



Sponsorship Policy

POLICY OBJECTIVE

This policy is designed to ensure that Council has a consistent corporate approach to sponsorship opportunities. By setting rules and identifying responsibility and accountability levels, the policy is also aimed at heightening awareness of probity issues within Council.

LEGISLATIVE PROVISIONS

Local Government Act 1993

RELATED DOCUMENTS

Council's Code of Conduct

Sponsorship in the Public Sector - Independent Commission Against Corruption (ICAC)

POLICY STATEMENT

1. What is Sponsorship?

ICAC defines sponsorship as:

"..a commercial arrangement in which a sponsor provides a contribution in money or in kind to support an activity in return for certain specified benefits."

Sponsorship is a commercial arrangement. Sponsorship is not a goodwill gesture nor is it to be classified as a donation, hospitality, philanthropy, a grant, the selling of advertising space, joint ventures or consultancies.

Donations to assist Council in coordinating community events may not necessarily be classified as sponsorship, if no "return" is available. Sponsorship of a Council event or activity does not involve explicit endorsement of the sponsor or the sponsor's products.

For the purposes of this Policy, any reference to 'Sponsorship' refers to either the seeking or granting of sponsorship by Council.

2. Sponsorship Principles

- 1) ICAC have set out '*Ten Sponsorship Principles*' and these principles form the foundation for Council's policy pertaining to Sponsorship. ICAC support each of the principles with a general guide and reference should be made to these principles and guides when applying this policy. These principles and guides are detailed in Attachment 1.
- 2) The following principles, specific to Council will also apply to all sponsorship arrangements:
 - (a) Sponsorship will not be accepted for any product or service considered detrimental to health e.g. specific alcohol or tobacco products. *Note: this excludes sponsorship from hotels, licensed clubs and restaurants as they do not specifically promote individual products.*
 - (b) It is considered inappropriate for any sponsorship proposal to provide any personal benefit to any Council Councillor or employee.
 - (c) No sponsorship arrangement will involve endorsement of a sponsor or its products or services. The sponsorship agreement should detail how the sponsor's product/name will be used in any advertising or marketing.
 - (d) Sponsorship arrangements where there is a clear conflict of interest between Council and the prospective sponsor should be avoided.
 - (e) All interested parties should be afforded equal opportunity to express an interest and participate in possible sponsorship arrangements with Council.

- (f) Any sponsorship arrangement may be suspended or terminated if an involved party attempts to influence any of Council's functions or if the party may be subject to regulation or inspection by Council.
- (g) All sponsorship arrangements will be consistent with the relevant objectives of Council as set out in its Community Strategic Plan and will be appropriate in terms of Council's Charter under the *Local Government Act 1993*.
- (h) Sponsorship arrangements with potential benefits for Community education will be particularly favoured.
- (i) The process relating to sponsorship arrangements will be as transparent as possible to ensure probity, fairness and enable community scrutiny.
- (j) All sponsorship proposals will have regard to the ICAC Sponsorship Principles, Council's Code of Conduct, *Local Government Act 1993* and Council's commitment to open and accountable government.

5. Approval

- 1) All sponsorship arrangements will comply with this policy.
- 2) All sponsorship arrangements must be approved by the Chief Executive Officer.

6. Invitations for Sponsorship

- 1) Invitations for sponsorship will be by public advertisement in the local print media or digitally via the Council Facebook page. Invitations for sponsorship proposals will be advertised annually for all Council activities.
- 2) Additional invitations for sponsorships may be advertised for specific events.
- 3) In certain circumstances, and in all cases where the value of sponsorship sought exceeds \$250,000, the invitation will be by tender process in accordance with Part 3 of Chapter 6 *Local Government Act 1993*.
- 4) All submission assessment criteria must be determined and documented prior to issuing the sponsorship Invitation.
- 5) All advertisements will include the following information:
 - The nature of the specific sponsorship opportunities (including details of specific project/s)
 - The appropriate format for submission of sponsorship proposals
 - Submission details (e.g. submission in a sealed envelope, submissions by email, confidential mail, left at Customer Service counter)
 - The availability of a 'General Conditions' document
 - The methods to be used by Council to select successful sponsors
 - Closing date
 - Contact details of a Council employee who can provide interested parties with further information
- 6) Council may directly approach organisations in relation to sponsorship proposals, however such approaches will only occur after a general invitation has been advertised.

