

CORPORATE SPONSORSHIP

A DISCUSSION PAPER

Prepared by

Consumer and Corporate Affairs Canada - Communications Branch

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Nota : Ce document est également disponible en français.



PREFACE

After years of fiscal tightening, departments face a tough problem in streamlining resources while maintaining quality programs and service to the public. Does corporate sponsorship contribute to solutions?

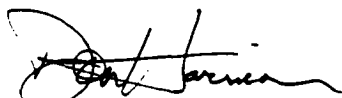
Consumer and Corporate Affairs Canada (CCAC) is among many departments and agencies within the Federal community that have sought to enhance their program delivery and awareness through corporate sponsorship. Our first involvement with corporate sponsors led to the successful launch of "KidsCare", an information awareness program on child safety related to consumer products.

With the potential for greater opportunities at both a national and regional level, we reached a point where we felt it was time to ask ourselves how to best proceed in enhancing our corporate sponsorship opportunities.

Originally we intended to develop an internal document for CCAC. But after discussions with PCO Communications and Consultation Secretariat, we felt that a paper on corporate sponsorship would interest other departments. We expanded the scope of the project to interview representatives from as many departments and agencies as possible, as well as a few corporate sponsors and marketing firms.

This paper presents a summary of these interviews conducted in February-April 1992 and, by extension, a brief snapshot of how different departments have approached corporate sponsorship. It does not attempt to catalogue official departmental corporate sponsorship policies, but rather to present a collection of views from individuals who have some experience or interest in the subject. We hope that those charged with some responsibility in corporate sponsorship will benefit from the general conclusions that can be drawn from this paper and the cumulative knowledge and experience expressed by all interviewees.

To all participants, we express our sincere gratitude for sharing your time, knowledge and insight.



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March, 1993

INTRODUCTION

Corporate Sponsorship - What is It?

The term "corporate sponsorship" has several definitions. All federal departments have forged "partnerships" with various public and private sectors involving some form of common on-going cooperative exchange. This paper does not explore or address partnership arrangements. Nor does it explore corporate philanthropy. It concentrates, instead, on the association between federal departments seeking to fund, create or enhance program awareness and companies seeking a return that usually translates into a commercial advantage. Accordingly, our definition of corporate sponsorship is: "A business relationship between a provider of funds, resources or services and an individual, event or organization which offers in return some rights and association that may be used for commercial advantage."¹

Our interviews with federal departments, agencies, corporate sponsors and marketing firms led to several key findings. Among them we found:

- * Opportunities for federal departments abound.
- * There are policy, legal and political implications associated with corporate sponsorship.
- * Corporate sponsorship requires clear objectives and committed resources.
- * Those with experience in corporate sponsorship do not favour government-wide directives or policies.
- * Most departments have turned to marketing firms for assistance.
- * The responsibility for corporate sponsorship is shared between departmental program and communications officers and between regions and headquarters.

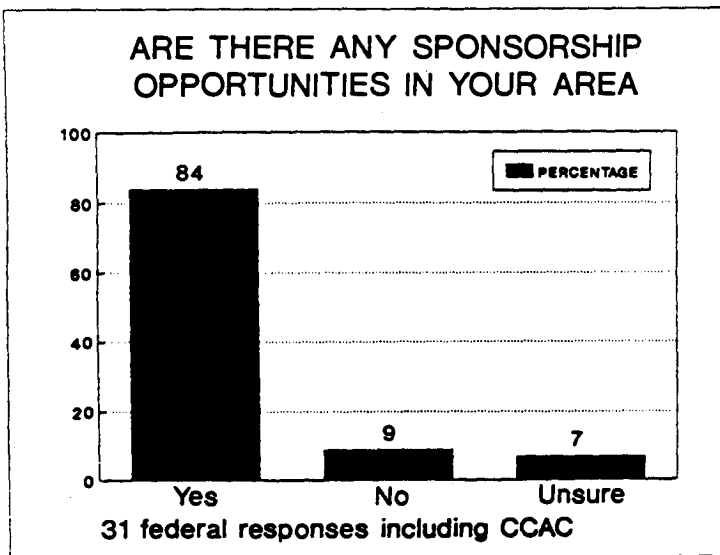
More details of these and other findings appear in the Conclusion section.

1. Sponsorship - what it is and how to use it, Steve Sleight, McGraw-Hill, 1989.

OVERVIEW OF OPPORTUNITIES, CONSTRAINTS AND KEY CONSIDERATIONS

Opportunities

Corporate sponsorship helps to sensitize the public to departmental programs. In the case of some departments, sponsors donated prizes, covered conference costs, funded awards, committed their own engineers and scientists to school visits, provided posters, inserts, mail-outs, videos and articles, and travel safety information. Such contributions have proven beneficial to government departments seeking to improve their service to the public.



The "KidsCare" program at CCAC, for example, has taken on a life of its own. As a direct result of sponsorship, the monetary and promotional support to the KidsCare program over the past two years is conservatively estimated at half a million dollars. But more importantly, sponsorship helped stimulate cross-country volunteer support from fire stations, health and community centres and other groups. This in turn raised the department's profile and contributed to goodwill,

awareness and bonds forged between the department and local communities.

Since the launch of KidsCare, CCAC has entered into several sponsorship arrangements ranging from advertising on food tray liners, the production and distribution of videos, publications such as child activity books, magnetic memos, bicycle safety, displays and special events. The department recognizes that opportunities abound. As one member of the CCAC corporate sponsorship committee puts it, "There is no end to the ideas for corporate sponsorship."

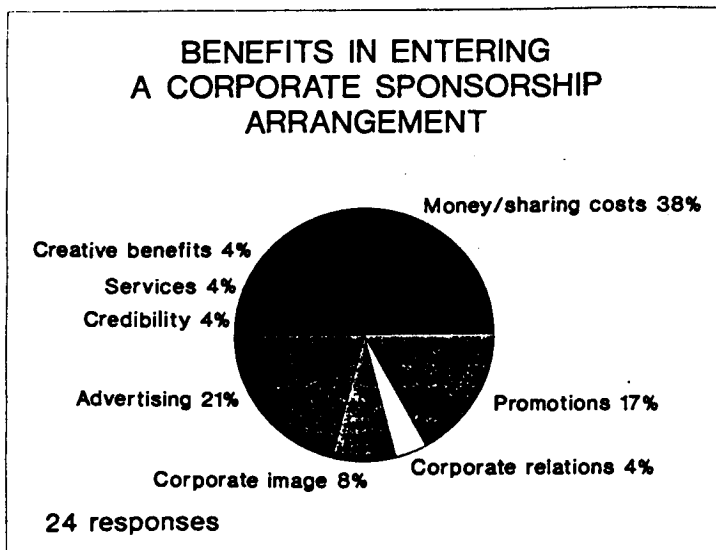
Like Consumer and Corporate Affairs, other Federal departments have identified many corporate sponsorship opportunities. Environment Canada, for instance, involves 1000 companies in Environment Week and another 500 to 1000 to whom they provide grants and contributions. More companies are trying to get involved. Canadian Tire, for example, printed and distributed a publication for Environment Canada, while CTV distributed the "Green Guide."

In 1992-93, Energy, Mines and Resources wants to pursue social marketing on energy efficiency. They are hiring a public relations firm to solicit corporate sponsorship.

Multiculturalism and Citizenship looked for sponsors for their anti-racism campaign. They sought endorsements, goods and services and money for promotions and advertising. Likewise, Atlantic Canada Opportunities Agency plans to work with the New Brunswick Pulp and Paper Association and a women's support group in Prince Edward Island on future programs.

For their part, Canadian Parks Service has found that they are much more attractive to corporate sponsors if a third party, nonprofit group, is also involved in the program.

The National Capital Commission is responsible for world renowned events such as the annual Canada Day Celebrations, Winterlude, Christmas Lights across Canada, two months of summer arts programming and partnerships with the Canadian Museum of Civilization, National Gallery Art Gallery and the National Arts Centre. All these events provide an opportunity for corporate sponsorship.



Federal Departments have found that some of the potential benefits in entering a corporate sponsorship arrangement include cost sharing, advertising, promotions and publications, corporate image enhancement, increased program credibility, better corporate relations, improved services and intellectual or creative advancement.

Corporate sponsorship is a means of sharing costs. This is especially important given

shrinking Federal budgets. It gives a program credibility and offers the sponsor more public exposure. Objectives and resources which may not have been reached often can be realized with corporate sponsorship. Finally, corporate sponsorship provides an intellectual or creative benefit which helps provide a broader perspective on departmental issues.

Constraints

While corporate sponsorship offers opportunities for federal departments, there are, as well, potential risks that must be assessed.

Departments that had negative experiences with corporate sponsorship indicate that partners' expectations do not always coincide with the final results. Regional disparities and geographical distances within Canada are factors. There are few corporate head offices in the Atlantic region for instance. Corporate sponsorship is complicated when industries are located half-way across the country; limited budgets restrict departments and companies who are concerned with the bottom line.

Time is a critical factor in planning a sponsorship campaign. Companies set up their corporate sponsorship plans early in the year and the budget is often already allocated by the time a department contacts them. A department's experience in business is also important. If there is not a pattern of dealing with business behind the department, then a sponsorship is seen as risky. "Companies may not be sure that they want to try out their money on you," says Labour Canada.

The Canadian Parks Service recognizes some of the negative considerations dealing with corporate sponsorship. These include whether government should be in competition with non-profit groups, "cutting off their legs, so to speak." They have tried to counter this by working in league with non-profit groups and cooperating with them on certain projects.

Risk is another consideration cited by Canadian Parks Service. "Things change quickly and what might once have been seen as a good corporate sponsor might change, an example being Exxon and what happened after the Valdez disaster." Thus, there should be proper risk analysis examining whether companies have any liens against them or pending lawsuits.

The control and quality of work by the private sector cannot be easily assessed by the public sector. Forestry Canada feels that "As an organization we are not used to corporate sponsorship arrangements. We have to incorporate a lot of private sector thinking into what we are doing." The National Capital Commission also notes that the need to employ private sector attitudes implies competitiveness as the private sector is continually looking for innovative marketing ideas.

