edge globally.

A qualitative and quantitative review of market demographics, current facilities, fiscal regimes and further economic implications have been undertaken to identify the main contributing factors that add to the overall GVA of the local film and TV industry due to generated demand over the past year.

Upon an in-depth evaluation of current fiscal regimes in other countries worldwide, the 40% of eligible cost grant has contributed significantly to production demand whilst yielding considerable spill-over benefits in the form of direct injections and indirect effects, over recent years, predominantly during the period within which the cash rebate revision was in effect and thereafter subsequent periods.

As such, the report will present the following analysis:

- Overview of the methodological approach and main assumptions implemented and employed within this report.
- In-depth industry analysis of the local film and TV sector, the cash rebate guideline changes and full evaluation of fiscal regimes globally.
- Assessment of direct effects being the first-round, expenditure impacts from the direct expenditure of production upon the basis of clearly defined assumptions
- Quantification and evaluation of the wider economic impacts in Gross Value Added (GVA) further segregated into a sector-by-sector analysis (through NACE classification). This through NSO provided input-output multiplier methodology and estimates (using Type II Multipliers).
- The GVA estimate of the resulting impact of 'screen tourism' within the local context excluding the quantification estimate for other cultural and educational benefits.
- Quantification of the estimated ROI multiplier of public finance expenditure within this sector via the cash rebate scheme and wider GVA-to-public financing multiplier.

## **Resulting Economic Impact**

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In most recent years, the local film and production industry generated significant economic benefits not only on an industry-specific level but also within the wider national context through various spilled-over economic impacts, some of which are difficult to quantify and thus monetise. For this reason, the impact assessment considers the expenditure's broad economic impact with particular focus on total direct expenditure and consequent GVA, domestic employment contributions and tax contributions. Conclusively, it has been estimated that, through the Direct Expenditure by the 24 productions in the year 2022, it is estimated that the total economic and employment impact on the local Maltese economy has:

- Secured a **total direct expenditure of c. €72.7 million in 2022** generating significant value added most-predominantly within the manufacturing and the retail and wholesale industries.
- Generated Gross Value Added estimated to be of **c. €53.6 million** contributing to a total economic contribution of **c. €93.8 million solely from GVA of the Direct Local Expenditure and GVA of inbound screen tourism during the year 2022.**

- Contributed to **c. 1,772 FTE's derived via the GVA during 2022**. As such, tax contributions from the direct expenditure, employment factors and screen tourism GVA was estimated to have resulted in a total **tax contribution of c. €35.7 million** during the same period.
- Contributed to the generation of **sector-specific returns** particularly within the manufacturing industry at 29%, followed by the wholesale and retail industry at a 10% sector-specific return through GVA estimates.
- In supporting all 24 productions, the Maltese government has invested **c. €31.3 million in cash rebate assistance during the year 2022**. Deductively, the return on investment **for every €1 of public finances invested via the cash rebate scheme has resulted in a multiplier of economic contribution of €3.0** on the wider domestic economy.
- Secured a net positive effect of government expenditure to government revenue generation via the cash rebate scheme, where **for every €1 of public finances invested via the cash rebate scheme, has resulted in a tax contribution of €1.14**
- Facilitated further local employment **with a crew ratio of c. 78% of total crew being local, whilst the remainder 22% being foreign crew**. When taking into consideration the total hours worked by local and foreign crews, this amounted to **local crew having worked a total c. 65% of the total hours worked on productions in 2022**.
- Contributed greatly to national export services figures.