7. Assessing & Selecting Sponsorship

- 1) All proposals submitted in response to an advertised sponsorship opportunity will be appropriately documented.
- 2) The selection of a suitable party for a sponsorship agreement will be made following an assessment of the submission/s.
- 3) The method for assessment of sponsorship submissions will be consistent with the method advertised.
- 4) In addition to the specific criteria, Council will also assess a submission with consideration to 'General Criteria'. Those criteria may include:
 - The proposal being consistent with Council's objectives and principles
 - Feasibility of the proposal
 - Benefit/cost to Council

- Public image of the parties proposing to be associated with the activity
- Current or previous relationship between Council and the prospective party
- The parties track record in achieving its defined objectives and managing sponsorship
- Proposed terms/conditions of the proposal
- Confirmation that the party is registered for GST purposes and has provided its Australian Business Number (ABN)
- Value and quality of the product, service or funding offered
- The relationship of the party to the sponsorship activity

8. Sponsorship Agreements

- 1) All of Council's sponsorship arrangements will be documented in the form of a written '*Sponsorship Agreement*', which must be signed by the Chief Executive Officer.
- 2) '*Sponsorship Agreements*' constitute contracts and should be prepared and administered by appropriate, responsible officers.
- 3) The '*Sponsorship Agreement*' should be prepared by the responsible officer in conjunction with the relevant Director, Council's Business Manager Governance, Communications Unit and where appropriate Council's legal adviser. The agreement should also be prepared with consideration to the guidelines developed by ICAC, at Attachment 2.
- 4) A '*Sponsorship Agreement*' should outline the following details, where appropriate:
 - Program/Event Details – *including how the event benefits the community, crowd expected, history of the event, form of entertainment, date/time, type of event, target audience, any relevant scanned photographs or previous media coverage*
 - The Exclusive or Non Exclusive Nature of the Sponsorship
 - The Benefits to the Sponsor – *should include specific details e.g. two weeks coverage on radio station ABC, logo placed on poster, banned displayed prominently on stage, MC Announcements, positive image due to association with the event*
 - Period of Sponsorship
 - Payment Arrangements – *if sponsorship is of an in-kind nature the agreement should outline the delivery/pick up details*
 - Rescheduling Arrangements Covering Event Cancellation – *good idea to include a clause whereby the sponsor committed to carry over their sponsorship agreement should the event be postponed due to weather*
 - Conditions of the Sponsorship – *specific expectations and responsibilities of the sponsor including what they are to provide*
 - Any Relevant Insurance Provisions
 - Using Council's Logo – *the need to adhere to Council's policy relating to use of Council Logo, need to proof any use of Council logo, agreement on who will finance the costs associated with the use of the logo if it is to be used*
 - Confidentiality Provisions
 - Provisions for Terminating or Suspending the Agreement
 - Full Contact Details of the Responsible Council Employee.
 - Full Contact Details of the Responsible representative of the sponsored party
 - Management procedure of Sponsorship Agreement non-compliance by either party.

9. Monitoring & Managing

- 1) All sponsorship arrangements will be actively managed and monitored during the term of the sponsorship to ensure the expectations of Council and the sponsor(s) are being met.
- 2) Council will assign an appropriate employee to manage and monitor each sponsorship agreement.

- 3) Council will also ensure appropriate financial administration of the sponsorship arrangement, including the preparation of an income and expenditure statement.
- 4) During the life of the sponsorship, Council will ensure ongoing and open communication with the parties engaged in the agreement. This will include the provision of on-going feedback regarding progress.
- 5) Council will ensure parties engaged in sponsorship agreements with Council are provided with copies of any promotional material incorporating the sponsor's logo as well as copies of media releases and newspaper clippings regarding the event.