A respondent from Health and Welfare claims one of the reasons some departments cannot pull off corporate sponsorship is the fact that in order to work with corporate sponsors you have to speak their language. "It has to be a marketing person, because you have to remember it is marketing money, not philanthropic money, or PR money, especially during the recession... What we basically did, and do, was make sure that nobody even remotely looks, talks, or speaks like a civil servant..."

According to Transport Canada, associations with the "sin traits" like alcohol and tobacco may affect the reputation of a department. Conversely, a member of a department could do something that affects the reputation of the corporate sponsor.

One respondent at Consumer and Corporate Affairs warns that corporate sponsorship should not be relied on too heavily since programs could be terminated if no sponsor is found. Departments should ensure that sponsors are reliable and will not pull out at the last minute. "Corporate sponsorship on a small scale is easier and less dangerous than on a large scale," concludes another respondent.

With the potential of dozens of federal government agencies in addition to provincial and municipal government departments all seeking corporate sponsors, many companies may be approached more than once. One employee at Consumer and Corporate Affairs feels that this could cause negative feelings from corporations toward corporate sponsorship and departments. Communication among levels of government is important.

Employment and Immigration suggests we consider a data-base or some means of communicating among federal departments what companies are contacted. For their part, Secretary of State sees the potential problem of schools inundated with partnership or scholarship requests and the need to establish a central clearing house for sponsorship.

Policy Considerations

A consideration cited by most departments is the need to ensure that government is not seen as endorsing the corporate sponsor's products. As one person put it, "We don't want a message like *The Federal Budget is brought to you by McDonald's*." There are concerns whether departments should be involved with corporations which they directly regulate. While endorsements should be avoided, departments want sponsors to buy into departmental policy.

One respondent noted that the question of who controls the message and its dispersion should be negotiated before a sponsorship agreement is reached. Ownership of the program needs to be ensured by departments. "Rules governing sponsorship must be clearly set out to avoid corporate sponsors from running away with the show, adopting it as the company's own program."

Another policy consideration, from External Affairs, is to establish revolving funds for sponsorship where money is carried from one year to the next. "If a sponsor kicks in \$500 000 and it comes into the Consolidated Revenue Fund, that money disappears at the end of the fiscal year. Perhaps there should be revolving funds for sponsorship where the money can be carried over from one fiscal year to the next."

Legal Considerations

Choosing a reliable sponsor is crucial. Departments must be certain that a proposed sponsor is credible and ethical. Departments should also act independently of the sponsor to be protected from any liability. Section 4.1 of the CCAC Corporate

Sponsorship Policy (see Annex "E") provides the department with the legal protection if ever CCAC is challenged in court. Legal obligations are connected to contractual obligations; "they must be met and documented so the contractor cannot sue," says Labour Canada.

However, according to Supply and Services, sponsorship may jeopardize perceptions of fairness in regard to legal implications if extended to a contract. If a company commits an offence, for instance, and the department does not prosecute, then the public may think that it is because of the sponsorship agreement. National Research Council's school of thought is to use standardized contracts developed within departmental legal services to avoid litigation.

Political Considerations

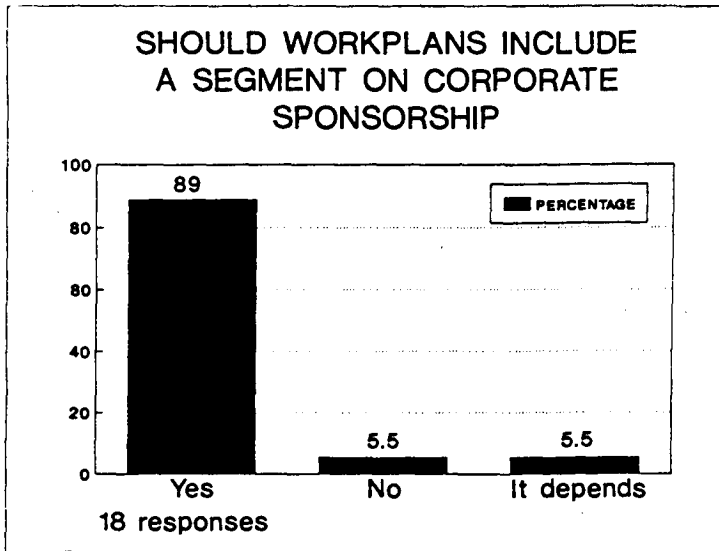
Thought should be given to the political ramifications of exclusive sponsorship arrangements. The choice of one exclusive company, especially a large one, may create undue accusations of unfairness (eg. Kelloggs over Post Cereals). Similarly, departments need to be cognizant of excessive selectivity among regions. To counter this, a number of corporations should be approached, says Labour Canada; if questions arise about the integrity of the sponsor having undue influence on the Minister, then a diversity of sponsors working on a single project with the department would help weaken the charge.

For the protection of the Minister, and to avoid conflict between the Minister's office and the bureaucracy over what should or should not happen, corporate sponsorship should stay at the administrative (departmental) level, not at a political level.

THE PUBLIC SECTOR PERSPECTIVE

Planning

Most of the respondents in departments interviewed agree that workplans should include a segment on corporate sponsorship.



In fact, corporate sponsorship is already included in many departmental workplans. National Capital Commission is involved right from the beginning of an event's planning phases. "We determine the marketability of the event; we negotiate and brainstorm with the programming people to make sure that whatever we do, first meets the mandate of the commission."

At Energy, Mines and Resources, there is a projected internal workplan, but they set

targets based on a scenario where there are increased resources because of the sponsorship arrangement.

At CCAC, all respondents feel that there is a need to recognize corporate sponsorship in planning. "You have to put money up front for a long term sponsorship. The sponsor also needs to know if you can be counted on. We cannot say 'sorry, but our budget has been slashed this year'." "Sponsors are wary because the government can cut the budget at anytime," says External Affairs.

Transport Canada suggests to treat corporate sponsorship initially on a pilot basis. This could be a long term arrangement if the department and the company were compatible. If compatibility is realized, then there is a need to show long term commitment.

"Recognizing corporate sponsorship in planning is going to happen anyway," says one CCAC respondent. "In four or five years everyone is going to have a business plan. Shared revenue or corporate sponsorship is an essential part of a business plan. Culture has not changed enough in the organization to look at corporate sponsorship as an alternative for funding. Sponsorship is a new gold mine that no one is thinking of exploring because we don't know that much about it."

Resources

All departments surveyed recognize the importance of budget and person-year allocations. According to External Affairs, "You have to have a good presentation, a product to sell and be able to invest a lot of time speaking to corporate sponsors. You should not get into it unless you are willing to invest a lot of time, money and make a long term commitment."

Forestry Canada says that most jobs with corporate sponsorship will be created for people with experience. Budgets are tight for everyone. Industry, Science and Technology's Canada Scholarship Program uses only one person year (PY) and very little money. In fact, since everything is done "in-house" only a few thousand dollars are used. Secretary of State also invests minimal money and about .25 PYs.

Energy, Mines and Resources employs one PY and invests more than \$200K.

At Multiculturalism and Citizenship, several programs within the department are involved with corporate sponsorship. They recognize a need to invest some money to develop a sound marketing strategy (up to \$20K) and additional money to implement the marketing strategy. The amount would be determined based on the scope of the sponsorship proposal using a company with expertise in this area which would work closely with senior departmental people. A total budget for this initiative could be up to \$50K.

Training

Training and first hand experience are the only ways to execute corporate sponsorship properly, maintains the marketing firm, Storgaard and Associates; it enhances knowledge and understanding. "Our biggest problem is managing the expectations of those who don't understand the process. The reality is that corporate sponsorship is hard to manage. You need a large staff, corporate contacts, expertise, experience, the ability to travel, etc. before you get any benefits," says Storgaard. Thus, training exchanges whereby federal employees would receive marketing training, allowing them to bring this expertise or knowledge back to their home department would be useful.

Other marketing firms are not in favour of training initiatives or exchanges for federal employees. "It's our experience that you must invest 6 months of time and effort into someone before they make a meaningful contribution. I would not see the pay-back to us. Moreover, firms do not wish to teach someone what they are doing for proprietary reasons," says Marketing and Promotion Group.

Within government there is a strong interest in training initiatives. At Consumer and Corporate Affairs, 73 per cent of respondents believed that through training programs they could be more professional. Professionalism would allow the department to

compete with others seeking corporate sponsorship. According to one region, "We need training because we do not have all the tools available and we will be competing with many professional organizations seeking corporate sponsorship. Therefore we need to be professional." Interchange programs with marketing firms offering corporate sponsorship experience would assist this quest for professionalism. However, training one or two people at headquarters could provide internal guidance, saving time for the marketing firm and money for the department in the long run.

Similarly, out of 20 Federal departments, 60 per cent are looking at training initiatives and almost two-thirds would support training or interchange programs with marketing firms. "Any training that enhances our ability to execute corporate sponsorship is a very good idea," says External Affairs.

On the other hand, Environment Canada believes the more hands-on experience people get with corporate sponsorship, the more comfortable they will be. 40 per cent of respondents generally feel that people are being overtrained.

Although there is widespread support for an interchange program with marketing firms, questions were raised whether it would be easier to simply hire a firm. Emergency Preparedness Canada says that while an interchange program might be fun, the value of what one gets is questionable. "Buying expertise is something you can afford. If you want landscaping, get it done professionally." Industry, Science and Technology, for instance, does not have the resources to train or be heavily involved in corporate sponsorship. Therefore, they would likely buy the service of a marketing firm to do it.

Rather than being trained by the marketing firm, Energy, Mines and Resources does the opposite; they train the firms. Training ensures that these firms are aware of departmental and political realities. They continue to send those involved with promotional work to seminars. Multiculturalism and Citizenship set up one special symposium on corporate sponsorship with the help of the Health Promotion Branch of Health and Welfare.

Departmental courses could be offered to increase awareness about corporate sponsorship, says one CCAC respondent. Furthermore, whether or not the departmental headquarters commits itself to corporate sponsorship, the regions will. "Leave a lot of discretion to the regions and have some expertise in Ottawa."

Setting Objectives

Cost sharing and greater program awareness are among the most common objectives for seeking corporate sponsorship. Most federal departments convey the notion that anything that helps financially is positive. "We'll take whatever they are willing to give. We should also be prepared to gamble," says Transport Canada. On the whole, departments feel that there should not be a generic profile for selecting possible corporate sponsors.

