

Council Sponsorship Policy

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CONTENTS

1. Purpose	1
2. Statement	1
2.1. Definition.....	1
3. Provisions	2
3.1. Details of Policy/Procedure.....	2
3.2. Management of Process	2
3.3. Seeking Sponsorship.....	3
4. Implementation	4
5. Review	5
Appendix 1 - Guidelines for Content of Sponsorship Proposal/Agreement (For Council Seeking Sponsorship)	6
Appendix 2 - Checklist For Sponsorship Criteria (For Council Seeking Sponsorship) ...	9
Appendix 3 - Sponsorship Checklist For Providing Sponsorship	10
Appendix 4 - Communication/Evaluation For Seeking Sponsorship.....	11
Appendix 5 - Sponsorship Approval Form (For Council Seeking Sponsorship).....	12
Appendix 6 - Independent Commission Against Corruption.....	13
Appendix 7 - Revised Sponsorship Principles.....	13
Appendix 8 - Process for Seeking Sponsorship	18
Appendix 9 - Process for Providing Sponsorship	19

1. Purpose

To ensure ALL sponsorship arrangements and related processes:

- Are consistent across Council
- Are in compliance with all known legislation, guidelines, etc and are
- Are equitable, transparent and effective
- Will also provide a useful starting point for potential commercial sponsors and should ensure a consistent corporate approach to seeking sponsorship opportunities
- Will clearly identify responsibility and accountability levels and reduce the risk of corrupt conduct
- Will protect Shoalhaven City Council, Councillors and staff from being compromised in any way.
- Will guide Council staff in the determination of sponsorship applications, dealing with sponsorship issues, and in managing sponsors professionally

2. Statement

The policy should complement Council's Code of Conduct and Council's guidelines relating to protocol. Council reaffirmed the policy in its revised format by Minute 04.1165 on 28th September 2004.

2.1. Definition

The Independent Commission Against Corruption (ICAC) defines sponsorship as:

“Sponsorship is 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 can be provided by the corporate sector or private individuals, in support of a public sector activity, or by the public sector in support of related and worthwhile private or public sector activities.

Sponsorship does not include; the selling of advertising space, joint ventures; consultancies; grants (in regard to received sponsorship) unconditional gifts, donations, bequests or endowments.

Sponsorship is not philanthropic. A sponsor expects to receive a reciprocal benefit beyond a modest acknowledgement.”

The difference between a sponsorship and a donation is the extent of the recognition given. Limited publicity (e.g. a news story in a local paper) is acceptable in relation to a donation, however, any larger scale or ongoing publicity would be indicative of a sponsorship support.

Sponsorship relates to funding (either to or from Council) that incorporates any significant publicity. This is distinct from a donation that may incorporate publicity through a news article in the media

3. Provisions

3.1. Details of Policy/Procedure

The revised Sponsorship Principles of the Independent Commission Against Corruption form part of this policy (see Appendix 6). The following principles, specific to Shoalhaven City Council also apply:

- Sponsorship will not be accepted for any produce or service considered detrimental to health, eg. specific alcohol, tobacco products or prohibited substances.
- It is inappropriate for a sponsorship proposal to provide any personal benefit to any Shoalhaven City Councillor or employee
- Sponsorship arrangements should be avoided where there is a clear conflict between the prospective receiver's objectives and those of Shoalhaven City Council
- Council should be willing to consider all offers of sponsorship and not just those that have been specifically targeted. All potential tenderers should have an equal opportunity to participate in possible sponsorship with Council
- Sponsorship may be suspended or terminated if a receiver attempts to influence any of Council's functions or if the sponsor may be subject to regulation or inspection by Council.
- All sponsorships are to be acquired by way of public invitation and the resultant arrangements are to be evidenced in written form. Written arrangements may be either:
 - a. Formal legal agreements for large sponsorships and/or sponsorships of long duration
 - b. Based on correspondence for small sponsorships
- Sponsorships may be in the form of cash or "in kind". The benefits and entitlements available to sponsors are to be determined prior to the calling of expressions of interest for sponsorships. These benefits and entitlements may take the form of categories set out in the Sponsorship guidelines.