10. Sponsorship Evaluation

- 1) All sponsorship agreements will be evaluated at the end of the agreement and prior to renewal of any new agreement. The evaluation process will include the parties engaged in the agreement.
- 2) The evaluation will always take the form of a written report and should involve an analysis of the arrangement against the criteria set out in the '*Sponsorship Agreement*'. The evaluation process and report may also cover the following areas:
 - The value of the sponsorship in meeting Council's objectives and benefiting to the community
 - Comments on the prominence of signage, media coverage, community response and whether the sponsored activity was well administered
 - Any difficulties or problems encountered
 - The success of the event/activity
 - Whether any conflict of interest issues arose and if so how the matter was resolved
 - Comments by the parties involved in the agreement in meeting their objectives and their view on the "value for money" of the arrangement
 - Any comments pertaining to the consideration of the sponsor for future opportunities
- 3) The evaluation report will be submitted to the Chief Executive Officer for information and consideration and will also be provided to the party engaged in the agreement with Council.

11. Benefits

- 1) Potential benefits to sponsors will be clearly stated in documentation provided to all persons responding to invitations for sponsorship.
- 2) For each event/activity, Council will ensure the provision of adequate resources to ensure sponsorship benefits are delivered.
- 3) Sponsorship benefits will be commensurate with the level of sponsorship and consistent with other sponsorship arrangements with Council.
- 4) All sponsorship benefits will be specified within the '*Sponsorship Agreement*' and may include:
 - Advertising opportunities on promotional literature and in the media
 - Other advertising opportunities as considered appropriate by Council in conjunction with the sponsor in each case
 - Direct exposure of product to the Community
 - Product awareness and educational opportunities
 - Formal letter from Council acknowledging the sponsors valuable contribution to a successful event/activity/project and will be from the Mayor or Chief Executive Officer
 - Association with best practice initiatives

12. Conflicts of Interest

- 1) Those activities, where sponsor involvement could compromise or be seen to compromise Council's ability to exercise its role impartially on behalf of the community or could diminish the public's confidence, will not be accepted.

- 2) Sponsorships should not limit, or appear to limit, Council from carrying out its duties, including the development and implementation of legislation and policy, fairly or impartially. Potential for real or perceived conflicts of interest between the proposed sponsor and Council should be minimised. For example, sponsorship proposals from organisations with which Council normally enjoys a regulatory or contractual relationship will normally be avoided.
- 3) If sponsorship is proposed with a party with whom Council normally enjoys a regulatory or contractual relationship, the reasons for acceptance of such an arrangement will be clearly recorded.
- 4) All Council employees must, prior to the assessment process, identify, document and resolve any perceived, actual or potential conflict of interest posed by a potential sponsorship arrangement.
- 5) Council will not enter into a sponsorship agreement with any party whose objectives and/or mission are in actual conflict with those of Council.
- 6) In any instance where Council decides to accept and manage a conflict of interest, a clear record of the decision making process will be kept along with identified strategies to be employed to manage the conflict.

13. Termination

- 1) Any attempt by the sponsor to influence Council's functions will result in an automatic review and/or termination of the sponsorship arrangement.

14. Reporting, Auditing & Public Availability

- 1) Sponsorship arrangements will be publicised in Council's Annual Report.
- 2) All sponsorship monies will be treated as public funds and reconciled with Council's normal financial accounts as a non-reciprocal contribution.
- 3) Council will maintain a Sponsorship Register, listing all sponsorship arrangements involving Council. Upon request, this register will be available for inspection by the public.
- 4) All information about the full nature and extent of sponsorship arrangements will be available to the public upon request.
- 5) Council will conduct regular and random financial and performance audits pertaining to sponsorship arrangements involving Council.

15. Policy Breaches

Breaches of this policy may result in disciplinary action and if appropriate referred to an outside agency for consideration.