On one occasion at Labour Canada, the department set a target of three major sponsors and \$180K. They got one major sponsor who gave \$60K. The department also found sponsors for specific events, and were eventually able to get \$50K from a number of other sponsors. The objectives were to reach a certain amount of money-worth services and to get a certain number of sponsors.

Industry, Science and Technology's Canada Scholarship Program set an objective of finding 30 to 40 sponsors and about \$1 million worth of support. The department has a communication objective of raising awareness of issues by 15 per cent.

Emergency Preparedness Canada has set an objective to recover 50 per cent of the cost of their digest.

Transport Canada had a communications plan with an objective that corporate sponsorship should "be national and reflect in 95 per cent seat-belt use by 1995. Part of the objective was an identification of what is needed and the second part was a publicity communication plan."

National Capital Commission has a tactical plan taking into consideration the events forecasted over the next fiscal year. From this they can allocate PYs, resources and budgets, etc.

One respondent suggested that the percentage of the program cost being sought should be assessed on a case by case basis. The Corporate Sponsorship Committee at CCAC asks project managers about fiscal arrangements so that they can get a feel for the ratio of resources put into the arrangement by the department and the sponsor.

Measuring Success

Several federal departments measure success through: the amount of money and sponsors raised compared to their initial goal; the happiness of the sponsors with the arrangement; the political response; the minister's contentment with the progress of the project; whether or not corporate objectives of the company were met while the department's image was improved; and, finally, whether it gives the "biggest bang for the buck." External Affairs produced a television show and measured success by the number of viewers and the amount of sponsorship interest that was generated.

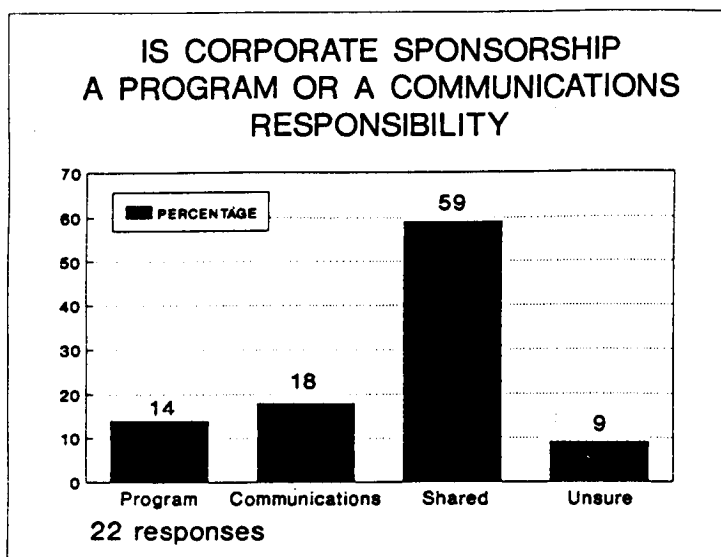
One branch at Consumer and Corporate Affairs says, "We measure success in a qualitative way as opposed to a numerical type of success measurement, because of our relationship with a number of intermediaries."

Energy, Mines and Resources plans to put a sophisticated tracking program into place to isolate communication activities by the source of the message to determine the cause of program awareness.

Labour Canada feels that through more corporate sponsorship experience, departments can become "more objective and be more realistic about what would constitute success."

Program vs. Communications Responsibility

To the question whether corporate sponsorship should be a program responsibility, communications responsibility or a shared one, 59 per cent of respondents in federal departments agree: corporate sponsorship should be a shared responsibility. At CCAC, half of the respondents believe that sponsorship is a program responsibility compared to 14 per cent of interviewees in other federal departments.



According to one respondent at Consumer and Corporate Affairs (who favours shared responsibility), there should be a resource person available who knows how to package the communications material.

Labour Canada agrees responsibility should lie with the program manager. He or she should see the traps that the program could get into in terms of the budget and the environment, but should also work in close cooperation with communications.

Environment Canada also feels that corporate sponsorship is a program responsibility. Public awareness programs are certainly not something to do at the end, and, often, communications tends to be at the end of the chain. At Multiculturalism and Citizenship, the Communications Branch has proposed the establishment of a working unit within the Branch to coordinate the department's major public education campaigns, including corporate sponsorship and sponsorship opportunities, and coordinating marketing and educational vehicles. These activities would be assumed in partnership and cooperation with the responsible program managers.

Ultimately, responsibility comes down to "a marriage of interests that can be translated into a combining of funds," says another CCAC respondent.

The marketing firm Storgaard and Associates believes that corporate sponsorship is not effective where it is now: communications. "Communications is not sufficiently versed in sponsorship. Sponsorship should be more closely associated with a marketing function."

Headquarters vs. Regional Responsibility

The coordination of national and regional objectives is the primary reason why departments define corporate sponsorship as a shared responsibility. Two-thirds of all departments surveyed believe that sponsors should be approached by both regions and headquarters.

THE PRIVATE SECTOR PERSPECTIVE

1. CORPORATE SPONSOR PERSPECTIVE

Corporate Experience

Among the corporate sponsors interviewed for this paper, McDonald's, Tanbore, Proctor and Gamble and Zellers each worked with Consumer and Corporate Affairs in corporate sponsorship arrangements. In addition:

- * Zellers planned a project with Multiculturalism and Citizenship Canada's National Literacy Secretariat and the ABC Literacy Foundation to produce a comic book about the importance of reading.
- * McDonald's worked with Secretary of State on National Access Awareness Week and an illiteracy program called "Reading is Fun."
- * Evenflo had a sponsorship arrangement with the Canadian Institute for Child Health and commissioned a marketing firm to solicit some seed money to attract corporate sponsorship.
- * Proctor and Gamble worked on the National Round Table for the environment and sponsored one of their books.

Of the corporate sponsor respondents, McDonald's, Proctor and Gamble and Tanbore, had a positive experience with corporate sponsorship. Evenflo had a negative experience, and Zellers experienced the sponsorship arrangement with both positive and negative feelings.

- * "We derived a wealth of experience from working with departments. That's where the expertise lies," says McDonald's. "The federal government provides corporate sponsors with expertise and credibility. We in turn can provide the government with the ability to reach people."
- * "Association with CCAC is good for us. It gave us endorsement of our name with CCAC's," says Tanbore.
- * Proctor and Gamble had a chance to get involved with something they think is quite credible: the environment.
- * Zellers, however, felt that the experience had both positive and negative aspects. "We think we could have achieved more. The biggest frustration was the high staff turnover on the part of CCAC," says Zellers. "We had to re-brief different people. The lack of continuity made things difficult. Timing became stressful because we are continually working to advance

deadlines, so decisions had to be made in advance at CCAC. This proved difficult at times because of the bureaucratic process." Tanbore agrees that the bureaucratic process slows everything down. For them, artwork approval was overly delayed.

- * Evenflo's experience was not positive because the agency of record went bankrupt. Working with government presented "too many roadblocks."

Criteria

Corporate image, direct sales impact, product awareness and marketing position are all important criteria to consider when deciding whether to pursue a corporate sponsorship arrangement. In the case of Binny and Smith (Crayola), the corporate image is already good. They are looking for new product awareness and promotional opportunities.

"The bottom line is that the sales must be there," says Zellers. All companies are interested in a sponsorship arrangement where they can improve their commercial results. Zellers says that CCAC's KidsCare was a natural because of the company's Zeddy program and focus on infant and children's wear. "We are always looking at ways of enlarging our marketing position - of driving traffic to Zellers to increase our sales."

According to Proctor and Gamble, some organizations are sponsored for altruistic reasons, such as a Salvation Army dinner.

McDonald's says that they look at who their market is (family and children) and the issues that affect the market and the business. "In the case of the illiteracy issue, we saw this as something that was of value to our target audience and therefore to us."

At Evenflo, they look at whether the offer is a fit with their corporate direction, whether there is a benefit, if it relates to their target group and if there is brand association and awareness.

The Royal Bank of Canada bases its four criteria on the premise that "sponsorships, if properly selected and effectively managed, are useful marketing tools." These criteria include:

1. event banking - is there a banking relationship between the bank and the event organizer?
2. marketing potential - is there a way to support product marketing objectives against defined target audiences?

3. business development potential - does the event provide opportunities to support client relationship building goals, to enhance or reinforce existing client relationships?
4. image enhancement - does the image of the event support the reputational objectives of the bank?

If an event does not deliver on three out of these four criteria, the Royal Bank tends to back away.

Canada Post also has four objectives: product sales, corporate reputation, employee buy-on and working with other businesses. The corporation wants to be visible as a major Canadian corporation, gaining public awareness. They strive for a positive business reputation to support product sales and a public reputation to support strategic change.

Requests

Zellers receives 10 to 12 requests each week which translates into 500 to 600 per year for corporate sponsorship. Tanbore receives 3 per year, Proctor and Gamble receives 6 to 8 per day for donations or sponsorships and McDonald's has so many requests that they cannot count them all. Evenflo gets many requests from associations, but not from the government. They are willing to listen to presentations, but would expect a visible pay-off for any arrangement.

From its requests, Zellers accepts about 6 projects each year. Proctor & Gamble accepts between 300 to 400 each year, while McDonald's said "It's hard to say how many are accepted."

The number of requests seems to have levelled off at Zellers. Yet at Proctor and Gamble, it is increasing exponentially. "We do not receive many requests from government, but I would have to say that most requests from the government are at the municipal level."

Planning Lead-times and Dollar Allocations

The amount of lead-time is crucial for a successful corporate sponsorship arrangement. According to Zellers, "the bigger the project, the bigger the lead-time". "We only have so much room on the calendar. Timing is very important. Major projects could take a year to put together."

According to McDonald's, they "need at least one year to implement an arrangement and possibly up to 24 months depending on the value and complexity of the proposal."

Tanbore needs 4 to 5 months lead-time, Proctor and Gamble require a minimum of 3 months, depending on the nature of the arrangement, and Binny and Smith (Crayola) plan the entire following year in August.

Zellers looks at projects on an individual basis. "The dollar amount could run from \$5K to \$1 million. If a project captures the imagination then the door is wide open. They point out that sponsorship can work both ways. For example, we're issuing an exclusive Batman comic; Multiculturalism and Citizenship is supporting it through a one page ad on the back cover."