3.2. Management of Process

- A sponsorship arrangement is an agreement and should always be described in an appropriate written form, outlining the terms of the agreement. Any sponsorships valued at \$2,000 or more must be approved by the CEO
- All sponsorship to be reported in Council's Annual Report
- Council must ensure that sufficient resources are available to honour its side of the agreement.

- All sponsorship agreements should be monitored during the sponsorship and assessed at the end of the period. This assessment could also provide an opportunity for the sponsor to work with Council in evaluating the outcome of the sponsorship
- The sponsorship benefits which are to be provided should be commensurate with the level of sponsorship, and consistent with other sponsorship arrangements
- Any consideration given to the establishment of a sponsorship arrangement will include regard to the maintenance of a consistent and professional image of Shoalhaven City Council and the sponsor within the community at all times
- All sponsorship arrangements whether formal or informal will clearly set out:
 - a. The objective of the sponsorship
 - b. The benefits to Shoalhaven City Council and the sponsor, including economic benefits available
 - c. Any personal benefits available to the sponsor's employees and their relatives
 - d. The form or forms of sponsorship acknowledgement which will be available
 - e. The scope of uses which the sponsor can make of the sponsorship arrangement
 - f. The terms of the sponsorship and any conditions regarding renewal, if applicable
 - g. Procedures for monitoring the sponsorship, including the consequences of changes which may occur over time
 - h. Financial accountability arrangements
 - i. Provisions for termination or suspension of arrangements
 - j. Provisions for conflict or dispute resolution or termination of the arrangement
 - k. Any special conditions which apply to the sponsorship arrangement
 - l. The evaluation process to occur after the sponsored event, project, activity, etc.

3.3. Seeking Sponsorship

- **Note: in relation to the Shoalhaven Entertainment Centre seeking sponsorship from external Parties please see POL16/207**
- It is inappropriate for a sponsorship proposal to provide any personal benefit to any Shoalhaven City Councillor or employee
- In most circumstances the public interest is best served by making sponsorship opportunities widely known. To this end sponsorship should generally be sought by calling expressions of interest or by using other broadly based mechanisms not limited solely to invited sponsors.

- Under no circumstances should there be any endorsement of a sponsor's product or service. The sponsorship agreement should clearly detail how the sponsor's product/name will be used in any advertising or marketing
- Sponsorship arrangements should be avoided where there is a clear conflict between the prospective sponsor's objectives and those of Shoalhaven City Council
- Council should be willing to consider all offers of sponsorship and not just those that have been specifically targeted. All potential tenderers should have an equal opportunity to participate in possible sponsorship with Council
- Sponsorship may be suspended or terminated if a sponsor attempts to influence any of Council's functions or if the sponsor may be subject to regulation or inspection by Council.
- All sponsorships are to be acquired by way of public invitation and the resultant arrangements are to be evidenced in written form. Written arrangements may be either:
 - a. Formal legal agreements for large sponsorships and/or sponsorships of long duration
 - b. Based on correspondence for small sponsorships
- Council may accept sponsorship for short and/or long term duration related to specific events projects and/or activities
- Sponsorships may be in the form of cash or "in kind". The benefits and entitlements available to sponsors are to be determined prior to the calling of expressions of interest for sponsorships. These benefits and entitlements may take the form of categories set out in the Sponsorship guidelines.
- The staff member seeking sponsorship must submit a Sponsorship Request to their Group Director
- Once the submission is approved the designated staff member can then seek sponsorship in writing (as per guidelines). Staff should allow for a minimum of eight (8) weeks when seeking financial assistance and a minimum of four (4) weeks for in-kind sponsorship or prizes.
- It may be appropriate to meet with the sponsors to discuss the sponsorship agreement in person
- All sponsorship proposals/ agreements will comply with Council's Sponsorship Policy
- All submissions proposing sponsorship of a Council program or activity shall be lodged with and dealt by the Director, City Performance.

4. Implementation

Council Sponsorship Policy

For clarification on sponsorship signage on sports grounds please see the Sports Ground Management Policy POL17/15

Individual staff members are responsible for compliance with this policy and submission of proposals to the Executive Management Team.

The Director, City Performance will deal with submissions proposing sponsorship of a Council program or activity.

Group Directors will deal with submissions proposing sponsorship of a program or activity in their respective areas of administration

5. Review

This policy will be reviewed within one year of the election of every new Council.

