



BU 29. 1. 118

January 9, 2017

City of Toronto Budget Committee Public Meeting

Good afternoon,

I am Rosanne Caron, President of OMAC, the Out-of-Home Marketing Association of Canada.

OMAC members include Astral Out-of-Home, Clear Channel Canada, OUTFRONT Media and PATTISON Outdoor.

I'm here to speak to you about the Third Party Sign Tax. The TPST By-Law has a mechanism for annual increases to the tax. Any increases above inflation will be detrimental to the outdoor advertising industry and ultimately impact the revenue contributed by the OOH industry to the City of Toronto.

The OOH advertising industry competes in a very competitive media landscape. Any increases in the TPST cannot simply be passed along in advertising rate increases to our clients. I would now like to share comments from two organizations with respect to this. Their letters are attached as part of this submission.

The first is from Janet Callaghan, President of the Canadian Media Directors' Council. The CMDC is a national, not for profit association representing the media management agencies which purchase over 80% of all media in Canada.

The second is from Judy Davey, Vice-President Media Policy & Marketing Capabilities of the Association of Canadian Advertisers. The ACA is a national, not for profit association which serves the interest of advertisers, representing over 200 companies and divisions who collectively account for estimated annual sales of \$300 billion.

Since the introduction of the TPST, it is estimated that 250 boards have been taken down due to economic non-viability resulting in a loss of tax revenue for the City of Toronto. The imposition of above inflationary increases in the TPST will result in the removal of more boards.

The OOH industry has a long history of supporting the communities they do business in. In 2015, OMAC members donated over \$24 million in free advertising across Canada, helping many Toronto charitable and not-for-profit organizations in their fundraising, raising awareness of specific causes/issues and supporting youth, arts and culture programs. While I don't have the final numbers for 2016 yet, I expect there has been a similar level of support from the OOH industry.



The OOH advertising industry contributes significantly to economic growth in Toronto through the creation of direct and indirect employment to thousands of professionals, rental income to the City and private property owners and provides marketing support for products and services that drive our local economy.

There's a lot at stake here so on behalf of my Members I ask that you carefully consider the impact that an above inflationary increase would have on the OOH industry. I respectfully ask that any increases to the TPST are as prescribed in the By-Law.

Thank you.

A handwritten signature in blue ink that reads "Rosanne Caron".

Rosanne Caron
President
OMAC



CMDC Commentary on the City of Toronto consideration of incremental taxes on out of home signage

Friday January 6, 2017

Media inflation never used to be complicated, it was about supply and demand and the resultant effect on the cost of advertising based on the continued financial progress of media vendors.

Progress is all about change, but not all change is progress. The progress brought about by new communications technologies reflect a vibrant business marketplace and robust advertiser spending in an environment of extreme personalization of media access. Media inflation still exists, but in a much changed framework where supply and demand of mass media no longer dictate the terms, instead access to highly targeted audiences are more highly valued.

We have all observed how brick and mortar businesses are clinging to survival, as they face new online-only competitors, which operate without the weight of heavy infrastructural costs. In the same way, advertiser spending no longer faces rising rates from a media environment of scarcity. This is because there is an alternative with the lower cost of digital ad space which is unlimited, and strategic use of social media, both of which have the effect of bringing revenues tumbling downward for traditional media.

City Hall is seeking to leverage incremental taxes from a 'traditional' media segment, in out of home signage which today is competing with highly targeted and mobile advertising. Significantly increasing taxes on the out of home industry will create a competitive dis-advantage and only make it more difficult for the industry to survive and thrive.

Janet Callaghan, President CMDC



January 9, 2017

City of Toronto Budget Committee

Re: Proposed Tax Increase on Billboards

Attention City of Toronto Budget Committee,

We are writing to you, on behalf of many large and small Canadian businesses that advertise via traditional mass media billboards, to let you know that advertisers will not accept a tax increase on City billboards and will choose to invest their budgets elsewhere.

Our organization, the Association of Canadian Advertisers (ACA), is a national, not-for-profit association solely dedicated to serving the interests of companies that market and advertise their products and services in Canada. Our members, over 200 companies and divisions, many of whom have their head office in Toronto, collectively account for estimated annual sales of \$300 billion.

Advertisers have a great deal of choice when executing their marketing campaigns and the combination of targeting ability, environment and cost-effectiveness are important considerations. Like the City of Toronto, advertisers are under enormous pressure to spend wisely and lately, in many cases, reduce their year-over-year advertising expenditures.

At the same time, there is a massive trend to increase spend in digital, where the opportunity to advertise is virtually unlimited. In this mass migration to digital media, traditional mass media billboards' share of ad spend is already threatened.

The proposed increase to the Billboard Tax of 25% would be unacceptable to our members, whose ad budgets are already stretched. We anticipate a significant number of them would seek other opportunities – likely including global media companies such as Google and Facebook – resulting in a significant rollback to billboard advertising in Toronto.

For billboards in the City of Toronto to remain a viable media choice, we strongly recommend that the City not increase the Billboard Tax.

We are available to meet with you to discuss this further.

Sincerely,



Judy Davey
Vice President Media Policy and Marketing Capabilities