At Proctor and Gamble, sponsorship value varies from minimal to a couple of million dollars. However, large amounts would be over a 3 to 4 year period and would directly involve the company's products. Evenflo would be looking at \$25K to \$50K.

When McDonald's looks at a program they look at what they also bring to the table: a well known base (name) and a means of reaching a large target audience. For these reasons, money rarely exchanges hands.

Additional Comments

Companies obviously prefer associations with events which are related directly to them. For example, Kelloggs and Provigo work with nutrition promotions, while household chemical safety is sponsored by various hardware stores.

Zellers is not particularly concerned whether they are perceived to be in association with a federal politician or not. In any sort of presentation or public event they want to be properly positioned, i.e. visible. Furthermore, the company delivers 7.2 million circulars across the country every week. The cost of dropping a 10x10 ad in this circular is only 1 cent per page. "It is a phenomenally cheap means of reaching over 7 million homes."

Tanbore stresses the importance of working together. "If I help you on this project I would hope to have an opportunity to do it again." Furthermore, the company should have the first right of refusal. With a sponsorship agreement both sides must come to a mutual understanding. "Do it for a year, then evaluate where you are."

Evenflo cautions that before a sponsor is approached, their financial reports should be examined. "Don't go after companies that are hurting on the bottom line. Look at those who have funds set aside. Things are tough with the economy."

Proctor and Gamble assures that government agencies are treated the same as all other requests.

2. MARKETING FIRM PERSPECTIVE

Marketing firms believe that corporate sponsorship offers the government a huge opportunity. "There are companies that would like to form a relationship with government," says Marketing & Promotion Group. Optima Research states that "Government sponsorship is an excellent way to enable partners to win brownie points. In many instances it is sharing a noble cause." Some corporate sponsors have worked very hard to overcome image problems. A sponsorship with the government will further this image renovation. "What you want is a marriage of convenience that does not drag down either party."

Storgaard and Associates believes that social marketing is the way of the 90's. "This is good news for the public and private sector looking at corporate sponsorship." Furthermore, to succeed you must package and present your programs and initiatives in a way that is meaningful to corporations. "Some firms are receiving hundreds of requests. They must ensure sponsorship is integrated within their whole marketing approach. You must have intelligence on a company to interest them in your initiative."

Because the scope and magnitude of what corporate sponsorship means in the 1990's has changed so dramatically from the 1980's, new trends must be understood. Thus, Storgaard cautions the federal government in setting up its own internal unit to look at corporate sponsorship. "It should be supplemented with extensive external resources, i.e. marketing firms with expertise."

Another consideration may be financial. Corporate sponsorship could be more viable if the government had some seed money to help it get off the ground. "You have to spend money to make a program grow. You can approach sponsors and maybe luck-in, but if there is no financial commitment you won't get a return," says Marketing & Promotion Group. "There has to be flexibility to accommodate the private sector. You have to understand how marketers think and how corporate sponsorship can be moved into a more results oriented program."

Marketing Firm Opportunities

Marketing firm involvement is widespread. Storgaard and Associates are involved in partnership arrangements between public and private sectors in about 75 to 80 per cent of their work. Half of the firm's work is devoted strictly to corporate sponsorship. Marketing & Promotion Group views corporate sponsorship as part of sales promotions, devoting 5 to 10 per cent of their work to it.

Both firms see corporate sponsorship as a growth area. Storgaard says that federal and provincial governments are consistently strong and the municipal governments are becoming more involved. Marketing & Promotion Group says that corporate sponsorship is more difficult during tough economic times.

Measuring Success

When it comes to public opinion of government corporate sponsorship arrangements, Storgaard and Associates mentioned a U.S. study that indicated that 60 to 70 per cent of respondents reacted positively; presumably, if such arrangements did not exist then taxes would increase.

Marketing & Promotion Group mentions a study which proves corporate sponsorship acceptable. For further information, the firm recommends contacting the Institute of International Research.

To evaluate the success of a project using corporate sponsorship, Optima Research gives the following criteria: the need for objectives, pre-testing and post-testing. In other words, measuring the extent to which corporate sponsorship objectives are met can evaluate success. "It's as simple and as complicated as that."

Storgaard recommends doing a feasibility study to determine what programs are marketable. This should be done by a third party. "I would never expect to do an effective unbiased evaluation of my organization myself. A third party is more objective."

Resources

To counter department reluctance toward investing current resources in *potential* benefits, marketing firms advise the following:

"The private sector develops annual plans well in advance," says Marketing & Promotion Group. "Government should consider working with a company and break the deliverables into little chunks - pay could be based on stages." Another point they make is that corporate sponsorship would be more viable if the government had some seed money to help get it off the ground.

If an organization wants a return on investment then Storgaard asks them to refer to their strategic objectives. "The problem is often the need to get a return within a short period of time. Government must realistically look at investing today's dollars and project them over a period of 2 to 3 years for return."

WHETHER TO USE MARKETING FIRMS

Among the federal departments surveyed, 57 per cent of them hired a marketing firm to implement a corporate sponsorship strategy. It is generally felt that hiring a marketing firm gives departments the necessary expertise to help pursue corporate sponsorship. However, some organizations, such as Secretary of State, Industry, Science and Technology and the National Capital Commission are pursuing part of this role internally.

At Secretary of State, the program officers do most of the work, including approaching sponsors. National Capital Commission developed their own corporate sponsorship division working closely with corporate communications, marketing and creative services. They also solicit their own sponsorship.

The National Research Council does not use marketing firms and Labour Canada has an overall manager of their corporate sponsorship program. Canada Communications Group subcontracts certain other sponsors. For example, they would find firms who in turn find sponsors. CCG would manage the contract and negotiate where various company logos appear, etc.

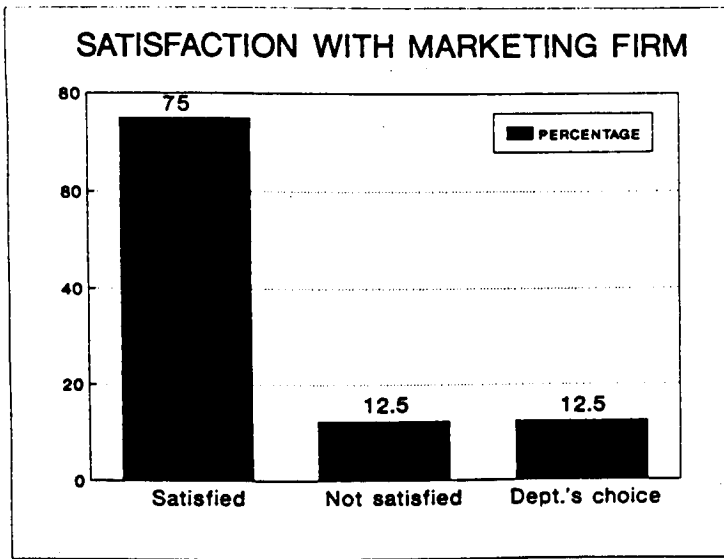
Energy, Mines and Resources has its own project manager in charge, but solicitation of sponsors is given to public relations firms. Likewise, Transport Canada does a portion of the work and then uses marketing companies, providing them with assistance. "It would involve three major groups: departmental public affairs, technical information from the programs, and public relations firms in collaboration with the sponsors."

After a feasibility study, Industry, Science and Technology found that they were well placed to solicit possible sponsors. They pay a certain amount to the marketing firm and then a possible percentage of the sponsorship contributions solicited. They also feel it is probable they can find their own sponsors as well.

At Consumer and Corporate Affairs, respondents were split on whether to use a marketing firm. 53 per cent of interviewees think the department should invest in a study to assess its programs and activities for sponsorship. 33 per cent disagree with such a study and 14 per cent were unsure.

Fitness and Amateur Sport hired a marketing firm. The department assisted them with its contacts with major national sponsors involved in sport. Multiculturalism and Citizenship hired a marketing firm to procure sponsors and have commissioned proposals for a marketing strategy from two other companies. Energy, Mines and Resources suggests the contract should commit the firm to a work plan that will be reviewed periodically.

Environment Canada claims that they had better contacts than did the marketing firms during their experience with corporate sponsorship. Therefore, firms did not contribute much. They found that companies wish to deal directly with the department, rather than through a firm. For their part, Forestry Canada finds that marketing firms are often too creative; e.g. Forestry cannot have their name on a cereal box.



Despite some adversity, 75 per cent of federal departments claim they are satisfied in using marketing firms.

"Marketing firms have an advantage when working with the private sector because they have experience and networks. They can contribute to corporate sponsorship by using a private sector marketing approach," says Energy, Mines and Resources.

Multiculturalism and Citizenship recommends using outside

marketing firms. They feel the department needs to remain closely involved, that businesses approached realize that they are dealing with government (not the private company) and that a departmental representative accompany the marketing representative to meetings with potential corporate sponsors. The marketing firm should be well briefed about the department and the firm should have a fixed departmental representative.

On the other hand, marketing firms can be useful for the department because, as Labour Canada puts it, "who has time to contact and arrange contracts with all these companies?" Firms can be a convenient release for time management problems. Outside firms take a share of the sponsorship as well. That way there is not necessarily a higher cost to the department; the firm receives its pay cheque from the sponsor, not the department.

"The department has to educate marketing firms in the functioning of the department and its political needs," says Energy, Mines and Resources. External Affairs cautions that much time goes into educating the consultant on the culture and the way the department works. "It takes more time to use a consultant than to assign it to an employee."

While marketing firms are very professional and can devote someone to corporate sponsorship full-time, unlike the government, marketers tend to play up advantages and down-play disadvantages.

Preferences of the sponsor should be considered, as well. "Definitely corporate sponsors would prefer to work with the decision makers," suggests External Affairs. "We found that working with a middle-person just made it more difficult."

By contrast, Evenflo prefers working with a public relations firm simply because they find the experience in working directly with the government inefficient and frustrating. "When working with the government there are too many layers. There are some government workers whose sole purpose in life is to act as a devil's advocate."