GUIDELINES FOR CONTENT OF SPONSORSHIP PROPOSAL/AGREEMENT – (FOR COUNCIL SEEKING SPONSORSHIP)

All proposals are to be in writing and should outline the following details where applicable:

- Program/Event Details

Eg. How the event benefits the community, crowd expected, history of the event, forms of entertainment, date/time, type of event, target audience, any relevant scanned photographs or previous media coverage, etc.

- The exclusive or non-exclusive nature of the sponsorship
- The benefits to the sponsor

Give specific details of acknowledgement, logo to be placed on posters, etc. (Give approximate distribution), banner displayed prominently, MC announcements, positive image due to association with the event, etc.

- The period of the sponsorship and any conditions regarding renewal

The amount, form and delivery of sponsorship payments, noting whether these are paid in instalments or linked to an event

This should be in the Agreement not only in the Proposal. If sponsorship is of an in-kind nature, the agreement should outline the delivery/pick up details

- Rescheduling arrangements covering an event cancellation

Could include a clause where the sponsor is committed to carry over their sponsorship agreement should the event be postponed due to weather, etc.

- Conditions of the sponsorship
- The obligations, rights and responsibilities of each party.

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

Include the expectations and responsibilities of the sponsor. Be specific in listing what the sponsor is to provide.

- Any relevant insurance provisions
- Using Council's logo

The CEO must approve of any use of Council's logo by sponsors. The agreement should also state who will finance the costs associated with the provision of the logo if it is to be used at all.

- Any confidentiality provisions
- Provisions for termination or suspension of the agreement
- A dispute resolution process
- Both parties contact details

GUIDELINES FOR CONTENT OF SPONSORSHIP PROPOSAL/AGREEMENT – (FOR COUNCIL PROVIDING SPONSORSHIP)

All proposals are to be in writing and should outline the following details where applicable:

- Program/Event Details

Eg. How the event benefits the community, crowd expected, history of the event, forms of entertainment, date/time, type of event, target audience, any relevant scanned photographs or previous media coverage, etc

- The exclusive or non-exclusive nature of the sponsorship
- The benefits to the Council and the recipient

Give specific details of acknowledgement, logo to be placed on posters, etc. (Give approximate distribution), banner displayed prominently, MC announcements, positive image due to association with the event, etc.

- The period of the sponsorship and any conditions regarding renewal
- The amount, form and delivery of sponsorship payments, noting whether these are paid in instalments or linked to an event

This should be in the Agreement not only in the Proposal. If sponsorship is of an in-kind nature, the agreement should outline the delivery/pick up details

- Conditions of the sponsorship
- The obligations, rights and responsibilities of each party.
- Any relevant insurance provisions
- Use of Council's logo

The agreement should also state who will finance the costs associated with the provision of the logo if it is to be used at all.

It is noted that the CEO (or delegate) must approve of any use of Council's logo by recipients.

- Any confidentiality provisions
- Provisions for termination or suspension of the agreement
- A dispute resolution process
- Both parties contact details

CHECKLIST FOR SPONSORSHIP CRITERIA FOR COUNCIL SEEKING SPONSORSHIP

- Could be used to assess all sponsorship proposals as a guide for those preparing them:
- The proposal is consistent with Shoalhaven City Council's objectives and the principles outlined by ICAC and Council
- The proposal does not fall into a category that would exclude it from consideration eg. Tobacco or prohibited substances or activities
- Feasibility of the project
- Extent of Council's involvement
- Budgeted costs of activity/event and proportion of sponsorship dollars to overall costs
- Benefit/cost to Council
- Nature of the Council activity to be sponsored
- Public importance of proposed activity – event profile, event coverage and publicity, extent of public participation and visibility
- Image of the organisation/individuals associated with the activity
- Current or previous relationship between Council and prospective sponsor- nature, extent and duration of relationship
- The proposal should not be of a political nature or of a type that could cause or inflame religious, sectarian or ethnic tensions
- Proposed sponsor's track record in achieving defined objectives and managing sponsorship arrangements
- Proposed terms/conditions and extent of proposal
- How and when agreement will be reported

SPONSORSHIP CHECKLIST FOR PROVIDING SPONSORSHIP

The following are the various areas that need to be addressed where it is proposed the Council provide sponsorship of a proposed/planned event, activity or project.