Attachments:

Attachment 1 – ICAC's 10 Sponsorship Principles

Attachment 2 – Developing a Sponsorship Agreement (when receiving sponsorship)

Version	Council Meeting Date	Resolution	Adoption Date	Effective From
1	19 April 2011	11/118	8 June 2011	8 June 2011
2	18 April 2013	13/249	26 July 2013	26 July 2013
3	18 July 2017	2017/308	18 July 2017	18 August 2017
4	4 October 2022	2022/362	4 October 2022	1 November 2022
All policies can be reviewed or revoked by resolution of Council at any time.				

DIRECTORATE: Business Services

BUSINESS UNIT: Governance

ICAC's 10 Sponsorship Principles

- 1. A sponsorship agreement should not impose or imply conditions that would limit, or appear to limit, a public sector agency's ability to carry out its functions fully and impartially.**

Sponsorship should not hinder or influence the way an agency operates. An agency should continue to carry out its functions fully and impartially, regardless of the sponsorship agreement or the interests or business of the sponsor or sponsorship recipient. Agencies should ensure this principle is fully understood by all other parties in the sponsorship arrangement.

- 2. There should be no actual conflict between the objectives and/or mission of the sponsored agency and those of the sponsor.**

Before entering into a sponsorship arrangement, an agency should ensure that the values and objectives of the potential sponsor or sponsorship recipient or its parent company do not conflict with those of the agency. There should be provision in the sponsorship agreement for an agency to terminate the agreement during the term of the agreement if these values or objectives change in a way that could pose a conflict of interest for the agency.

- 3. In general, a public sector agency with regulatory or inspection responsibilities should not seek, or accept sponsorship from people or organisations which are, or may be, subject to regulation or inspection by the agency during the life of the sponsorship. Where adhering to this principle would unduly limit the agency's sponsorship prospects, the agency should develop alternative strategies to ensure it can carry out its regulatory or inspection responsibilities in relation to sponsors in an open, fair, accountable and impartial manner.**

The Commission believes that, in general, agencies should not accept sponsorship from or grant sponsorship to parties subject to or likely to be subject to their regulation or inspection. However, it is recognised that agencies may have difficulty attracting sponsorship if they adhere to this principle in all cases. For example, an agency may find that sponsorship for a particular event or activity is only forthcoming from parties it regulates or inspects or is likely to regulate or inspect. When considering whether to enter into a sponsorship arrangement with such a party, the agency should consider the best interests of the public, public accountability, public perceptions and the potential risks as well as the potential benefits. Agencies that enter into such arrangements should take appropriate action to manage the risks, for example:

- The agency should record the circumstances resulting in this decision and its decision-making process.
- The agency should have a policy and procedures in place to ensure it carries out its functions in regard to such parties in a fair, accountable, open and impartial manner. At a minimum, the agency should ensure that the people or division involved in the sponsorship arrangement have no involvement in the regulation or inspection of the party or in general. The agency could also consider using an independent person or body outside the agency that can carry out the regulatory functions impartially and provide a report to the agency. To promote transparency, agencies should consider placing this policy on their website.
- Agencies involved in sponsorship activities should also have procedures in place in the event that a sponsor or sponsorship recipient becomes subject to the agency's regulation or inspection while the sponsorship arrangement is in effect. The procedures should ensure the agency carries out its functions in regard to this party in a fair, accountable, open and impartial manner. The sponsorship agreement should give the agency the option of terminating or suspending the sponsorship arrangement in such cases if it is appropriate.
- All parties should understand clearly that the sponsorship arrangement has no bearing on the agency's exercise of its regulatory or inspectorial functions. This should be clearly

stated and acknowledged in all documentation including the sponsorship agreement and the agency website.

4. Sponsorship of a public sector agency or activity should not involve explicit endorsement of the sponsor or the sponsor's products.