Crayola would work with either a government branch or a marketing firm, whichever was more convenient at the time. However, "if you deal with a marketing company you get the glitz and glamour as well as the cost." Working with a marketing firm can be costly and impersonal. Nevertheless, you can set a budget and work toward it. Another alternative is to work with a consultant, someone who has the resources.

Storgaard and Associates conclude that most corporate sponsors want to deal with professional marketing firms. This is for two reasons: they do not understand government nor have had positive experience working with it. "Federal department people are not in tune with business people. They rely on us for growing the opportunity. Usually the corporate sponsorship has a defined life cycle. The government must rely on us to extend that life cycle." Storgaard believes that sponsorship is a very labour intensive activity. You must have the contacts to deliver. "I have not met many people who understand the need to reshape their program to business requirements. Neither party knows each other. Strategically, there is a need to have a conduit."

The majority of corporate sponsors interviewed prefer to work with whoever has the ownership of the program and whoever can make the decisions. Working with an outside firm simply adds another layer. The important thing is that the work gets completed. Zellers, Proctor and Gamble and Tanbore all agree on this point. Working directly with the branch can be faster and allows negotiation. Furthermore, it is more personal than a marketing firm.

IS THERE A NEED FOR GOVERNMENT GUIDELINES?

Increasing interest and activity between federal departments and corporate sponsors raises the issue of guidelines. Are they needed? What would they address?

Responses show that only 21 per cent of departments with corporate sponsorship experience want centralized directives or guidelines, as opposed to 47 per cent who do not want any directives. An additional 21 per cent of departments without any corporate sponsorship experience also want guidelines, while 11 per cent in the same category do not.

Treasury Board suggests corporate sponsorship is a timely subject that could be addressed in the future review of the communications policy. Treasury Board considers the Federal Identity Program as an important consideration. "We must ensure the government is not lost in the process, that we are visible."

Justice is a strong supporter of government guidelines or a policy to address corporate sponsorship and deems it crucial to know that all corporate sponsorship arrangements are acceptable, legal and recommended by government.

Fisheries and Oceans recognizes the potential value or benefits of corporate sponsorship and point out that management could be more proactive in this area. A government policy that raises profile/awareness could stir interest and benefit all departments.

Employment and Immigration states there should be a policy on companies with whom departments should not be involved. For departments interested in pursuing corporate sponsorship it should be recognized that there are potential dangers and there will be errors. They suggest the need for an interpretation of what government sees as corporate sponsorship.

"Common sense" principles are what departments should be aware of, says Department of Supply and Services. Managers should already be conscious of what they are venturing into before any corporate sponsorship arrangements. No directive from Treasury Board nor anywhere else is necessary. "There are too many directives as it is."

According to Labour Canada, guidelines that support events, rather than imposing more hindrances, are more desirable than Treasury Board directives. Existing departmental and managerial controls are sufficient. Furthermore, they would like to see the guidelines as suggestions.

Environment Canada and Transport Canada are both leery about Treasury Board directives. Instead, there should be more informal agreements. "If our department is putting the money in something like the occupant restraint program, then Treasury

Board should not have a role." Environment Canada does not see the use of guidelines except for financial considerations.

While Treasury Board directives may not be desirable for many, Optima Research maintains that the government needs a set of guidelines. "People judge government with high standards."

Storgaard and Associates, on the other hand, feel that general parameters would likely be circumvented to suit particular needs. "Guidelines would probably only benefit those not familiar with corporate sponsorship. The danger is that every situation is different."

"Corporate Sponsorship guidelines must result in a "win-win situation," says Marketing & Promotion Group. "It must be enduring, going beyond one year. Sponsors need to see what the government is bringing to the table; it must be more than a name on a poster."

For their part, the corporate sponsor community does not want to be stifled by regulations. Policies and guidelines would only complicate the approach of corporate sponsorship; a letter of intent is often sufficient. Primarily, it is important that the agreement be fair and legal. "Maybe the government cannot take things for granted, but we enter into much bigger arrangements on a handshake," says Zellers.

Health and Welfare sums up their thoughts and those of others by stating that "Central agencies should not be involved with corporate sponsorship. The private sector has very little respect for government, particularly government regulations. The minute you sit down and have to work with Treasury Board or Privy Council Office guidelines, forget it, game over. It is time central agencies backed off and let the management do their thing. . . Rules and regulations do not work here, what you need is common sense to prevail."

CONCLUSION

The responses from various federal departments combined with the input from sponsors and marketing firms draws attention to the fact that corporate sponsorship is an activity that the federal government will continue to develop.

Among the general conclusions that can be drawn from this paper:

1. Federal departments recognize the value in pursuing corporate sponsorship as a cost effective means of enhancing programs and services to the public and as a means of meeting corporate objectives not normally achievable.
2. Opportunities for Federal departments abound. Corporate sponsorship may be seen as a logical extension of working with the private sector.
3. There are policy, legal and political implications associated with corporate sponsorship. Some departments have addressed these implications through internal departmental policy documents.
4. Corporate sponsorship should be recognized in planning. This would imply setting objectives and allocating resources.
5. The majority of those with experience in corporate sponsorship do not favour government directives or policies. Those without sponsorship experience would favour guidelines.
6. Within government there is a strong interest in training initiatives.
7. Most departments have turned to marketing firms to assist them in pursuing corporate sponsorship. The majority of these departments were satisfied with the services provided.
8. Responsibility for corporate sponsorship among federal departments is viewed as a shared one between program and communications. This responsibility is also seen as a shared one between regions and headquarters.

As mentioned at the outset, hopefully those charged with some responsibility or interest in corporate sponsorship will benefit from the cumulative thoughts expressed by the contributors to this paper. There are many individuals within the Federal community that have indicated their willingness to share their experience and knowledge.

ANNEX "A" - METHODOLOGY

Research

When we began our research on corporate sponsorship we thought that government, university and municipal libraries would yield a good deal of helpful material. We were wrong. On-line research proved equally disappointing.

Much has been written on corporate sponsorship and articles on the subject appear regularly in various magazines and trade journals. But there is little material we unearthed of particular relevance to this paper's focus on the federal government's experience with corporate sponsorship.

The most useful material that we gathered came from direct contact with different departments, marketing firms and corporate sponsors as well as from various symposiums and seminars. Annex "C" provides a summary of the research material gathered for this paper.

Who we interviewed

A total of 34 employees were interviewed at CCAC, all with some experience, interest or opinion on corporate sponsorship. Respondents included the Minister's office, regional offices, members of CCAC's corporate sponsorship committee, ADM, and managerial level staff.

A letter from PCO Communications and Consultation Secretariat was sent in January, 1992 to all Directors of Communications inviting them to participate in the discussion paper. Interviews took place in February, March and April with 32 people representing 29 Federal departments and agencies. Again, the majority of those interviewed have either experience or an interest in corporate sponsorship.

Interviews were also held with six corporate sponsors representative of large and small companies as well as three marketing firms and one research firm.

Unfortunately, time constraints, resources and other considerations made it impossible to interview some individuals that have extensive federal experience in corporate sponsorship.

The Questions

Broadly speaking, questions were developed to address the following topics:

- experience to date
- identifying new opportunities
- benefits
- policy, political and legal implications
- resource implications
- training considerations
- using marketing firms
- need for advance planning and strategy
- responsibility
- national vs regional arrangements
- evaluation

A complete list of the questions developed for this paper is available from Consumer and Corporate Affairs Canada.

ANNEX "B" - LIST OF KEY CONTACTS

Federal Department Respondents

- Atlantic Canada Opportunities Agency - Johan Rudnick
- Canada 125 - Kate Thomas
- Canadian Parks Service - Doug Davidge
- Consumer and Corporate Affairs - Don Harrison
- CMHC - Jean-Pierre DesRosiers
- Communications - Paul Villeneuve
- Department of Supply and Services - Marie Plante
- Department of Justice - Tracy Eisenberg, Kathleen Malone-Aubrey
- Department of National Defence - Commander Stan Blythe
- Emergency Preparedness Canada - Lesley Lynn
- Employment and Immigration - Joanne Merritt
- Energy, Mines and Resources - Phil Cheffins
- Environment Canada - Conrad Bastien
- External Affairs - Robert Peck
- Fisheries and Oceans - Lise Ménard
- Fitness and Amateur Sport - Lyle Cameron
- Forestry Canada - Kathy Trim
- Health and Welfare - Jim Mintz
- Industry, Science and Technology - Peter Akers
- ISTC - Canada Scholarship Program - Tim Hamilton
- Labour Canada - André Lachance, Sharon-Lee Kurtenbach
- Multiculturalism and Citizenship - Sandra Souchette
- National Capital Commission - Frank Casaramona
- National Research Council - Ron Burnside
- National Energy Board - Ross Hicks
- Secretary of State - Sheila Gariépy, Kevin MacLeod
- Statistics Canada - Dale Sewell
- Transport Canada - Grant Smith
- Treasury Board - Joanna Drewry
- Western Economic Diversification - Ruth Berger

Marketing Firms

- Canada Communications Group - David Myers
- Marketing & Promotion Group - Hy Haberman
- Optima Research - Michael Saykaly
- Storgaard & Associates - Henry Storgaard

Corporate Sponsors

- Binny and Smith (Crayola) - Dave Heinbecker
- Evenflo - Paul Burney
- McDonald's - Marsha Finlayson
- Proctor & Gamble - Tom Gold
- Tanbore - Paul Borenstein
- Zellers - Terry Oliver

ANNEX "C" - LIST OF RESOURCE MATERIALS

- A. Received from Dale Sewell - Statistics Canada
 - **"Good News"** - updates about third party sponsorship activities during the five months before census.
 - Useful for illustrating examples and the extent to which Corporate Sponsorship can be used.
- B. Received from Peter Akers - ISTC
 - **"Sponsorship Feasibility Assessment for the Canada Awards for Business Excellence"** - Storgaard & Associates, May 1991.
 - Executive summary included.
- C. Received from Grant Smith - Transport Canada
 - **"Corporate Sponsorship of Road Safety Public Education Promotion Material"**, June 1989.
 - Executive summary, Table of Contents and Appendices included.
- D. Received from Robert Peck - External Affairs
 - **"A Framework for Guiding Principles and Procedures for Sponsorship"** (Consular Awareness Program) - Storgaard & Associates, August 1991. Introduction and Table of Contents included.
- E. Received from Shelley Arron-Cohen - Advanced Coronary Treatment (ACT) Foundation
 - **"Arts & Cultural Organizations Seek Increased Private Support as Public Funding Dwindles"**, Public Relations Journal, February 1992.
- F. Received from Conrad Bastien - Environment Canada
 - Paper resulting from a partnership workshop December 4-6, 1991, ie. partnerships with Environment Canada.
 - Results include: (i) listings of elements from a Guide for Best Practices for Partnerships; (ii) Recommendations for systemic measures to support Environment Canada's partnership efforts; (iii) Consistent definitions of partnerships throughout Environment Canada, etc.
 - Examples of successful partnerships with Environment Canada included.
 - Also includes **"Partnerships at DOE: A Typology and Overview of past, present, and planned partnerships in the Department"**, which discusses

topics such as "Implications of the use of various mechanisms", and "Ingredients for success" for different types of partnerships.