If there are additional tasks you intend to carry out, it is suggested that you add them to the list to ensure they are not missed.

- The planned event, activity or project has been approved by Council
- A plan of the proposed event, activity or project has been prepared, including the following factors:
 - Objectives
 - Time-tabling
 - Budget
 - Target audience
 - Type of sponsorship to be sought
 - Criteria for assessing sponsorship proposals
 - Methods for monitoring and evaluating the sponsorship
- Sponsorship arrangements submitted to and approved, in writing by the authorised staff of Shoalhaven City Council
- Unsuccessful submissions to be notified in writing
- Successful sponsors have been notified in writing and provided with the formal written Sponsorship Arrangement documentation, for consideration and formal acceptance, in accordance with the Sponsorship Guidelines for Providing Sponsorship

COMMUNICATION/EVALUATION FOR SEEKING SPONSORSHIP

- During the term of the sponsorship proposal relevant parties shall maintain open dialogue on the effectiveness of the arrangement
- The evaluation process should include the sponsor, the council, and the person responsible for coordinating the sponsorship
- Evaluation should be in the form of a written report including the following:
 - The value of the sponsorship in meeting Council's objectives and benefiting the Shoalhaven community
 - Comments on the prominence of signage, media coverage, community response and whether the sponsorship activity was well administered
 - Any difficulties or problems encountered
 - Comments by the sponsor about achieving the sponsorship objectives and the sponsor's view of the value of the arrangement
 - Reasons why the sponsor should/should not be considered for future opportunities.

SPONSORSHIP APPROVAL FORM FOR USE WHEN COUNCIL SEEKING SPONSORSHIP

1. Please give brief details of event/activity for which sponsorship is proposed:

2. Type of sponsorship being sought

- Financial In Kind Prizes

Please give details

3. How sponsorship is being sought:

Targeting an organisation/individual

- Name of company/individual targeted
- Sponsor's contact name
- Sponsor's postal address

Calling for submissions

4. What would Shoalhaven City Council's contribution to the sponsorship arrangement be?

5. Does the sponsorship proposed meet Shoalhaven City Council's sponsorship guidelines?

- Yes No

If no, state why not.

6. Name of Council officer who would arrange the Sponsorship Agreement if approved

7. Group Director's signature.....Date.....

8. CEO signature.....Date.....

INDEPENDENT COMMISSION AGAINST CORRUPTION**REVISED SPONSORSHIP PRINCIPLES**

Following is a revised set of Sponsorship Principles from ICAC. The italicised text offers some practical guidance on their implementation.

Definition:

“Sponsorship is 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 can be provided by the corporate sector or private individuals, in support of a public sector activity, or by the public sector in support of related and worthwhile private or public sector activities.

Sponsorship does not include; the selling of advertising space, joint ventures; consultancies; grants (in regard to received sponsorship) unconditional gifts, donations, bequests or endowments.

Sponsorship is not philanthropic. A sponsor expects to receive a reciprocal benefit beyond a modest acknowledgement.”

Principles:

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.

This principle needs to be clearly understood by sponsors. The sponsorship agreement should state positively that the agency’s functions will continue to be carried out fully and impartially, notwithstanding the existence of a sponsorship agreement.

Clear guidelines should describe the process and possible consequences of any sponsorship related impacts on a public sector agency’s responsibilities (for example, a statement to the effect that any attempted influence of the sponsored agency’s functions will result in an automatic review and/or termination of the sponsorship agreement

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

Sponsorship agreements should be monitored. Provision should be made for contingencies such as a change in the sponsor’s corporate mission or objective.

Be aware of the possibility that the objectives and mission of a sponsor’s parent company or subsidiaries might be in conflict with those of the agency.

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.

Accepting sponsorship in such circumstances is a delicate business and one where the manager must exercise some judgement as to who should or should not be an exception to the general rule.

For those exceptional cases where a decision is taken to accept sponsorship in such an environment, all parties should be in no doubt that the sponsorship relationship has absolutely no bearing on the sponsored agency's exercise of regulatory or inspectorial functions. This should be made clear in all negotiations and documentation, not only for the benefit of those who are parties to the agreement but also to ensure public confidence in the integrity of the agreement.

