

# Multiplier effect

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amongst foreign film employees  
during 2024



## Background

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Through a recent data collection exercise carried out amongst foreign individuals that participated in the local film industry in 2024, this study sought to estimate the additional expenditure brought to the Maltese markets due to these individuals' duration in Malta.

## Summary of expenditure

During 2024, 1,639 foreign individuals visited Malta to work across 32 productions. Their spending was grouped amongst the following categories: restaurants; gifts; car rental / taxis; personal shopping; leisure; and other costs.

The following table summarises the total expenditure across these categories.

Category of expenditure	Total
Restaurants	€2,870,248
Gifts	€376,978
Car rental / taxis	€370,573
Personal shopping	€587,481
Leisure	€508,897
Other costs	€448,819
<b>Total expenditure</b>	<b>€5,162,995</b>

Therefore, from the summary table of expenditure above, we note that on average each foreign crew members spends approximately **€3,150 per visit**.

## Methodology

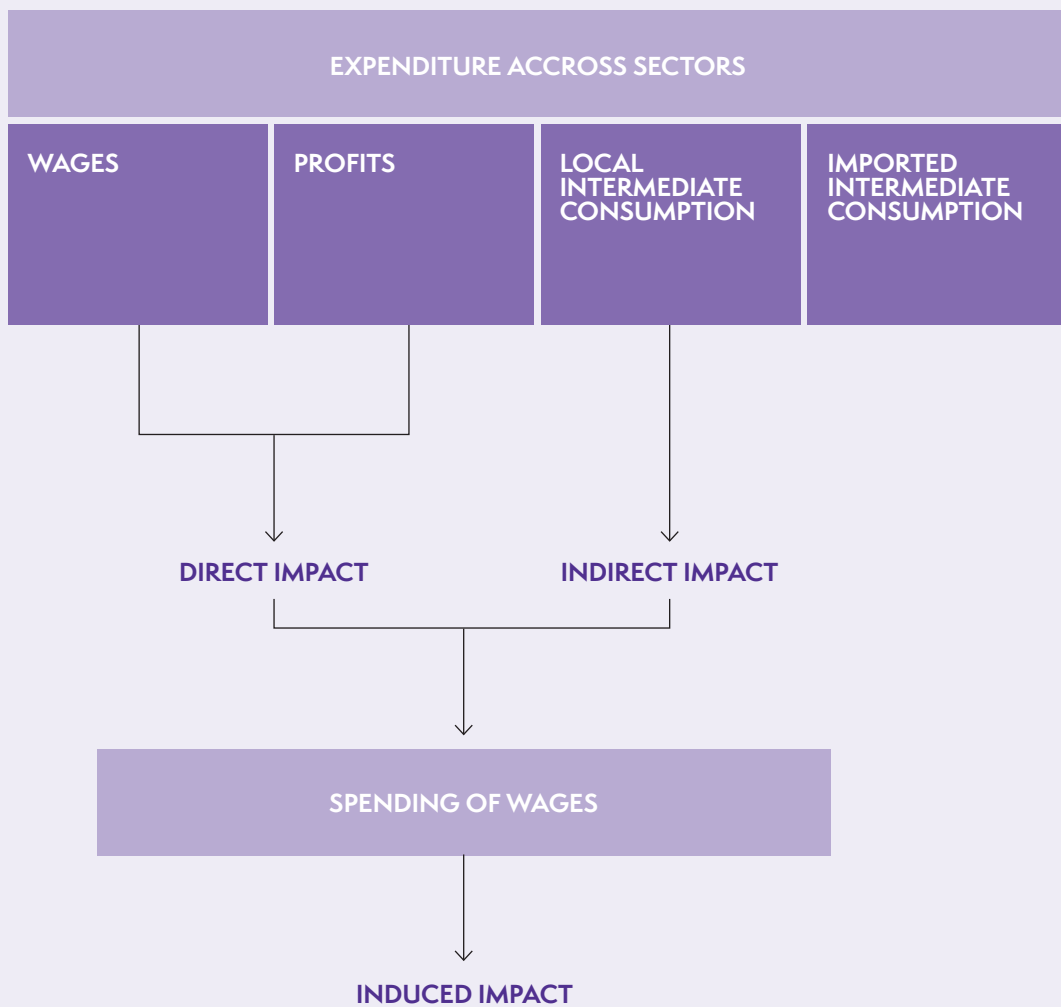
This section discusses the methodology used for estimating the economic impact of the above expenditure.

