

Section 5: Partnership Funding

OVERVIEW

Regional Tourism Organizations (RTOs) are eligible to receive “partnership” funds from the Ministry of Tourism, Culture and Sport (ministry) as part of their funding allocation.

The partnership funding approach described in this section will provide the RTOs with additional tools to encourage more partnerships, strategic coordination and leveraging of regional resources.

The partnership funding approach is guided by the following set of objectives:

- Enhance tourism across the province
- Support the RTO as the leader in regional tourism
- Maximize support for tourism at a regional level by encouraging strong partnerships, expanding the breadth and diversity of funding partners
- Encourage RTOs to engage industry partners to broaden their financial base to extend reach
- Support a coordinated approach that aligns planning, marketing, product development, investment attraction, and workforce development in the region
- Assure the transparency and accountability of funding through the transfer payment agreement process

The value of partnerships among industry sectors cannot be overstated. Regardless of the partnership funding allocation, RTOs can maximize support for tourism in their regions by expanding the breadth and diversity of their partners. Strong partnerships and a coordinated approach to product development, regional planning and marketing are essential to the future sustainability and increased competitiveness of tourism across Ontario.

RTOs are expected to use ministry funding to develop and deliver strategies to support the following destination management priorities or pillars:

1. *Governance and Administration*
2. *Product Development*
3. *Investment Attraction/ Investor Relations*
4. *Workforce Development and Training*
5. *Marketing*

Partners

The ministry strongly encourages RTOs to work with all tourism partners in their region to grow tourism. RTOs may also work collaboratively across regions and with sector-based organizations.

RTOs are encouraged to consider a broad range of partners reflecting their local area and business plan objectives. These might include destination marketing organizations, other levels of government, and the private sector.

Project Proposals

A key foundational step for a partnership project is an effective proposal that clearly defines the project deliverables, roles, responsibilities, resource requirements, timelines and performance measures.

To assist the RTOs and ensure consistent partnership project proposals the ministry has developed a proposal template. The ministry has also developed evaluation criteria for RTOs to use as a tool to support the partnership development process and to ensure key project details are addressed prior to ministry review and negotiation. All partnership project proposals must be submitted by the RTOs on the proposal template for a consistent and transparent review.

After project proposals are approved by the ministry they will be formally added to the transfer payment agreement through a signed amended agreement.

Throughout the year, the RTOs will have the flexibility to adjust and update plans as new partnership arrangements are secured or anticipated arrangements are dissolved. However, the RTOs are required to secure partnerships, and formalize their partner agreements by **no later than December 31st, 2014** to ensure

strategic financial management and adequate project implementation time.

Funding Process

Through partnerships, RTOs, sector associations and destination marketing organizations can broaden their financial base to extend their reach and grow tourism throughout Ontario.

The ministry provides the RTOs with the overall partnership funding allocations. RTOs are expected to use the partnership funding to leverage partner contributions to undertake projects that support the five pillars. The RTOs are expected to use the partnership funding solely for the partnership projects and not for other activities and initiatives.

Cost Sharing

The ministry does not prescribe cost sharing ratios between the RTOs and the partner organization (s) (i.e. 50/50, 60/40, etc.). While the ministry does not prescribe the cost sharing ratios, it is important to note that the ministry only matches the partner organization contribution from the RTOs partnership funding allocation. For example, if the total project cost is \$10,000 and the cost sharing ratio is 60/40, a \$6,000 RTO contribution and \$4,000 partner contribution, the RTO is eligible to receive up to \$4,000, based on spending during the fiscal year. The partner organization contribution must be financial and not “in-kind”.

Funding Arrangement

It is important to note that partnership funding must not “flow through” to the partner organization. Ideally, all partnership funding should flow into the RTO. However, the ministry recognizes that there may be some limited exceptions where the partner organization is not able to flow their contribution to the RTO due to restrictive financial policies. In these exceptional cases, the RTO may enter into an alternate funding arrangement such as each party paying their share of eligible invoices on a regular basis. The RTO must seek the advice of the Regional Tourism Adviser to discuss the exception process before entering into agreements with potential partners. The following requirements must be met should the RTO decide to employ an alternate funding arrangement:

- Fully, and in a timely way, account for project spending and partner(s) contributions in accordance with generally accepted accounting principles and clerical practices
- RTO obtains copies of all eligible project invoices and proof of payment for their records
- RTO attests to the partner organization(s) contribution amount
- Year-end audited financial statements must include all financial details related to partnership projects

Ineligible Contributions and Expenses

Funding from Ontario government programs, such as Celebrate Ontario, or Ontario government agencies, such as the Ontario Tourism Marketing Partnership Corporation, or other RTOs, is not eligible for partnership funding. In-kind donations, “flow through” payments, such as those from reservation systems, and funding for capital projects are also ineligible.

RTOs may not use funding received from the ministry for advocacy work, fundraising, hiring a lobbyist, capital expenses, or as prize money. Funds may not be given to other organizations for operational funding, such as salaries and wages, or to a political party.

Project Manager/Lead

In the context of the funding model, “partnership” is defined as the formal agreement of the RTO to work with one or more entities on a specific project in support of the RTO’s business plan.

Ideally, the RTO is the lead and has the project management responsibility for any given partnership project. However, the ministry recognizes that there may be limited exceptions where it may not be cost effective or efficient for the RTO to be the lead if the partner organization has the capacity, knowledge and skill set to lead the project. In these exceptional cases, the RTO may allow the partner organization to lead or manage the project in the following scenarios:

- To leverage a partners specialized expertise or knowledge

- Where project completion is at risk due to staffing constraints in the RTO

Should the partner organization be the lead or project manager, the following requirements must be met:

- RTO is actively involved in the governance and oversight of the project
- All procurements, whether for goods or services, are led by the RTO regardless of the project lead. Where the purchase price exceeds \$5,000, the RTO will, at a minimum, obtain at least three written quotes.
- For all procurements, whether for goods or services, the partner organization must not bid to avoid conflict of interest, both real and perceived.
- RTO and the partner organization develop a Memorandum of Understanding (MOU) or partnership agreement that includes, but is not limited to, clearly defined roles, responsibilities, key deliverables, timelines and performance measures.

The RTO must seek the advice of the Regional Tourism Adviser to discuss the exception process before entering into agreements with potential partners.

Reporting

RTOs are currently required to submit an interim progress report, December financial report, year-end summary report and financial audit in each fiscal year. The reports for 2014-15 will also include statements that confirm the receipt of partner(s) contributions by the RTOs where the funding will be used to access ministry partnership funding. The receipt of partner(s) contributions is defined as funding committed through a formal agreement.

The year-end summary report and financial audit will include all funds provided by the ministry as well as the partnership funds received by the RTO and spent during the fiscal year. RTOs are expected to fully, and in a timely way, account for project spending and partner(s) contributions in accordance with generally accepted accounting principles and clerical practices.

The ministry relies on the expenses and revenues included in the RTOs financial

audit to conduct year-end reconciliation, recovery and funding adjustments, therefore activities and transactions not reflected in the financial audit will not be considered for accessing ministry partnership funding.

RTOs will be required to track performance measures against objectives connected to all funding received, including partnership funds, to help measure progress and value-for-money.

Questions and Contact

If you have any questions about the new guideline, please contact your Regional Tourism Advisor.