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MEDIA DEVELOPMENT OPPORTUNITIES
CONSULTANT'S REPORT

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated February 20, 2007, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to present the findings of the Media Analysis Report, *Expanding Local Media Options in York Region, (Attachment 1)*, to Council.

3. BACKGROUND

An essential part of York Region's efforts to sustain a competitive and prosperous economy is increasing communications via the media to promote local business and build vibrant communities as identified in the 2005 Economic Strategy.

The media industry comprises the traditional television, radio and newspaper segments as well as new media options including websites, digital signage and webcasts. The media industry and federal regulators have historically considered York Region to be part of the Greater Toronto Area and well served by the significant number of Toronto media options. The Canadian Television and Radio Commission (CRTC), which licenses television and radio stations, has issued broadcast licenses for Toronto that include York Region territory up to a boundary line south of Barrie.

While Toronto based news and information may be of interest to York Region viewers, dedicated media within the Region is limited to community newspapers, the Rogers Television community channel, and one radio station. The Toronto media distributed in York Region provide limited coverage of York Region news and events.

With a population of just under one million people and minimal local media options, York Region would be considered underserved by any standard used by the CRTC. This gap is significant in comparison to the City of Barrie that has one CRTC licensed television station, four licensed radio stations, and one daily newspaper for a population of only 175,000.

4. ANALYSIS AND OPTIONS

A media consultant was contracted in September 2006 to undertake an analysis of existing media available in York Region and to make recommendations for additional media opportunities. The assessment would consider CRTC regulations, advertiser's needs and local information availability. The consultant's ensuing analysis and findings are attached to this report as *Attachment 1 - Expanding Local Media Options in York Region*.

The Consultant's Report includes a summary of the current communication media serving York Region, statistics on newspaper circulation, TV and Radio audiences, an outline of existing television and broadcasting areas within York Region and a preliminary assessment of opportunities and challenges.

4.1 Traditional Media Options

Traditional media encompasses television, radio, cable services and print providing access to community, provincial, national and world events. A highlight of media offerings follows:

4.1.1. Television

The following over the air television stations serve the Greater Toronto Area including York Region: CTV, CBC, TVO, Global, City TV, A Channel (CKVR Barrie) and the OMNI Group owned and operated by Rogers Media.

As existing CRTC licenses for Toronto include York Region, the Region would only be approved for a new television station located in the Region if the owners of the Toronto television stations did not object. Due to escalating programming costs, loss of audiences and declines in advertising revenues, television is facing many economic challenges. Therefore, the Toronto broadcasters would vigorously lobby against a York Region television station and the CRTC will not likely undermine the viability of the Toronto broadcast media.

4.1.2 Radio

Twenty-nine radio stations, both AM and FM, are licensed to serve the Greater Toronto Area. Currently, sixteen radio stations, either over the air or on cable, provide services to York Region. Not all are accessible to every municipality especially within the northern parts of the Region. News and event information on York Region is limited.

Only one full power commercial radio station is licensed to serve the York Region community and that is CKDX, better known as FOXY 88.5. FOXY is licensed to Newmarket but its main studios are located in suburban Toronto with a sales office in Aurora. Originally launched with a country music focus, the station has undergone several changes and now features a contemporary, adult format.

A low power station has been licensed in York Region since 1999. CFU758, known as RAV FM, is operated by Vaughan Secondary School at 90.7 and is part of the school's radio broadcasting course.

York Region would face a difficult challenge at the CRTC on a new radio station application given the high number of existing licenses in the GTA. A more likely option is to entice one or two stations from Barrie to relocate to York Region. The City of Barrie, with an estimated 2006 population of 175,000, has four commercial radio stations competing for audiences and advertisers whereas York Region has one radio station serving close to one million people.

As a media sector, radio is enjoying a revival since 2005 with pre-tax profits rising 22.1%. This has been partly due to the CRTC alteration of ownership rules and consolidation.

A key short term opportunity for York Region is to work with the ownership of FOXY 88.5 to expand their penetration, coverage of, and visibility in York Region.

4.1.3 Cable

York Region is served by two cable companies, Rogers Television York Region and Aurora Cable. Cable companies carry the signals of the over the air broadcast stations, offer paid subscriber packages for specialty channels and provide community programming. Combined, these two cable companies penetrate 79% of the Region's households.

Rogers Television provides cable services to Keswick, Markham, Newmarket, Thornhill, Richmond Hill, Stouffville, and Vaughan. Their community channel is available on Channel 10 in Newmarket and Keswick and Channel 63 to the other communities. Aurora Cable provides services on Channel 10 in Aurora. Bell ExpressVu is another option for York Region home owners to access TV stations, however there is no publicly available data on household penetration in York Region.

Cable companies are regulated by the CRTC and, as a condition of their license for exclusive geographic territories, are required to produce a full schedule of community programming. Bell ExpressVu is not required by the CRTC to provide a community TV station. The cable companies are barred from selling commercial advertising however, the CRTC allows the sale of sponsorships to offset production costs.

