



SPONSORSHIP POLICY

PURPOSE

Council's sponsorship policy provides a consistent corporate approach to seeking and providing sponsorship opportunities.

This consistent approach ensures that sponsorship agreements entered into by Council offer a benefit to both parties while preserving the integrity and independence of the Council.

SCOPE

This policy applies to situations where Council accepts sponsorship or seeks a contribution in money or kind from the corporate sector or private individuals to support a Council activity or activities.

This policy also applies to situations where community groups, businesses or individuals seek sponsorship from Council.

A sponsorship policy is essential for ensuring that Council meet its requirements set out in the Local Government Act 1993, in particular Section 356 relating to financial assistance and Chapter 14 relating to honesty and disclosure of interests.

This policy is also essential to ensure that all sponsorship agreements entered into by Council are to the benefit of ratepayers and the local community. The Independent Commission Against Corruption's 'Sponsorship in the Public Sector' guide has been incorporated into this policy to preserve the integrity and probity of Council and prevent corrupt conduct or conflict of interests arising from sponsorship agreements.

This Policy applies to all Council Officials.



DEFINITIONS

Council Official Includes Councillors, delegates of Council, members of committees permanent, and members of staff of Hunters Hill Council including full-time, temporary and casual employees, volunteers, work experience persons and contractors.

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

General Sponsorship independent activity that is not directly related to any existing business practices, but will benefit Council's objectives

In-kind Sponsorship the delivery of goods and/or services in lieu of a monetary sponsorship

Donations and Grants money or goods that are given with no benefits or returns expected. Unconditional gifts or donations do not constitute sponsorship: for example, if an organisation gave Council some flowers to display at a function and expected and received no promotional benefits, then this would be considered a donation. However, if Council was given some flowers to display at a function and then printed the company logo in the function's program, then this is deemed to be no longer a donation and is classed as a sponsorship arrangement.

There are two specific types of grants. The first relates to grants that are covered within Council's Community Service Grants Program - available to community groups annually by way of applying under the conditions of the program. This gives community groups and clubs an opportunity to apply for financial assistance on an equitable basis. The benefits that community groups give back to the community are diverse.

The second type of grants are those that Council applies for such as state and federal grants to assist with, for example, stormwater activities, youth services and so on. Received grants do not constitute sponsorship.



POLICY STATEMENT

PART 1 POLICY GUIDELINES

1. ORGANISATIONS SEEKING SPONSORSHIP FROM COUNCIL

1.1 *Monetary Assistance*

With the exception of Council Committees, Council will not provide groups or individuals with monetary assistance outside of the Community Services Grants. Groups can apply for Community Services Grants in August of each year.

Council will, however, give groups an opportunity to apply for in-kind sponsorship, which may include discount on hall and facility hire, advertising opportunities in the Council Newsletter and local papers (in conjunction with existing Council advertisements), or display space at Council's Customer Service Centre.

1.2 *In-kind sponsorship*

Community groups and clubs applying for in-kind sponsorship must have substantial membership from residents of Hunters Hill. Organisations should also ensure that their activities provide assistance or support to residents in the area. Groups or individuals must put their claim for assistance in writing, addressed to the General Manager.

1.3 *Public Notice*

Public notice is required if council proposes to grant in-kind assistance to a recipient who acts for private gain. The recipient must not receive any benefit until at least 28 days public notice is given of the council's intention.

Public notice is not required if:

- a) the financial assistance is part of a specific program, and
- b) the program's details have been included in Council's Draft Management Plan for the year in which the financial assistance is proposed to be given, and
- c) the program's proposed budget for that year does not exceed 5 per cent of the council's proposed income from the ordinary rates levied for that year, and
- d) the program applies uniformly to all persons within the council's area or to a significant group of persons within the area.



Public notice is also not required if the assistance is part of a program of graffiti removal on private land.

2. SPONSORSHIP OPPORTUNITIES FOR COUNCIL

2.1 *The Nature of a Sponsorship Agreement*

Sponsorship is sought and used to obtain additional resources with which to support specific facilities, activities or programs.

Hunter's Hill Council provides facilities, programs and activities to members of the Hunter's Hill Municipality and other members of the public. Through sponsorship by means of money, goods or services, Council can enhance, extend or reduce the cost of these facilities, activities and programs.