- G. Received from Don Harrison - Consumer and Corporate Affairs Canada
- Various papers: **"Guide to Implementation of corporate sponsorship projects at CCAC"**, and **"Corporate Sponsorship Policy"**.
 - Sponsorship agreement and Proposal Information forms included.
 - **"A Sponsorship Assessment and Strategy for Consumer and Corporate Affairs Canada"** - Storgaard & Associates.
 - **Sponsorship: What It Is and How to Use It**, book by Steve Sleight, 1989, 294 pages.
 - **"Sponsorship: Opportunities and Challenges for the Nineties"**, workbook from a one day workshop organized by Canada Communications Group and Storgaard & Associates.
 - Sponsorship Agreement with Zellers.
 - **"The Corporate Sponsor's Perspective: Strategy Behind Allocating Sponsorships"** - Royal Bank of Canada address to the Canadian Public Relations Society, February 27, 1992.
 - **"Objectives, Tactical Plans, Promotions, Employee Hosting, and Marketing."** - Canada Post Sponsorship Criteria
 - **"Vertical Marketing in the Canadian Parks Service"**, in **Optimum**, 1990/91 Vol. 21-4.
- H. Received from Johanne Belisle - Employment and Immigration Canada,
- "Introducing the National Stay-In-School Initiative"** - Information kit including sponsorship guidelines and procedures.
- I. Received from Doug Davidge - Environment Canada Parks Service,
- "Framework for Joint Project Selection and Development - Products, Services and Corporate Sponsorship"**.

ANNEX "D"

CORPORATE SPONSORSHIP COMMITTEE GUIDE TO IMPLEMENTATION OF CORPORATE SPONSORSHIP PROJECTS AT CCAC

A. Role of the Corporate Sponsorship Committee:

The Committee was created as an integral part of the Department's Corporate Sponsorship Policy, "for the clearance of proposed sponsorship arrangements." Its specified duties are to "review each sponsorship arrangement before any negotiations begin" and to "act as a clearing house prior to sending proposed arrangements to the appropriate Assistant Deputy Minister for final approval." It is an inter-Bureau committee, chaired by the Director, Communications Branch.

The overall purpose of the Committee is to assess individual sponsorship project proposals to ensure their appropriateness from a Departmental and Ministerial perspective. The Committee also provides a coordination function to ensure that there is no overlapping or disparity in the various proposals that emanate from different sources in the Department.

The Committee's role is essentially as a safeguard against embarrassment to the Department's mandate and to see that the proposed arrangement is consistent with the provisions of the Policy. Projects are the responsibility of individual bureaux. The Committee does not determine the desirability or cost-effectiveness of proposed arrangements, nor specify the terms of any agreement, nor manage a project.

The Corporate Sponsorship Committee manages the CCAC Corporate Sponsorship Policy. The Committee interprets the policy and establishes guidelines, procedures and time frames associated with the various proposals. It advises Executive Committee as to the Policy's effectiveness and recommends appropriate changes when required, but has no direct responsibility to it when any particular sponsorship arrangement is under consideration.

The Policy requires that a proposal come before the Committee twice: at an early stage for a form of pre-clearance in general terms and at an advanced stage when the specifics are settled. This latter stage will precede the completion of a written agreement, which is subject to review by Legal Services. The Committee endeavours to offer constructive suggestions, as quickly as possible, in order to facilitate follow-up negotiations and its subsequent review of the proposal.

The responsibilities of the Committee regarding the key players can be summarized as follows:

Sponsorship Project Manager

- ♦ to analyze all sponsorship proposals in a timely manner
- ♦ to provide continuing dialogue regarding the overall management of the project including procedures
- ♦ to tender advice concerning the policy itself
- ♦ to provide a corporate review regarding the components of the project

Assistant Deputy Minister

- ♦ to advise the ADM (responsible for the sponsorship project) of any serious concerns about a project or any major disagreement between it and the project manager

Executive Committee

- ♦ to inform Executive Committee of any procedures that are developed in order to properly assess any sponsorship project
- ♦ to obtain from Executive Committee a decision in the event of a fundamental policy dispute between the Committee and the ADM responsible for the sponsorship proposal
- ♦ to channel through Executive Committee any proposed changes to the CCAC Corporate Sponsorship Policy

B. Criteria to Consider when pursuing Corporate Sponsorship

Managers should consider the following issues when pursuing corporate sponsorship opportunities:

Finding Appropriate Companies

Companies eligible for participation must be appropriate to the particular program and to the mandate of CCAC itself. The objective is to associate only with companies which will not embarrass the Minister, the Department or the program involved.

Questions to consider include:

1. Is the company being regulated at present or, possibly, in the future? Could an association with the company lead to an accusation of conflict of interest?
2. Are there environmental issues? Is involvement with a company at cross-purposes with other government or departmental environmental programs?
3. Is the company under inquiry by any bureau within CCAC? If so, the matter should be considered in collaboration with the bureau involved.
4. Is the company subject to industry-specific legislation? Examples are tobacco, patented medicines, tax discounters.
5. Is the company involved with other CCAC corporate sponsorship projects? Caution should be used before entering several or multiple sponsorship agreements with the same sponsor.
6. Is the company involved in publicly-known problematic activities? Examples are breeches of law or controversies which have received media attention.
7. Is the corporate image of the sponsor one that is suitable for the Department and/or the project? For example, a toy firm making war toys may not be appropriate for a sponsorship project involving the KidsCare program.

Layout and Government Identification

Considerations include:

1. CCAC wordmark in both French and English, and its position and prominence vis-à-vis the corporate sponsor's logo;
2. FIP guidelines (flag and colour are to be respected);
3. Disclaimer provisions to be considered on a case by case basis.

Marketing Activities

The two key concerns here relate to distribution and advertising. In assessing these concerns the following questions should be considered:

1. Will the company use its relationship with CCAC as a marketing tool?
2. Is there an implied endorsement by CCAC of the product?
3. Is the company gaining an unfair advantage through its association with CCAC?

4. Is a purchase necessary to obtain a handout?
5. Will a restricted group of potential sponsors be approached, and if so, what will be the impact of this decision on the Department and on the target audience?
6. How widespread will the distribution be, and how accessible will the product be to the target audience?
7. What is the consequence of granting the exclusivity of a program or initiative to a particular sponsor?
8. If the corporate sponsorship activity is a regional activity, what are the implications of limiting regional distribution and advertising?

Language Issue

The following should be considered:

1. Will provisions of the *Official Languages Act* be followed in the publication either by using flip or separate French/English documents?
2. Are the marketing aspects appropriate?
3. Is the text quality of both official languages acceptable?

Financial Aspects

FAAD has set up a special purpose account called the Corporate Sponsorship Program Account. A Chapter relating to its use is being drafted for insertion into the CCAC Financial Management Manual.

The Corporate Sponsorship Committee may enquire about the financial arrangements being anticipated between the sponsor(s) and the Department.

C. Procedures:

Managers should use the following procedures when presenting a proposal to the Corporate Sponsorship Committee:

1. The project leader gets the project approved by the designated authority within the home organization before the project is submitted to the Corporate Sponsorship Committee.
2. The project leader provides to the Committee information on the Corporate Sponsorship Proposal macro form.

3. The form is submitted to the Chairperson of the Corporate Sponsorship Committee (the Director of Communications).
4. The chairperson will convene the Corporate Sponsorship Committee within two working days of receipt of the proposal.

Circulaire du Sous-ministre

Deputy Minister Circular



Consommation
et Corporations Canada

Consumer and
Corporate Affairs Canada

90-01

Aux: Sous-ministres adjoints,
Directeurs généraux, Directeurs

To: Assistant Deputy Ministers,
Directors General, Directors

Politique de parrainage

1. Question
2. Toile de fond
3. Avantages pour le gouvernement/Ministère
4. Avantages pour les sociétés commanditaires
5. Avantages pour les consommateurs et la clientèle
6. Projet de politique
 - 6.1 Dispositions générales
 - 6.2 Obligations du commanditaire
 - 6.3 Obligations du Ministère
7. Exigences administratives

Corporate Sponsorship Policy

1. Issue
2. Background
3. Benefits to government/department
4. Benefits to corporate sponsors
5. Benefits to consumers and client groups
6. Corporate Sponsorship Policy
 - 6.1 General provisions
 - 6.2 Sponsor's obligations
 - 6.3 Departmental obligations
7. Administrative requirements

Annexe

Appendix

1. QUESTION

Les possibilités pour Consommateurs et Sociétés Canada (CSC) de collaborer avec des sociétés commanditaires, dans le cadre de campagnes d'information, augmentent sans cesse. Ces campagnes visent à rehausser l'image et à augmenter l'efficacité des programmes actuels.

2. TOILE DE FOND

CSC est le Ministère du marché : il est à la fois le gardien des intérêts des consommateurs et des commerçants et un catalyseur des changements de comportement du marché. Tous les problèmes du marché ne peuvent être réglés par voie de réglementation ni de recours à des mesures coercitives directes. Par exemple, de nombreux problèmes que posent les produits de consommation aux consommateurs découlent du peu de connaissance et de compréhension qu'ils ont des produits qu'ils achètent. Ces questions peuvent être traitées grâce à un programme d'information coordonné et structuré.

