

# **Economic Impacts of *A Million Little Things***

***Prepared for the Motion Picture Association – Canada***

**February 2019**

## TABLE OF CONTENTS

<b>Introduction .....</b>	<b>1</b>
<b>Season One Production Spending .....</b>	<b>1</b>
<b>Economic Impacts of Season One Production Spending .....</b>	<b>3</b>
<b>Comparisons with Other Industries.....</b>	<b>4</b>
<b>Additional Impacts .....</b>	<b>4</b>
<b>Appendix A – Economic Impact Methodology .....</b>	<b>5</b>

## INTRODUCTION

*A Million Little Things* is a family drama television series produced by ABC Studios and Kapital Entertainment. The series is set in Boston and is centered around a group of friends who, after one of their members unexpectedly commits suicide, decide to change for the better the way they live their lives.<sup>1</sup>

Table 1 summarizes the premiere date and number of episodes for Season 1 of *A Million Little Things*.

**Table 1: *A Million Little Things* Production**

Season One	
<b>Premiere Date</b>	September 26, 2018
<b>Number of Episodes</b>	17

Source: ABC Studios

Season One of *A Million Little Things* was filmed from July 2018 to February 2019 primarily in and around Metro Vancouver. Throughout the production of the series, significant economic impacts were created for BC residents and businesses.

MNP LLP (MNP) was engaged by the Motion Picture Association – Canada to conduct an independent economic impact assessment of the production of the television series *A Million Little Things* on the BC economy. For the study, MNP used data from ABC Studios to estimate the economic impacts in BC arising from the production of Season One.

## SEASON ONE PRODUCTION SPENDING

Season One production spending engaged 779 vendors from 32 BC communities (Table 2). This included vendors from 20 communities within the Metro Vancouver area, as well as from 12 communities in other regions of BC.

**Table 2: Season One BC Vendor Data**

Vendors	Number
BC Businesses	500
BC Individuals	279
<b>Total Number of Vendors</b>	<b>779</b>
Communities	
Metro Vancouver	20
Other Regions of BC	12
<b>Total Number of Communities</b>	<b>32</b>

Source: ABC Studios

<sup>1</sup> IMDB, Retrieved from: <https://www.imdb.com/title/tt7608248/>

Production of Season One required the engagement of a wide variety of BC vendors, including retailers, production facilities, security companies, equipment rental companies, dry cleaners, hotels and restaurants, catering companies, automobile rental companies, alteration and repair companies, metal fabricators, florists, party suppliers and waste management services.<sup>2</sup>

One of the vendors to *A Million Little Things* was the Pacific National Exhibition (PNE) at Hastings Park, one of Vancouver's largest urban parks and a year-round filming location for B.C.'s thriving motion picture industry

Since 1910, the PNE at Hastings Park in Vancouver has entertained millions of guests by hosting sporting events, concerts, cultural activities and the annual summer Fair at the PNE. In addition to being home to the Playland amusement park, which features one of the best wooden roller coasters in the world<sup>3</sup>, the 114 acre site at Hastings Park has also been the location for hundreds of movie, TV and commercial productions.

According to Fiona Crossley, Manager of the PNE's Film Services, for the first two episodes of *A Million Little Things*, the Pacific Coliseum was transformed into Boston Garden, also known as TD Garden, home arena to the Vancouver Canucks' NHL rivals, the Boston Bruins. The process to make the ice, complete with the Bruins logo at the centre, took PNE operations staff three days to create, and filming of the scenes at the arena involved over 100 crew and 300 extras. Ms. Crossley added that "with an array of adaptable buildings, scenic settings, wide green spaces, a 9-acre amusement park and ample on-site parking, the PNE is a very popular film site because of its incredible versatility and central location in the heart of Vancouver".

In 2017 the PNE's film-friendly policy attracted a total of 65 different film and television projects to its sites and facilities, which generated more than \$1 million in revenue, a record year for the organization<sup>4</sup>. As a non-profit organization, film revenues are an important component of the PNE's financial performance, allowing it to continue to invest in its park spaces, events, programs and facilities. Some of the notable productions that were filmed at the PNE in 2017 included: *Deadpool 2* (20<sup>th</sup> Century Fox), a Nike hockey commercial, *Game Over, Man* (Netflix), *Zoo* (CBS), the Walt Disney Christmas movie *Noelle*, and the feature remake of *Overboard* (MGM/Lionsgate).

---

<sup>2</sup> Based on vendor data provided by ABC Studios

<sup>3</sup> [https://www.pne.ca/files/uploads/2019/01/PNE\\_CoasterAwardJan2019.pdf](https://www.pne.ca/files/uploads/2019/01/PNE_CoasterAwardJan2019.pdf)

<sup>4</sup> <https://www.pne.ca/files/uploads/2018/11/PNE-Annual-Report-April-1-2017-March-31-2018.pdf>

As shown in Table 3, production of Season One of *A Million Little Things* was associated with total spending in BC of approximately \$28 million. Spending on wages, salaries and per-diems for BC production crew and other labour comprised 52 percent of the total BC expenditures, and the remaining 48 percent was spent on purchases of BC goods and services.