Particular sponsorship opportunities include:

Sponsoring facilities such as:

- sporting field/facilities
- cultural and community facilities
- parks and reserve
- public art activities
- public seating
- bus shelters

Sponsoring Council organised events and programs such as:

- Moocooboola Festival
- Australia Day
- Youth Week activities
- Seniors Week activities
- Carols by Candlelight

2.2 *Sponsorship Benefits*

Besides extending or reducing the cost of these facilities, activities and programs, Council may receive other benefits from sponsorship including:

- having additional funds to develop new initiatives, community programs or events
- an enhanced public image
- possible media coverage
- effective reach of a particular market segment
- promotional opportunities not normally available
- future sponsorship opportunities



The benefits to sponsors can include, for example, the exposure of the sponsor's name or logo, signage, product or talent as a supporter of a specific council activity, or the naming of a facility or part of a facility.

The sponsored activity may attract a larger or different audience from that which the sponsor might target in its normal business. It provides the opportunity for the sponsor to present its name and products to a wider or targeted market.

Such activities may also promote a sponsor's commitment to a particular community event, activity or program. The association of the sponsor with the broader public interest of a local government initiative can also improve the public perception of the organisation and improve the sponsor's relationship with its stakeholders, shareholders, staff and customers.

Other benefits sponsors may receive include:

- promotional and networking opportunities
- ceremonial involvement
- access to local personalities and dignitaries
- use of facilities, which may include award presentation
- professional photography
- publicity and advertising opportunities
- future sponsorship opportunities

2.3 Council's Sponsorship Principles

Regardless of the money, goods and/or services involved Council must determine if a sponsorship agreement is of benefit to the community and that there is no real or apparent conflict between the objectives and mission of the sponsored agency and Council's Vision, Organisational Values and Charter. In particular, sponsorship agreements must comply with Council's Sponsorship principles:

- Integrity and Impartiality

A sponsorship arrangement 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.

Council will continue to carry out its functions fully and impartially, regardless of any sponsorship agreement or the interests or business of a sponsor or sponsorship recipient.

Council will not enter into any sponsorship arrangement that places Council under an actual or perceived financial or moral obligation to an individual or organisation.

If sponsorship is secured from a person or organisation which is likely to be subject to regulation or inspection by Council during



the life of the sponsorship, Council will take steps to ensure that it can carry out its regulatory or inspection responsibilities to the sponsor in an open, fair, accountable and impartial manner. Appropriate risk management action will be taken and the sponsor will be informed in writing that their sponsorship will have no bearing on Council's statutory responsibilities.

It is inappropriate for any employee of a public sector agency to receive a personal benefit from a sponsorship. Any contribution from a sponsor shall go to Council, not directly to an individual, and must be seen to benefit Council and not an individual.

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

- Appropriateness

Where sponsorship takes the form of provision of a sponsor's product, the product must still be evaluated for its fitness for purpose against objective criteria which are relevant to Council's needs.

- Accessibility

Council undertakes to safeguard equity of access to its services and not allow sponsorship agreements to give unfair advantage to, or cause discrimination against sectors of the local community.

- Open and Effective Competition

In each circumstance, Council will seek sponsorship from an organisation, company or individual within the local government area (LGA). Each submission will be assessed objectively and without bias.

While Council recognises that it is not always possible to receive sponsorship from organisations, companies or individuals within the LGA, sponsorship opportunities will always be advertised within the LGA in the first instance.

- Value for Money

Council will ensure that all sponsorship agreements will provide maximum benefit to Council and the community.

- Risk Management

Each sponsorship proposal will undergo appropriate risk assessment to determine the risks posed and assess whether these risks are acceptable and can be managed.



2.4 Council's Prohibited Sponsorship Arrangements

Council will not enter into any sponsorship arrangements with:

- a) Organisations involved in the manufacture, distribution and/or wholesaling of:
- Tobacco and tobacco-related products
 - Alcoholic products where such a sponsorship would be related to services, facilities or activities for youth
 - Illegal drugs
 - Services or products that are injurious to health

However, Council may enter into a sponsorship arrangement with:

- Alcohol related companies that do not directly link with activities, assets, facilities or services for young people under the age of eighteen.
 - A pharmaceutical company such as a chemist that does not promote one specific product.
- b) Sponsors who may compromise the integrity and impartiality of the Council. Such sponsors include but are not restricted to:
- A company or individual who has a current Development Application with Council or another matter before council
 - A potential sponsor who seeks to use the sponsorship arrangement to influence legislation, public policy or the legislated role of Council
 - A political party
- c) Service organisations which may use the funds to sponsor or make a grant to a third party.
- d) Sponsors that may seek to recoup funds.
- e) Individuals or organisations that seek to specifically endorse a product as part of the sponsorship arrangement.
- f) Individuals or organisations who are in breach of regulations or ordinances administered by Council, eg an organisation operating without development approval.
- g) Individuals or organisations whose objectives and/or mission are in actual conflict with those of Council.



