



PROPOSED NEW SIGN BYLAW THIRD PARTY SIGNS

FACTS YOU SHOULD CONSIDER BEFORE SUPPORTING THE BYLAW:

- No field testing of new regulations to determine impact on industry
- Highly restrictive new rules equate to prohibition on future growth
 - Unwarranted setbacks, distancing and qualifications
- NIMBY-style approach creates unbalanced opportunities for industry
- Tax exempt City sign inventory is an unfair and possibly illegal advantage
- Sign permits expire after 5 years without clear guidelines for renewal
- No economic study of industry amortization requirements
- Bylaw based on needs of small municipality, not densely populated global city
- City Building Official given too much discretionary power

WHAT THE INDUSTRY NEEDS:

- No arbitrary expiration of sign permits
- Variance committee selected from Society of Ontario Adjudicators and Regulators
- Clearer definition of illegal and legal non-conforming signs and establishment of appropriate review and appeal process
- Embrace new technology by permitting more static digital signs
- Right to change sign attributes (ex. Paint to paper, paper to tri-vision)
- Sign distance setbacks that reflect the character of neighborhood and respect comparative revenue theory in field testing
- Elimination of excessive penalty provisions
- Increase height permissions for wall signs
- Illumination based on North American industry standards
- Eliminate "not in my neighbourhood" sign restrictions by ward
- Proper variance procedure for non-conforming signs

WHAT'S AT STAKE?

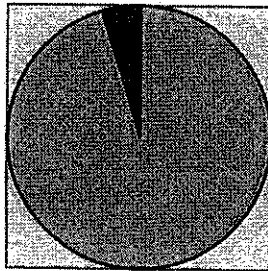
The new by-law regulations were developed without proper consultation with the industry and are based on unproven assumptions and inaccurate information. Worse, the bylaw favours City-owned outdoor advertising inventory which is not taxed or restricted which is unfair and perhaps illegal. We believe the bylaw has been developed in bad faith as a punitive measure against outdoor advertising in Toronto. The new regulations amount to an effective prohibition on the industry's growth, and will jeopardize damage our industry, rental income to private property owners, advertising options for marketers and the overall Toronto economy.

CONTACT: Rosanne Caron, President, OMAC at 416-968-3435 or rcaron@omaccanada.ca

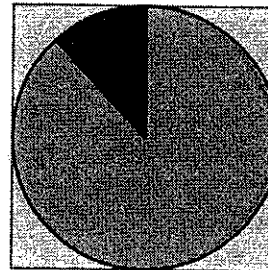
OMAC is currently completing its own limited field testing of the new regulations through an independent third party.

FACTS YOU SHOULD CONSIDER BEFORE SUPPORTING THE TAX

- No economic rationale provided by Staff to justify new tax
- Tax assumptions based on study of only 1% of billboard inventory
- 5 year sunset on permits did not examine industry amortization costs
- Hemson suggested \$2.7 million tax, proposed by-law is \$10.4 million
- Est. \$10.4 million tax is greater than est. industry earnings of \$8.8 million
- Only \$1.8 million of tax is for cost recovery, remainder for art & beautification
- Private billboards to be taxed but not TTC, Street Furniture or City billboards creating an uneven and unfair competitive environment
- Billboard industry provides free space to charities valued at \$6 million
- Billboard industry is approx. 1% of GTA advertising space
 - We have no clout to pass on costs to customers
 - A new tax will drive ad buys towards untaxed alternatives



□ 95% 10x20
■ 5% Oversize



□ 88 Cents
Total Costs
Avg Billboard

■ 12 Cents
Profit before
interest and
taxes

Total Billboard Inventory 4371 Signs
94% are 4103 10 x 20 posters
6% are supersize format & digital
38% of profit from 6% of inventory

Yearly Avg. Rev. per 10 x 20 is \$9,950
Rental Costs to Landlord \$3,800
Non-Rental Costs** \$4,032
Profit before interest & tax \$2,118

Average Profit per 10 x 20 Billboard \$2,118
Average Tax per 10 x 20 Billboard \$2,850 = 25% more than profit

WHY THIS MATTERS

The proposed new billboard tax is a punitive tax designed to financially cripple the outdoor advertising and prohibit future growth in Toronto. It has been developed in bad faith without proper consultation with the industry and is based on inaccurate information and untested assumptions. At risk are thousands of direct and indirect jobs, rental income to private property owners, support for local charities and Toronto's reputation as a City welcoming new investment and open for business.

"The tax rates being proposed by City Staff are discriminatory, generally confiscatory and lack any sense of reality" Frank Clayton, Altus Group

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OMAC is currently compiling fully audited statements & updated COMB numbers for Council review. Above rates and costs are approximate (or typical).

* Source: Altus Group Economic Consulting, Frank Clayton and COMB data

** Costs include contractors, hydro, administration, maintenance, production, loan repayment, bad debt, amortization