**Table 3: Season One Production and Post-Production Expenditures in BC**

	Expenditures (in millions)	Share of Expenditures
BC Production Crew and Qualifying Labour <sup>5</sup>	\$14.7	52%
BC Purchases (Spending on Goods and Services)	\$13.3	48%
<b>Total BC Spending</b>	<b>\$28.0</b>	<b>100%</b>

Source: ABC Studios

## ECONOMIC IMPACTS OF SEASON ONE PRODUCTION SPENDING

Using Statistics Canada’s input-output multipliers for BC and the Season One production expenditure data provided by ABC Studios, MNP estimated the total economic impacts (i.e. the sum of direct, indirect and induced impacts) in BC arising from the \$28.0 million in production spending for Season One. The results of this analysis are presented in Table 4. For more information on economic impact measures and the methodology used, please see Appendix A.

**Table 4: Estimated Economic Impacts of Season One Production Spending in BC**

	Season One Production Impacts
<b>Direct Production Expenditure in BC (in millions)</b>	\$28.0
<b>Total Output (in millions)</b>	\$42.1
<b>Total GDP (in millions)</b>	\$31.3
<b>Total Employment (in full-time equivalent positions or FTEs<sup>6</sup>)</b>	380

According to ABC Studios, Season One of *A Million Little Things* is estimated to benefit from approximately \$1.9 million in federal tax incentives and \$4.7 million in provincial tax incentives. The incentives provided by the Government of BC are estimated to have resulted in the following total impacts:

- \$8.95 in economic output per dollar of BC tax incentive received by the production.
- \$6.64 in provincial GDP per dollar of BC tax incentive received by the production.

<sup>5</sup> Please note that the analysis excludes production spending on non-resident labour.

<sup>6</sup> One FTE is equivalent to one person-year of employment.

## COMPARISONS WITH OTHER INDUSTRIES

To provide perspective on the size of the economic impacts of the production of *A Million Little Things*, it is useful to compare the impacts with those created by other industries. Three examples of other industries are new home construction, tourism and port container handling.

**New Home Construction** – The employment supported in BC by the Season One production of *A Million Little Things* is equivalent to the direct and indirect employment supported by the construction of approximately 140 new homes.<sup>7</sup>



**Tourism/Overnight Visitors** – The employment supported in BC by the Season One production of *A Million Little Things* is equivalent to the employment supported by the spending of approximately 50,000 overnight visitors to Vancouver.<sup>8</sup>



**Port Container Handling** – The employment supported in BC by the Season One production of *A Million Little Things* is roughly equivalent to the employment supported by the handling of 44,000 containers through the port of Vancouver.<sup>1</sup>



## ADDITIONAL IMPACTS

In addition to economic impacts that arise through production spending, television series such as *A Million Little Things* can produce impacts that 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.<sup>9</sup> 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. Television series are especially likely to reach much larger audiences than specifically targeted tourism promotion.<sup>10</sup>
- **Personal Spending by Non-resident Labour while in BC** – This may include spending by non-resident labour on vacations or other personal purchases while on location in BC.

While we have not quantified the broader benefits of the production of *A Million Little Things* in this study, it is worth noting that film and television production 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.

<sup>7</sup> Will Dunning Inc., *Economic Impacts of New Home Construction – British Columbia 2016*. Retrieved from: [http://www.chba.ca/CHBA/Housing\\_in\\_Canada/Information\\_and\\_Statistics/impacts/1%20British%20Columbia%20Economic%20Impacts%20of%20New%20Home%20Construction%202016.pdf](http://www.chba.ca/CHBA/Housing_in_Canada/Information_and_Statistics/impacts/1%20British%20Columbia%20Economic%20Impacts%20of%20New%20Home%20Construction%202016.pdf)

<sup>8</sup> Tourism Vancouver.

<sup>9</sup> Oxford Economics. 2007. "The Economic Impact of the UK Film Industry."

<sup>10</sup> Croy, Glen W. 2004. "The Lord of the Rings, New Zealand, and Tourism: Image Building with Film."

## APPENDIX A – ECONOMIC IMPACT METHODOLOGY

The main goal of an economic impact study is to quantify the economic contributions that an organization, industry, or project makes to a region.

MNP estimated the economic impact of the production of *A Million Little Things* using the 2013 Statistics Canada provincial input-output multipliers for BC (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.<sup>11</sup> 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 and employment:

- **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<sup>12</sup>).

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 impact on the BC economy of a set of direct expenditures related to the filming of Season One of *A Million Little Things*. 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.

---

<sup>11</sup> 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.

<sup>12</sup> One FTE is equivalent to one person-year of employment.

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