The act of entering into a sponsorship arrangement with a sponsor or sponsorship recipient in itself sends an implicit message of endorsement of the sponsor and its products by the agency. This credibility is one reason that the private sector seeks to sponsor government agencies. Agencies cannot control this perception and for this reason must be careful in their choice of sponsors or sponsorship recipients. However, agencies can take steps to ensure they do not explicitly endorse a sponsor or sponsorship recipient or their products and the sponsorship agreement should clearly state this.

An example of explicit endorsement would be a school that receives sponsorship from a stationer stating to students that particular stationery products are superior to others.

5. Where sponsorship involves the sponsor providing a product to the agency, the agency should evaluate that product for its fitness for purpose against objective criteria that are relevant to the agency's needs.

Agencies should be careful not to accept a sponsor's products simply because they are offered free of charge: this could result in implicit endorsement of a sub-standard product. The agency should ensure the product is of the type and quality that it requires before it agrees to accept sponsorship.

6. It is inappropriate for any employee of a public sector agency to receive a personal benefit from a sponsorship.

This principle should be included in the agency's code of conduct. Sponsorship should not benefit individual staff but must be used in the public interest. Where a benefit provided by a sponsor is used by an individual staff member, for example, attendance at a conference, the agency should minimise the possibility of perceptions that a personal benefit was given to an individual public official. For example:

- The sponsorship should be offered to and negotiated with the agency, not the individual public official.
- The agency, not the sponsor, should select the individual to receive the benefit (such as attendance at a conference).
- If there is a regulatory relationship with the sponsor, the individual selected should not be involved in that regulatory function.

7. In most circumstances, the public interest is best served by making sponsorship opportunities widely known. To this end sponsorships should be sought and granted by using broadly based, open processes that are not limited solely to invited sponsors.

The ICAC maintains that open tendering is the most appropriate method in most cases, particularly if there is keen interest in sponsorship, or the event or activity that is attracting the sponsorship interest is particularly significant. However, the Commission accepts that open tendering can sometimes be problematic for a number of reasons. For example, a one-off opportunity of considerable benefit that requires quick action may be lost to the agency during the time taken by a tender process.

While open tendering may not always be appropriate, agencies should still strive to maintain an open approach to sponsorship that provides equality of opportunity to would-be sponsors and maximises the potential public benefit. They should select the most open strategy that is appropriate for the particular circumstances. See the section "Seeking sponsorship or receiving unsolicited proposals" on pages 29 and 30 for examples of such strategies.

In some cases, for example if sponsor interest is poor or restricted to potential sponsors with highly specialised characteristics, agencies may determine that dealing with potential sponsors is most appropriate. In such cases, they should record the nature of the circumstances, their decision-making process and their strategies for addressing the potential corruption risks.

Unsolicited proposals from potential sponsors pose additional risks for agencies; for example, it is often difficult to assess the value of the proposed sponsorship if you cannot compare it with the market. Agencies should assess all such unsolicited proposals carefully and ensure that both the potential sponsor and the proposal meet all the agency's requirements. If possible they should commission an independent market scan to obtain an indication of market value. If an agency decides to accept the proposal, it should record the circumstances in the same way as it would when dealing directly with potential sponsors.

Open processes should also be used for the granting of sponsorship for the same general reasons as apply to seeking sponsorship.

8. Public sector agencies should assess sponsorship proposals against predetermined criteria which have been published in advance or which are circulated to organisations that submit an expression of interest.

Agencies that are interested in attracting sponsorship should develop general criteria against which they will assess potential sponsors. They should make this information widely available, for example on the agency website. They should include these general criteria plus any additional criteria specific to a particular sponsorship opportunity with the tender or expression of interest information packages.

Agencies should also fully document their assessment process and the reasons for their decisions.

9. A sponsorship arrangement is a contract and should be described in a written agreement.

Sponsorship agreements are legally binding contracts and should be prepared and administered by staff who are appropriately trained. This training should include basic contract administration and commercial dealings with the private sector. We have provided guidance in this publication on the sorts of matters that could be covered by sponsorship agreements (see pages 27 and 42).

10. All sponsorship arrangements should be approved by the CEO or another designated senior officer of the agency and described in the agency's annual report in a form commensurate with the significance of the sponsorship.