This is a catch 22 situation for the cable companies as lower revenues from sponsorships prevent investments in higher quality programming which in turn reduces the potential for large audiences.

An opportunity exists to request that the CRTC permit the selling of commercial advertising by Roger television York Region to local businesses to facilitate improved local programming and increased local audiences.

4.1.4 Print

Four major daily newspapers based in Toronto are available to York Region residents and businesses: the Toronto Star, the Toronto Sun, the Globe and Mail, and the National Post.

In addition, six community newspapers serve York Region: The Georgina Advocate, The Markham Economist & Sun, The Newmarket Era Banner, The Richmond Hill/Thornhill Liberal, The Stouffville-Sun-Tribune, and the Vaughan Citizen. All are owned by the York Region Newspaper Group/Metroland, a wholly owned subsidiary of TORSTAR Corporation (which owns the Toronto Star). Community papers provide limited editorial and typically carry advertising occupying 70% of the available space plus inserts.

Metroland’s well financed and managed control of the community newspaper segment in Southern Ontario has generated significant growth in revenues and contributed annual profits of $100M in 2006 to TORSTAR. In comparison, the Toronto Star daily newspaper has experienced declines in revenues and only contributes $21M in annual profits to TORSTAR. The Sun, Globe & Mail, and National Post are also under intense pressure due to declining revenue markets and escalating production/distribution costs.

The Toronto dailies do provide some York Region editorial content and have offered local advertisers geographic editions to better target their advertising.

There is limited potential for a new daily newspaper in York Region due to the dominance of local advertising dollars by Metroland and the weak financial position of traditional daily newspapers.

4.2 Non Traditional Options - The Internet

The internet is increasingly becoming the tool for communication research, banking, shopping and entertainment. It is providing the ultimate in on demand personalized experiences – what you want, when you want it.

Key findings from the Statistics Canada Internet Study released in August 2006, revealed that approximately 88% of adults with household incomes of $86,000 or more used the internet last year and 80% of adults with at least some post-secondary education used the internet. According to FP Markets, the average household income in York Region for 2006 was $106,000. The 2001 Canada Census identified that 49% of York Region residents, aged 20 – 64 years, have a college/university degree. It can be deducted from these statistics that York Region residents are high users of the internet.

Virtually every company today has a website and considers it the cornerstone of their advertising and marketing strategy. International, national and community information portals, both non-profit and for profit, are transforming the way in which we collect news and information.

Feedback from a York Region Advertisers Focus Group, held in November 2006, indicated that regional advertisers agreed on the importance of the internet for advertising and the priority for their websites in becoming meaningful information resources for their customers.

The York Region Newspaper Group operates the website www.yorkregion.com which has been expanding the availability of community information in addition to carrying editorial content from their community newspapers.

As broadband capacity expands, the opportunity to distribute television-quality programming via the internet increases. The internet will never replace conventional broadcasting; however it does provide an opportunity for communities, both non profit and for profit, to develop new communication vehicles without regulation from the CRTC.

4.3 Next Steps

Based on the findings of the Consultant's Report, news and information coverage for York Region is currently "Toronto centric". The current sources of local news in York Region are limited in their depth of coverage and enhanced avenues of communication for York Region need be created.

As Rogers Television is a significant pillar of York Region's communications community, the Consultant recommends approaching Rogers Television to provide enhanced programming to build a broader audience base. The Region would need to petition the CRTC to expand Rogers Cable York Region's license to sell advertising in return for incremental programming investments. Staff will continue to engage in discussions with Rogers Television.

In addition, the Consultant recommends building a closer relationship with FOXY 88.5 FM to expand programming and market penetration which could be very beneficial for York Region. Exploratory discussions with radio stations based in Barrie would determine the economic viability for relocation.

The Region's web site www.york.ca could play a significant role by becoming a broader community information portal for all things related to public services. In addition, York Region will seek out partnership opportunities with external non profit and for profit groups to expand the content and reach of community information portals.

4.4 Relationship to Vision 2006

The Economic Strategy is the blueprint that defines the Region's role in achieving the Vibrant Economy goal set out in Vision 2026. One of the strategic directions of the Economic Strategy is to create an environment to share information and ideas. Enhancing current media options in York Region is an integral part of this process.

5. FINANCIAL IMPLICATIONS

The fee for the consultant's services and key deliverables of $7,420.00 was derived from the 2006 Economic Development Branch budget.

6. LOCAL MUNICIPAL IMPACT

The media is a critical factor in creating an environment to share information and ideas, and building networks and partnerships with the local and extended business community. The enhancement of existing media options in York Region with a more local focus will have a positive impact on the visibility of each of the Region's Municipalities.

7. CONCLUSION

Enhanced media options would increase the Region's visibility as a unique and desirable location for business and investment and thereby assist in sustaining the Region's economy and its competitiveness. It is recommended that opportunities for new media enhancements for York Region be explored.

For further information about this report, please contact Patrick Draper, Program Director, Economic Development Branch at (905) 830 4444 ext. 1503 or patrick.draper@york.ca.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is included with this report.)