3. ADVERTISING AND ASSESSING SPONSORSHIP OPPORTUNITIES

3.1 Advertising and Seeking Expressions of Interest

In most circumstances, the public interest is best served by making sponsorship opportunities widely known. To this end, sponsorships should be sought by calling expressions of interest or using other broadly based mechanisms not limited solely to invited sponsors. However, the method Council uses to seek sponsorship will vary, depending on the amount that is sought.

When Council is seeking amounts over \$1,000:

- a) Council will advertise any sponsorship opportunities (with the exception of opportunities which relate directly to particular organisation/company and community members utilising such opportunities).
- b) Should the advertisement provide no or unsuitable results Council may then research a list of potential sponsors or recipients, prioritise, research and contact them.
- c) All sponsorship arrangements must be approved by the General Manager or his nominee, who in this case will be the Community Relations Officer.

When Council is seeking amounts under \$1,000:

- a) Council may contact existing or known interested sponsors.
- b) Council is not required to advertise for expressions of interest as this is clearly not practical or cost effective as the resources would outweigh the benefits gained.

3.2 Assessing sponsorship proposals

- a) Prior to seeking sponsorship, Council will establish appropriate criteria for assessing proposals. The assessment criteria should be publicised in advance on the Council website or in local newspapers and/or circulated to organisations which submit an expression of interest.
- b) Each sponsorship proposal will be assessed against the predetermined criteria.
- c) Assessment will also take the following factors into account:
 - risk management assessment, as outlined in 3.5, to determine what the risks are for Council and how they can be managed



- the costs and benefits to Council and whether the benefits are sufficient to warrant entering into the arrangement
- The potential sponsor's ability to meet Council's requirements
- The suitability and feasibility of the arrangement and the resources required
- Whether there are any actual or potential conflicts of interest between Council and the potential sponsor
- Council's Sponsorship Principles as listed in guideline 2.3.

3.3 *Costing Sponsorship Deals*

Sponsorship is often thought of as a solution to cash flow issues or certain needs. It is important to consider that arranging and servicing a sponsorship contract can often be to no financial benefit when staff costs and use of Council facilities are taken into account. It is important to carefully cost any sponsorship arrangement from pre commencement to conclusion. There are, however circumstances that necessitate a sponsorship arrangement proceeding if there is a foreseeable long term benefit for Council and an amount of good will that money simply can't buy.

3.4 *Costing of Services and In-Kind Products*

Should Council receive discounted products or services, it is important to consider that GST will apply to such products/services and it is therefore necessary to ensure that the valuation of such items is accurate.

Should Council consider accepting products or services at the discounted rate offered by the sponsor, Council should apply the principles of open and effective competition before doing so.

The supply of in kind items can be considered only when:

- Both parties agree on an appropriate value.
- Any benefits are for Council and not for an individual.
- The process is properly managed.

Reaching an agreement on the valuation of goods/services is essential, as this will determine the level of the sponsorship package.



3.5 Risk management

Ensure appropriate risk assessment is carried out for each sponsorship agreement. Areas to assess include:

- Legal liability risks - Ensure the sponsorship agreement is clearly outlined and signed so potential exposure to legal liability is minimised. Ensure that Council has the resources to fulfil its obligations under the contract.
- Corruption risks - ensure the agreement does not conflict with the legislated role of Council.
- Financial Risk – ensure the sponsor organisation has an acceptable financial record and the means to provide the money/goods or services promised.
- Conflicts of interest – ensure that there are no actual or possible conflicts of interest between Council and the sponsor.
- Perception - consider whether the arrangement may result in Council appearing to be influenced by a sponsor or appearing to endorse a sponsor's product.

4. ENTERING INTO A SPONSORSHIP AGREEMENT

4.1 Getting Approval

All sponsorship arrangements should be approved by the General Manager or Council and described in Council's Annual Report, in a form commensurate with the significance of the sponsorship.

4.2 Formalising the Sponsorship Arrangement

Each sponsorship arrangement should be described in a written agreement and signed by both parties prior to the sponsorship arrangement proceeding. This can be through an exchange of letters.