Always ensure that a method for dealing with any exercise of the regulator or inspectorial function is in place and clearly spelt out in the specific sponsorship agreement.

It is just as important that the principles which will be used to manage such contingencies are published in generally available documentation of the agency's sponsorship policy.

In the case of local government, consideration should be given to establishing a means for dealing with sponsors who become involved in a regulatory or inspectorial activity. Possible solutions might include referring the matter to another council or private organisation that can carry out the functions impartially and provide an independent report, and/or suspending/terminating the sponsorship arrangement.

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

Care also needs to be taken to avoid strong implicit endorsement of a sponsor's products. Sponsorship agreements should set out the range of uses to which the sponsor can put the relationship (for example, in advertising copy) and perhaps give the agency an opportunity to review specific uses prior to release.

Where sponsorship involves the sponsor providing a product to the agency, the agency should evaluate that product for its fitness for purpose against objective operational 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. There could be an implicit agency endorsement of a sub-standard product.

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 appropriate section of the agency's code of conduct.

Where a benefit is provided by a sponsor on a corporate basis, (for example, meeting the cost of hospitality at a conference), it is important to ensure there is no perception of a personal benefit being given to a public official as an individual.

Depending on conditions of engagement, contractors and consultants could be regarded as employees of public sector agencies and should be considered when assessing the status of personal benefits in a sponsorship agreement.

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 expressions of interest that are not limited solely to invited sponsors.

When and in what form a broadly-based process should be used depends on the nature of the market. If there is vigorous interest in sponsorship, the process should be competitive. Alternatively, if interest is restricted to potential sponsors with highly specialised characteristics, then more direct methods would be unlikely to offend. In any case, agencies should make their general willingness to accept sponsorship as widely known as possible. The response could indicate how competitive the race for a specific sponsorship might be.

When a decision is taken not to offer sponsorship opportunities widely, the reasons for doing so should be clearly documented.

The reasoning behind this principle can be found in the ICAC's Report on Investigation in the Silverwater Filling Operation (1990, pp 26-27). The 'Silverwater Principles' as they have become known recommend that:

- 1) Public property must be utilised so as to maximise public benefit.*
- 2) All should have equal opportunities relative to public property*
- 3) Accordingly, tenders should be called whenever large benefits will pass to or costs be incurred by either the State, or a party contracting with the State, in relation to public property.*
- 4) If that general rule is departed from, the reasons for so doing should be recorded.*

The New South Wales Government Procurement and Disposal Guidelines (1995) also recommend (at point 2.8) that "competition be considered even where no apparent public expense is to be incurred; for example where a firm offers payment or services in exchange for an intangible benefit such as publicity as a sponsor ..."

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.

The assessment should be done by persons, who have relevant qualifications and can act, and be seen to act, impartially.

Proposals must be assessed consistently, using predetermined criteria available to all potential sponsors. The criteria should be established and documented prior to calling for expressions of interest. For the process to be fair, the criteria should not be changed midstream unless all potential sponsors are given an equal opportunity to revise their proposals.

The assessment process and reasons for decisions should be fully documented.

A more detailed discussion on managing the tendering process can be found in the ICAC publication 'Contracting for Services: the Probity Perspective' (1995).

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

The written agreement (an exchange of letters could suffice) should clearly set out:

- the benefits, including economic benefits, available to the sponsored agency and to the sponsor;*
- any personal benefits available to the sponsor's employees and their relatives;*
- the form or forms of sponsorship acknowledgement which will be available;*
- the scope of uses which the sponsor can make of the sponsorship agreement;*
- the term of the sponsorship and any conditions regarding renewal;*
- consequences of changes which may occur over time (for example, a shift in the relationship, new corporate missions or objectives);*
- financial accountability requirements*
- provision for termination or suspension of any agreement*
- any special conditions which apply*

Agencies should be mindful that sponsorship agreements constitute contracts and should be administered by people who are appropriately trained. This training should include basic contract administration and commercial dealings with the private sector.

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 proposal.

Highly dispersed agencies should ensure regional managers have appropriate delegations to deal with sponsorship on a local level and that a reporting system is in place to enable data collection for the agency's annual report.

Where boards or volunteer committees are convened by public sector agencies, it is important to provide such people with the support necessary to effectively administer sponsorship agreements.