In larger or decentralised agencies, sponsorship may be undertaken at regional or even local levels as well as centrally. Such agencies should therefore clarify the circumstances in which regional or local managers may approve or grant sponsorship and ensure that these managers have the appropriate delegations to enter into sponsorship agreements.

These agencies should also maintain a database of sponsorships. Where a centralised database is not practical, regional and local managers with the delegation to approve sponsorships should be required to maintain their own sponsorship databases and the agencies should have reporting systems that allow this data to be collected for internal audit programs and annual reports.

Developing a Sponsorship Agreement (*When Receiving Sponsorship*)

The Commission recommends that agencies should seek legal advice when developing a sponsorship agreement.

Depending on the nature of the particular sponsorship, some or all of the following provisions could be found in any sponsorship agreement:

- The objective of the sponsorship agreement
- A clear description of the event/activity/project/enterprise being sponsored
- Names of all parties to the agreement
- The term of the sponsorship and any conditions regarding renewal
- The benefits your agency agrees to provide. These should be discussed and described in detail to minimise argument. For example:
 - List the ways that the sponsor's logo will be used
 - Clarify the size, colour and position of the sponsor's logo on any printed material
- Whether the sponsor is the sole sponsor
- Whether the sponsor is the major sponsor
- The amount, form and delivery of sponsorship payments, noting whether these are paid in instalments or linked to an event
- The obligations, rights and responsibilities of each party. For example, whether:
 - Your agency is obliged to clear media releases with the sponsor
 - Your agency has the right to control the use of its own name and logo
 - The sponsor has the right to veto the involvement of another sponsor
 - Either party has the right to review the financial accounts
- Agency statements:
 - Your agency has the right to veto the content of any articles or advertising material developed by the sponsor, for example, to ensure it does not imply endorsements or future bias by your agency
 - Your agency has final control over sponsored activities or events and associated personnel, for example the rules of competitions
 - The sponsorship is not to be regarded as a general endorsement by your agency of the sponsor's business activities
 - The sponsorship has no impact on the proper and impartial exercise by your agency of its functions
- A dispute resolution process
- Liaison personnel both in your agency and the sponsor
- Financial accountability requirements
- Confidentiality terms
- Reporting requirements of both parties, including format, frequency and standard of reporting
- Whether the sponsor can view your agency's strategic plan or other documents
- What information the sponsor can have about current or past sponsors
- The ownership and use of any intellectual property created as a result of the sponsorship, for example, the results of sponsored research
- Refund or replacement arrangements if either party is unable to fulfil its obligations
- Termination clauses, particularly important in high dollar value arrangements. These should specify the events that could lead to termination, such as:
 - A change in the sponsor's corporate mission
 - If the sponsor becomes subject to your agency's regulation or inspection
 - A merger or other event that causes a conflict of interest
 - Any action by the sponsor that results in public criticism/bad publicity and reflects badly on your agency or brings its probity into question
- Payment of GST
- Evaluation criteria, including audit and finance requirements

- Sponsor statements, for example:
 - That the sponsor is not aware of any actual, potential and/or perceived conflict of interest with your agency's objectives
 - That the sponsor is not aware of any actual, potential and/or perceived conflict of interest relating to agency staff involved in the sponsorship arrangement
 - That it has not made or received any payments or inducements to or from your agency or any of its staff
 - That it will not provide any personal benefits to any of your agency's employees
- Conditions for renewing the sponsorship, including that the sponsorship must be evaluated and meet the evaluation criteria in the agreement before renewal can be considered
- Financial accountability requirements
- In cases where the sponsor is a body regulated by your agency, you must clearly state that the sponsorship relationship will not influence your agency's exercise of its regulatory or inspection functions in relation to the sponsor. Outline the strategies your agency has in place to deal with how it will exercise these functions as they relate to the sponsor. For example, a Council could have a consultant or another Council's Planning Department evaluate the Development Application (DA) of a Council sponsor