Le Ministère compte de nombreux programmes dont les avantages pourraient être intensifiés si le public était mieux sensibilisé et mieux renseigné à leur sujet. En fait, une grande partie du travail accompli dans le cadre des programmes ministériels dépend de l'éducation du public et d'une vaste conscientisation de ce dernier. Dans le contexte des restrictions budgétaires et des compressions des dépenses, le Ministère doit chercher des moyens de sensibiliser à peu de frais les consommateurs et d'influencer leur comportement futur.

1. ISSUE

There are ever increasing opportunities for Consumer and Corporate Affairs Canada (CCAC) to work cooperatively with Corporate Sponsors in information campaigns. These campaigns are designed to increase the profile and effectiveness of existing programs.

2. BACKGROUND

CCAC is the department of the marketplace, being both a guardian of consumer and business interests as well as a catalyst for change in marketplace behaviours. All marketplace problems are not amenable to solution through regulation and direct hands-on enforcement activities. For example, many problems that consumers have with consumer products are the result of a lack of knowledge and understanding of the products they buy. These issues may be addressed through a structured - coordinated information program.

The Department has numerous programs whose benefits would be increased through greater public exposure and awareness. Indeed, much departmental program work is dependent on public education and wide public exposure. In an environment of tight budgets and reduced spending, the Department must seek ways to economically capture the awareness of consumers on an issue and influence their future behaviour.

Il peut y arriver au moyen de parrainage, jumelé à un programme établi de sensibilisation. On peut généralement établir un certain rapprochement entre les objectifs d'une société commanditaire et ceux d'un programme bien conçu d'information et de sensibilisation du public.

Les avantages des arrangements de parrainage en matière de programmes d'information profitent aux parties en cause.

3. AVANTAGES POUR LE GOUVERNEMENT/MINISTÈRE

- il permet de mieux sensibiliser le public aux questions gouvernementales ainsi qu'aux rôles et aux obligations de tous les partenaires du marché : le gouvernement, les entreprises et les consommateurs;
- il encourage les consommateurs et les commerçants à changer d'attitude et de comportement;
- il améliore l'efficacité des programmes ministériels de sensibilisation dans un contexte caractérisé par des contraintes de toutes sortes;
- il augmente la visibilité du Ministère et démontre sa détermination à promouvoir les questions de consommation; et
- il permet de planifier et d'exécuter des programmes ministériels de sensibilisation, d'une façon qui ne serait pas possible autrement.

This can be accomplished with the aid of corporate sponsorship arrangements in conjunction with an established awareness program. There can usually be a complimentary fit between the objectives of a Corporate Sponsor and those of a well designed public awareness and information program.

The benefits of corporate sponsorship arrangements of information programs accrue to all parties.

3. BENEFITS TO GOVERNMENT/DEPARTMENT

- it increases public awareness of departmental issues and the roles and responsibilities of all marketplace participants: government, business and consumers;
- it provides an impetus for consumers and businesses to change attitude and behaviour;
- it improves departmental awareness program effectiveness within an environment of restraint;
- it enhances departmental visibility and demonstrates an assertive stance in promoting consumer issues; and
- it permits departmental awareness program planning and delivery which would otherwise not be possible.

4. AVANTAGES POUR LES SOCIÉTÉS
COMMANDITAIRES

- il permet à la société commanditaire d'établir un lien avec un éventuel consommateur d'une façon non menaçante;
- il offre un moyen tangible de contribuer de façon positive à l'amélioration du marché;
- il associe le nom ou un produit de la société commanditaire au programme ministériel de sensibilisation;
- il offre à une société commanditaire la possibilité d'établir un partenariat avec le Ministère afin de traiter d'une question liée au marché.

5. AVANTAGES POUR LES CONSOMMATEURS
ET LA CLIENTÈLE

- il donne au consommateur un plus grand accès à l'information ministérielle;
- grâce à l'information transmise par le Ministère, les consommateurs sont mieux renseignés et achètent avec plus de discernement;
- les partenariats établis par le Ministère et les sociétés commanditaires peuvent finalement donner lieu à un marché plus efficace;
- les consommateurs des régions éloignées auront accès aux programmes ministériels de sensibilisation.

4. BENEFITS TO CORPORATE SPONSORS

- it enables a Corporate Sponsor to establish a relationship with a potential customer in a non-threatening way;
- it provides a tangible route for making a positive contribution to the betterment of the marketplace;
- it establishes a link between the Corporate Sponsor's name or the product and the departmental awareness program;
- it provides a Corporate Sponsor with the opportunity of working in a cooperative partnership with the Department to address a marketplace issue.

5. BENEFITS TO CONSUMERS AND CLIENT
GROUPS

- improves consumer access to departmental information.
- consumer ability in the marketplace is improved through the increased knowledge from departmental information.
- the partnerships made by the Department and Corporate Sponsors may ultimately lead to a more effective marketplace.
- consumers in remote areas will have access to departmental awareness programs.

6. PROJET DE POLITIQUE

La présente politique de parrainage pose des principes directeurs applicables à tous les aspects d'un arrangement de parrainage. Elle détermine notamment les obligations incombant à la société commanditaire et au Ministère.

6.1 DISPOSITIONS GÉNÉRALES

6.1.1 Les activités promotionnelles de la société, relativement à un programme donné, doivent contribuer, directement ou indirectement, à la réalisation des objectifs du programme spécifique de sensibilisation.

6.1.2 Le Ministère se réserve le droit de refuser ou d'approuver les arrangements de parrainage le liant avec toute société commanditaire, en fonction d'impératifs dictés par la nature d'une campagne donnée.

6.1.3 La société commanditaire ne doit pas stipuler ni laisser croire, de façon directe ou indirecte, dans tout matériel publicitaire écrit, graphique ou diffusé sur les ondes, que le Ministère approuve ou homologue son produit ou service. L'exigence d'une clause de renonciation ou désistement spécifique à l'effet du Ministère en relation avec tout matériel promotionnel devra être considérée cas par cas. Les services juridiques du Ministère devront être consultés en ce qui a trait à une telle exigence et à sa mise en oeuvre.

6. CORPORATE SPONSORSHIP POLICY

This Corporate Sponsorship policy establishes guiding principles for all aspects of a corporate sponsorship arrangement including obligations of the Corporate Sponsor and the Department.

6.1 GENERAL PROVISIONS

6.1.1 Corporate promotional activities pertaining to a particular departmental awareness program must directly or indirectly contribute to the objectives of the specific awareness program.

6.1.2 The Department reserves the right to refuse or approve sponsorship arrangements with any proposed Corporate Sponsor as the nature of a particular campaign may dictate.

6.1.3 A Corporate Sponsor shall not directly or indirectly state or imply in any promotional material, written, graphic or broadcast, that its product or service is endorsed or recommended by the Department. The requirement that a specific disclaimer clause or notice to the benefit of the Department be part of any promotional material shall be considered on a case-by-case basis. Departmental legal services shall be consulted as to such a requirement and as to its implementation.

6.1.4 Aucune société commanditaire vendra les produits ou les services fournis ou subventionnés par le Ministère qui seraient normalement disponibles gratuitement au public.

6.1.5 Les arrangements de parrainage ne dispensent pas les sociétés commanditaires de se conformer à toutes et chacune des dispositions des lois fédérales et des règlements adoptés en vertu de celles-ci. Les sociétés commanditaires qui, avant ou au cours d'une activité promotionnelle, font l'objet de mesures coercitives aux termes de lois fédérales ou provinciales, peuvent se voir contraintes de se retirer pour le reste de la promotion et de cesser l'utilisation de matériel publicitaire.

6.1.6 Le fait pour une société commanditaire de ne pas se conformer à l'une ou l'autre de ces dispositions de cette politique rendra tout arrangement de parrainage nul et non avenu.

6.1.7 Le Ministère se réserve le droit de mettre fin à tout arrangement de parrainage à n'importe quel moment, si les activités de la société commanditaire visée sont incompatibles avec les objectifs et l'image de la campagne.

6.1.8 Aucun arrangement exclusif de parrainage ne sera accordé à l'égard de tout programme de sensibilisation que le Ministère choisit d'instituer. Le comité de direction peut, seulement dans des circonstances exceptionnelles, considérer et approuver un arrangement de parrainage exclusif.

6.1.4 No Corporate Sponsor shall sell any departmental produced or supplied products or services that are normally available free of charge to the public.

6.1.5 Sponsorship arrangements do not exempt sponsors from complying with any and all provisions of federal laws and regulations adopted thereunder. Corporate Sponsors who are the subject of any enforcement actions under federal or provincial law during or before the course of any promotion may be asked to withdraw from the remainder of the promotion and cease any use of promotional material.

6.1.6 Failure by a Corporate Sponsor to comply with any of the provisions of this policy will result in any sponsorship agreement becoming null and void.

6.1.7 The Department reserves the right to terminate any sponsorship agreement at any time due to Corporate Sponsor activities inconsistent with the objectives and image of the departmental awareness program.

6.1.8 The Department shall not participate in exclusive sponsorship arrangements in regard to any awareness program the Department chooses to initiate. The executive committee may, only in certain exceptional circumstances, consider and approve an exclusive sponsorship arrangement.

6.2 OBLIGATIONS DU COMMANDITAIRE

6.2.1 La société commanditaire, pour établir le lien entre ses activités promotionnelles et l'objet du programme particulier d'information, incorporera les thèmes du programme à son matériel publicitaire sous forme de symboles graphiques ou de messages écrits.

6.2.2 Les sociétés commanditaires n'utiliseront les symboles, slogans, thèmes, illustrations officiels d'identification du gouvernement, du Ministère ou du programme ainsi que les autres éléments du programme d'information et de sensibilisation du public, qu'avec l'approbation et le consentement du Ministère.

6.2.3 Les sociétés commanditaires entretiendront d'étroites relations avec les organismes initiateurs, pour ce qui concerne le contenu du programme et les stratégies de programmation.

6.2.4 Le Ministère pourra exiger que le matériel publicitaire soit disponible en français et en anglais.

6.3 OBLIGATIONS DU MINISTÈRE

6.3.1 Le Ministère doit réviser et finalement déterminer le contenu technique, la démarche préconisée, la qualité et l'exactitude de tous les messages véhiculés dans tout matériel produit pour distribution publique. Les Bureaux du Ministère impliqués dans des arrangements de parrainage établiront des mécanismes de révision et d'approbation, selon les besoins.