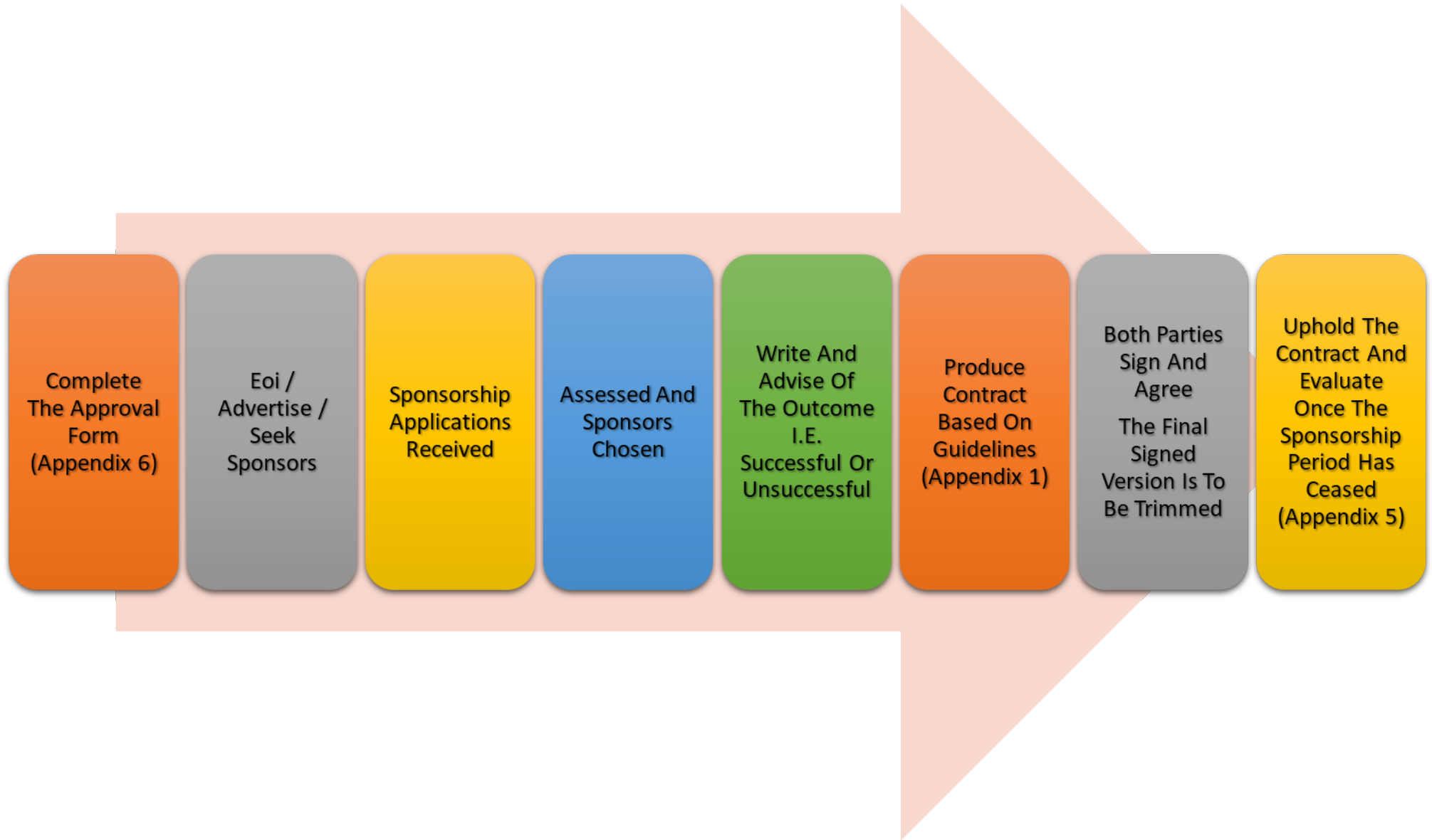
All sponsorship arrangements should be approved by the CEO or another designated senior officer of the agency and described in the agencies annual report in a form commensurate with the significance of the sponsorship.

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

Appendix 8 - Process for Seeking Sponsorship



Appendix 9 - Process for Providing Sponsorship