The written agreement should clearly set out:

1. The parties involved in the sponsorship agreement
2. The objective of the sponsorship arrangement
3. A clear description of the nature of the sponsorship agreement including the particular event, facility or program to be sponsored
4. The quantity of sponsorship available – this may be either monetary amounts or the value of goods or services to be sponsored
5. The specific forms of sponsorship acknowledgement that will be available as a benefit to the sponsor, described in



detail. For example, list the ways that the sponsor's logo will be used and clarify the size, colour and position of the sponsor's logo on any printed material.

5. Any other benefits to the either Council or the sponsor, described in detail.
6. Whether the sponsor is the sole sponsor.
7. Whether the sponsor is the major sponsor.
8. The obligations, rights and responsibilities of each party.
9. The term of the sponsorship and any conditions regarding renewal
10. The reporting procedure, including format, frequency and standard of reporting.
11. Liaison personnel for each party.
12. Any guidelines from the sponsors and from council
13. A dispute resolution process
14. Refund or replacement arrangements if either party is unable to fulfil its obligations.
15. Payment terms.
16. Payment of GST (see guideline 4.5).
17. Financial accountability requirements
18. Confidentiality terms
19. Any special conditions that apply
20. Termination clauses. These should specify events that could lead to termination, such as:
 - a change in the sponsor's corporate mission
 - if the sponsor becomes subject to Council's regulation or inspection
 - a merger or other event that causes a conflict of interest
 - any action of the sponsor that results in public criticism/bad publicity and reflects badly on Council or brings its probity into question
22. Evaluation criteria, including audit and finance requirements.
23. In cases where the sponsor is a body regulated by Council, the agreement must clearly state that the sponsorship

arrangement will not influence Council's exercise of its regulatory or inspection functions in relation to the sponsor.

Once the sponsorship agreement has been signed, the Finance section should be advised and an appropriate exchange of tax invoice and receipts organised between Council and the sponsor.

4.3 Commitment to the Sponsor

A sponsored agency must ensure that sufficient resources are available to enable the promised sponsor benefits to be delivered. Council should provide sufficient information for the sponsor to evaluate the outcomes of the sponsorship.

The Council Officer responsible for a sponsorship arrangement must ensure that sufficient resources are available to enable the promised sponsor benefits to be delivered. The Officer should provide sufficient information on progress for the sponsor to evaluate the outcomes of the sponsorship arrangement.

4.4 Using a Sponsor's Branding

Sponsors are entitled to rights and benefits with the exchange of any sponsorship contract. In the majority of circumstances a sponsor will have a registered trademark and for legal purposes will not allow any diversion from this branding.

When Council is receiving sponsorship and using a sponsor's logo, the logo should be used in the form and manner approved by the sponsor. Such a determination should be agreed to or negotiated by both parties prior to the signing of the agreement.

4.5 Sponsorship and GST

GST (Goods & Services Tax) must be included with all goods and monies that may be exchanged as part of a sponsorship agreement.

The value of any sponsorship service needs to be agreed to by both parties entering the sponsorship contract and that portion will then have to be included in the GST return.

Contra arrangements between Council and another party who is registered for GST will constitute a taxable supply for GST purposes. Sponsorships in which goods are supplied in lieu of money or in-kind a tax invoice must still be raised as these items are subject to GST. It is vital for Council to maintain best practice standards and keep all documentation, including tax invoices for all sponsorship transactions.

Should an organisation or group who is not registered for GST sponsor a Council event, that group will still be required to bear the additional 10% cost.



It is important to consider that donations or gifts do not attract GST, however it is vital to also be mindful that Council cannot then promote or advertise an organisation or its services who donates or provides such gifts, as this will be seen as a reciprocal benefit and then become a sponsorship arrangement.

Following the agreement of the contract Council will need to raise an invoice for the money or the goods to be sponsored.

RELATED RESOURCES

Hunter's Hill Council Code of Conduct (CORP.S-Pol.03)

Hunter's Hill Council Gifts and Benefits Policy (CORP.S-Pol.16)

Hunter's Hill Council Statement of Business Ethics (CORP.S-Pol.07)

POLICY OWNER

The policy authority is the General Manager.

AUTHORISATION AND REVIEW

Next Review Date

This Policy was reviewed in November 2011. There were no changes required.

This policy is to be reviewed in 2012 or with any changes to relevant legislation or Council policy.

Version Control Table

Date	Version	Res. No.	Key Changes	Author
14.10.2002	1.0	450/02	Adoption of policy	D. McFadyen
8.05.2006	1.1	190/06	Amendment & revision to policy	D. McFadyen
8.09.2009	1.2	308/09	Amendment to policy	D. McFadyen