6.2 SPONSOR OBLIGATIONS

6.2.1 Sponsors will relate their promotional activities to the thrust of the particular departmental awareness program by incorporating program themes graphically or in written copy.

6.2.2 Corporate Sponsors shall use official Government, Department, or program identification, symbols, slogans, themes, illustrations and other components of the public awareness and information program only with the approval and consent of the Department.

6.2.3 Corporate Sponsors will maintain a close liaison with the initiating organizations regarding program content and timing strategies.

6.2.4 The Department may require that promotional material be made available in French and English.

6.3 DEPARTMENTAL OBLIGATIONS

6.3.1 The Department shall review and finally determine the technical content, program approach, quality and accuracy of all messages conveyed in any material which is produced for public distribution. The departmental Bureaus involved in a sponsorship arrangement will establish reviewing and approval mechanisms as needed.

6.3.2 Le Ministère prodiguera aide et conseils créatifs dans les secteurs appropriés de participation, sur lesquels la société commanditaire pourrait fonder ses activités de parrainage.

6.3.3 Le Ministère fournira au besoin, à la société commanditaire, des documents d'information, des illustrations, des slogans et des symboles distinctifs (dont il pourra disposer) afin de contribuer à l'efficacité et à la continuité du contenu du programme.

6.3.4 Le Ministère doit en permanence contrôler l'utilisation faite des symboles, slogans, thèmes, et illustrations officiels d'identification du gouvernement, du Ministère ou du programme et des autres éléments du programme d'information et de sensibilisation du public.

7. EXIGENCES ADMINISTRATIVES

Le Ministère mettra sur pied un comité central spécial de coordination, en vue de l'attestation des arrangements proposés de parrainage. Ce comité regroupera un représentant de chaque Bureau et sera présidé par la Direction des communications. Le comité a pour rôle de réviser chacun des arrangements de parrainage avant que les négociations débutent et de contrôler et coordonner les arrangements proposés. Le cas échéant, avant de les transmettre au sous-ministre adjoint concerné pour approbation finale, il enverra la décision au Comité de direction à titre informatif.

6.3.2 The Department will provide creative advice and input on appropriate areas of involvement on which the Corporate Sponsor could base its sponsoring activities.

6.3.3 The Department will provide to the Corporate Sponsor, as needed, information materials, artwork, slogans, and logo types (as available) in order to contribute to the effectiveness and continuity of the departmental awareness program content.

6.3.4 The Department shall maintain control of the use of official Government, Department or program identification symbols, slogans, themes, illustrations and other components of the public awareness and information program.

7. ADMINISTRATIVE REQUIREMENTS

The Department will establish an ad hoc central coordinating committee for the clearance of proposed sponsoring arrangements. The committee will be comprised of a representative from each Bureau and be chaired by the Communications Branch. The committee will review each sponsorship arrangement before any negotiations begin and will act as a clearing house prior to sending proposed arrangements to the appropriate Assistant Deputy Minister for final approval with the decision forwarded to the Executive Committee for information.

Les projets d'entente de parrainage qui présentent des difficultés particulières peuvent, à la discrétion du sous-ministre adjoint concerné être transmis au Comité de direction à titre indicatif.

Proposed sponsorship agreements which pose particular difficulties can, at the discretion of the Assistant Deputy Minister involved, be referred to the Executive Committee for guidance.

- Une entente écrite entre le Gouvernement et la société commanditaire sera préparée, précisant les détails de l'arrangement de parrainage. Les rôles et responsabilités de chaque partie devront être également précisés dans l'entente.
- L'entente devra contenir une clause d'indemnisation au bénéfice de la Couronne contre toute poursuite éventuelle résultant d'un arrangement de parrainage.
- L'entente devra préciser la valeur approximative des services à être rendus par chaque partie i.e. matériels créatifs, impression, distribution.
- L'entente devra être signée par un agent du Ministère ayant des pouvoirs de signature délégués sur le plan financier au moins équivalents à la valeur des prestations de parrainage pour les deux parties.
- L'entente devra être révisée et approuvée en ce qui a trait à sa teneur juridique par les services juridiques du Ministère avant sa signature.
- A written agreement between the Department and the Corporate Sponsor shall be drawn up, specifying the details of the sponsorship arrangement. Each party's duties and obligations shall be specified in the agreement.
- The agreement shall include an indemnity clause in Her Majesty's favor against any prosecution resulting from a sponsorship agreement.
- The agreement will specify the approximate value of the services to be rendered by each party, e.g. creative materials, printing, distribution.
- The agreement shall be signed by an officer of the Department whose delegated level of financial signing authority is at least equal to the value of the sponsoring arrangement for for both parties.
- Prior to signature, the agreement shall be reviewed and approved as to legal form and substance by departmental legal services.

- Les employés du Ministère devront se familiariser avec les Lignes directrices au sujet des conflits d'intérêts touchant les fonctionnaires et avec le Code régissant les conflits d'intérêts et l'après-mandat du gouvernement et ils agiront en conséquence.

- Employees of the Department will familiarize themselves with the Government's Conflict of Interest Guidelines and the Post Employment Code and conduct themselves accordingly.



Jocelyne Bourgen

SPONSORSHIP AGREEMENT

This agreement is made as of the _____ day of _____, 199_.

BETWEEN:

HER MAJESTY THE QUEEN in the right of Canada, hereinafter called "Department", as represented by the Minister of Consumer and Corporate Affairs, hereinafter called "the Minister".

OF THE FIRST PART

AND:

A corporation incorporated under the laws of _____ and carrying on business in the Province of _____, hereinafter called "the Sponsor".

OF THE SECOND PART

Whereas the Department has numerous programs whose benefits would be increased through greater public exposure and awareness in an environment of tight budgets and reduced spending, the Department must seek ways to economically capture awareness of consumers on an issue and influence their future behaviour;

Whereas these issues may be addressed through a structured - coordinated information program; and there can usually be a complimentary fit between the objectives of a Corporate Sponsor and those of a well designed public awareness and information program; and

Whereas the benefits of corporate sponsorship arrangements of information programs accrue to all parties;

Now therefore, the Department and the Sponsor agree as follows:

1.0 Definitions:

1.1 In this Agreement:

- a) "Departmental Representative" means the officer or employee of Her Majesty who is designated in this Agreement and includes a person authorized by the Minister or the Departmental Representative to perform any of the Departmental Representative's functions under this Agreement;

- b) "Minister" means the Minister of Consumer and Corporate Affairs and includes officials of the Department of Consumer and Corporate Affairs authorized to act on his/her behalf.
- c) "Sponsorship" means the contribution by the Sponsor to assist the Department.

2.0 Agreement.

2.1 The following documents and any amendments relating thereto form the Agreement between the Department and the Sponsor:

2.1.1 These articles of Agreement:

2.1.2 The document attached hereto as "Appendix A" and entitled "Corporate Sponsorship Policy";

2.1.3 The document attached hereto as "Appendix B" and entitled "Details of Agreement";

2.1.4 The document attached hereto as "Appendix C" and entitled "Benefits to the Sponsor".

3.0 Period of Sponsorship.

3.1 The terms of this Agreement shall commence on the _____ day of _____ 199__ and terminate on the _____ day of _____ 199__ .

4.0 Indemnification.

4.1 The Sponsor shall indemnify and save harmless Her Majesty from and against all claims, losses, damages, costs, expenses, actions and the proceedings, made, sustained, brought, prosecuted, threatened to be brought or prosecuted, in any manner against Her Majesty based upon, occasioned by or attributable to the fact that Her Majesty has entered into this Agreement including any injury to or death of a person or damage to or loss of property arising from any wilful or negligent act, omission or delay on the part of the Sponsor, the Sponsor's employees or agents in performing their duties or as a result of their duties under the Agreement.

5.0 Termination or suspension due to Default of Sponsor.

- 5.1 The Department may by giving notice to the Sponsor, terminate or suspend the Sponsorship with respect to all or any part of the Sponsorship if the Sponsor fails to perform any of the Sponsor's obligations under the Agreement or if the Sponsor's activities are inconsistent with the objectives and image of the departmental awareness program or in the Minister's view, so fails to make progress as to endanger the Sponsorship in accordance with its terms.
- 5.2 Upon termination of the Sponsorships Agreement, the Sponsor shall immediately cease any use of the promotional material which is the subject of the Agreement.
- 6.0 Miscellaneous terms and conditions.
- 6.1 Time shall be deemed to be of the essence of this Agreement.
- 6.2 This Agreement shall not be assigned by the Sponsor without the prior written consent of the Minister.
- 6.3 No Member of the House of Commons or Senate shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom:
- 6.4 This Agreement shall be governed by and construed in accordance with the laws in force in the Province of _____.
- 6.5 Nothing herein contained shall be construed to place the parties in an employer-employee relationship and the Sponsor shall not hold itself or any of its agents, employees or representatives or permit any of its agents, employees or representatives to hold himself out as an employee, agent or representative of the Minister or of the Department of Consumer and Corporate Affairs.
- 6.6 It is a term of the Agreement that no former public office holder who is not in compliance with the post-employment provisions of the Conflict of Interest and Post-Employment Code for Public Office Holders shall derive a direct benefit from this Agreement.

- 6.7 All notices and communications to the Minister in connection with this Agreement may be addressed to the Departmental Representative hereby designated by the Minister:

Name, title and address

- 6.8 All notices and communications to the Sponsor in connection with this Agreement may be addressed to the Sponsor's Representative hereby designated by the Sponsor.

Name, title and address

- 6.9 No amendment of this Agreement nor waiver of any of the terms and provisions shall be deemed valid unless effected by a written amendment.

- 6.10 This Agreement constitutes the entire agreement between the parties with respect to the sponsorship arrangement and supersedes all previous negotiations, communications and other agreements relating to it unless they are incorporated by reference.

In Witness Whereof, this Agreement has been executed on behalf of the Sponsor and on behalf of Her Majesty the Queen in right of Canada by their duly authorized officers.

For the Sponsor

name and title

date

witness

For Her Majesty

name and title

date

witness

DATE DUE - DATE DE RETOUR

DEC 15 1995

JAN 17 1997

DEC 23 1997

ISTC 1551 (2/90)

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DATE DE RETOUR _____

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