Their contribution to the Maltese economy is measured by its impact on two variables, namely, value added and employment. These are defined in the adjacent figure.

Since the standard indicator of a sector's contribution to the economy is 'value added', the relative contribution brought by their expenditure to the Maltese economy is measured as the portion of total wages and profits generated by business activity in Malta that can be attributed to these expenditures. This is estimated using the well-established economic analysis technique of input-output analysis. As in standard economic impact analysis, the model makes possible the distinction between three types of impacts:

1. **Direct impact** – This refers to the value added and employment generated by the companies in the above-mentioned categories of expenditure (i.e. restaurants; gifts; car rental / taxis; personal shopping; leisure; and others).
2. **Indirect impact** – This refers to the value added and employment generated by the above categories' purchases of goods and services from the supply chain. In other words, it relates to the employment and activities of the suppliers to these industries. These would, for example, include jobs linked to the delivery of food products to restaurants and a wide variety of activities in the business services sector (e.g. IT, accountancy, etc.) used by companies in these industries.
3. **Induced impact** – This refers to the value added and employment generated by the spending of wages paid by these industries and the firms within their supply chain. These include spending by those directly or indirectly employed in these sectors that, in turn, support jobs in industries such as retail outlets, companies producing consumer goods and a range of service industries (e.g. banks, restaurants, etc.).

The way in which each of these impacts is generated by activities in the above-mentioned sectors is captured by the diagram below. The total impact on the Maltese economy is the sum of the direct, indirect, and induced impacts.



Each sector has been linked to a specific NACE code for which the i) Value-added multiplier and the ii) Employment-output multiplier have been utilised. The Type II multiplier has been utilised for both. A Type II multiplier includes the direct, indirect, and induced effects of an economic activity, accounting for how wages earned by employees in the industry are spent within the local economy. Unlike a Type I multiplier, which only considers business-to-business impacts, a Type II multiplier factors in household consumption, reflecting how workers' income generates further demand for goods and services.

- i. The **value-added multiplier** measures the total contribution of an industry's expenditure to the economy by considering direct, indirect, and induced effects on GDP, including wages, business profits, and taxes. It quantifies how an initial investment or spending in a sector translates into broader economic growth, capturing not just output but as mentioned previously, also includes the additional economic activity generated through supply chains and consumer spending.
- ii. The **employment-output multiplier** estimates the number of full-time equivalent (FTE) jobs generated per €1 million of expenditure in a given sector. To calculate this, the total expenditure must first be scaled down by dividing it by one million. This adjustment standardizes the spending units, allowing the employment multiplier to be applied correctly. The resulting figure represents the number of FTE positions created across direct, indirect, and induced employment effects within the economy.

The below table summarises the Type II multipliers used.

<b>Expenditure item</b>	<b>NACE</b>	<b>Value-added multiplier (Type II)</b>	<b>Employment- output multiplier (Type II)</b>
Restaurants	Accommodation and food service activities	0.81	18.37
Gifts	Retail trade, except of motor vehicles and motorcycles	0.97	26.67
Car rentals/ taxis	Transportation	0.67	13.3
Personal shopping	Retail trade, except of motor vehicles and motorcycles	0.97	26.67
Leisure	Arts and entertainment	0.37	3.49
Other costs	Average of all the above	0.71	15.46

## Results and Conclusion

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The below table summarises the total effect after the above multipliers are applied.

Expenditure item	Expenditure	Result value added	Result employment output (FTE)
Restaurants	€2,870,248	€2,326,844	52.7
Gifts	€376,978	€366,692	10.1
Car rentals/ taxis	€370,573	€246,864	4.9
Personal shopping	€587,481	€571,451	15.7
Leisure	€508,897	€190,229	1.8
Other costs	€448,819	€316,795	6.9
<b>Total</b>	<b>€5,162,996</b>	<b>€4,018,874</b>	<b>92.11</b>

The above shows that the €5.2 million expenditure brought by the **foreign** individuals that participated in the film industry, results in an **additional value added** of €4 million to the local economy. Therefore, the total contribution of the film industry brought about by foreign crew to the overall Maltese economy, amounts to €4 million. In terms of employment, this can be considered to contribute to the creation of c.92 full-time equivalent jobs.

If, the previous Malta Film Commission's 2022 Economic Impact Study did not account for the expenditure from the foreign film crew, then the estimated impacts presented in this memo should be considered in addition to the results reported there.



