



Corporate Sponsorship Policy

Date policy was adopted by Council:	28 July 2010
Resolution number:	185/10
Previous Policy review date:	25 February 2009
Next Policy review date:	Annually – May
Reference number:	SF080616

1. POLICY OBJECTIVES

This Policy has been developed to provide a transparent process in the interest of public accountability. It ensures that probity is maintained in the selection or appointment of sponsors and in managing those sponsorships.

Sponsorship can be defined as:

“the purchase of exploitable potential associated with an entrant, event or organisation, which results in tangible benefits for the sponsor.”

(Geldard & Sinclair, 1996)

Sponsorship is also defined by ICAC as:

“A contribution in money or kind, generally by the corporate and government sector or private individuals, in support of an individual Council related activity, in return for an agreed benefit(s). It is not philanthropic.”

Sponsorship does not include service agreements, partnership agreements, the selling of advertising space, joint ventures, consultancies, grants or unconditional gifts, donations, bequests or endowments.

The objective of this policy is to:

1. Clarify what constitutes a sponsorship
2. The types of sponsorships Council will and will not undertake;
3. The rights and responsibilities of all parties involved in a sponsorship in order to ensure that there is neither conflict of interest nor negative impact on Council’s reputation or probity.
4. State Council’s objectives for entering into sponsorship agreements.
5. Clearly define rules and regulations associated with sponsorship, e.g. GST, sponsorship v donation, appropriateness of sponsorship, etc.
6. Define Council’s level of accountability and responsibility in sponsorship agreements.
7. Determine sponsors that are unsuitable to Council.
8. Define the contents of written sponsorship agreements with Council which will include:
 - The purpose of the sponsorship;
 - The amount of the sponsorship;
 - The benefits to Council;
 - The benefits to the sponsor;
 - The deliverables of both parties;
 - Termination arrangements; and
 - The officer with authority to approve the sponsorship.

Note: For sponsorship of \$10,000 or higher, the sponsorship agreement will also include, in addition to the requirements above:

- Quantifiable outcomes;
- A comprehensive budget outlining all costs associated with sponsorship;
- Staffing required; and
- The officer with authority to approve sponsorship.

This Policy enables the General Manager to monitor the utilisation of sponsors in all departments. It will ensure that Council does not overuse certain sponsors and that all sponsorship agreements are managed professionally.

2. BACKGROUND

2.1 ICAC advises that public sector agencies, including Local Government Councils, need to develop a specific sponsorship policy to cover all their current and future sponsorship agreements with the private sector. ICAC highlights two important principles:

- (a) The public should be confident that government decisions are made, and appear to be made, on objective grounds; and
- (b) Private sector organisations should have equal access to the tangible and intangible benefits which flow from the sale of a government asset, i.e. its goodwill.

4. GUIDELINES

4.1 KEY CONSIDERATIONS

Council's reputation is an important asset. In addition, Council has public responsibilities and accountabilities, and must operate within its own legislation, policies and guidelines.

To minimise possibilities where conflict of interest may occur, this policy clearly outlines what sponsorship Council will not undertake (see section 4.1.4).

All sponsorships, noting the name of the sponsor, and the event sponsored, will be listed in Council's Annual Report. The value of the sponsorship will be published.

Officers involved in sponsorship activity should be conscious of their primary responsibility for probity. Council's Code of Conduct is a useful reference for maintaining professional, ethical behaviour at all times. The risks associated with sponsorship can be higher than those associated with normal Council activities.

The major risks include:

- perceptions of improper conduct;
- the potential to embarrass Council through associating a Council project with an inappropriate sponsor;
- undertaking an activity on the basis of the promise of corporate sponsorship which then does not materialise;
- breaching Council's accounting requirements;
- undervaluing sponsorship projects to potential sponsors;
- not being cost effective; and
- being incapable of surviving critical public scrutiny.

4.1.1 CONFLICT OF INTEREST

Any sponsorship Council undertakes must not compromise Council's reputation, public image, probity, or its ability to fulfil its functions.

Whilst Council does not provide sponsors with commercial endorsements, sponsors may gain credibility from association with Council. However, Council may gain credibility by associating itself with businesses or may lose credibility by associating itself with businesses which do not fulfil their responsibilities under fair trading laws, who are of poor repute or conflict with Council's priority programs and commitments.

Protecting Council's reputation and its compliance role will be expressed as a term or terms in the agreement. The terms to be included depend on the nature and scope of the sponsorship. For example, Council can include terms to ensure that:

Queanbeyan City Council

- Its logo is not used without its specific permission;
- The sponsorship deal is not regarded as a general endorsement by Council of the business activity of the other party;
- The sponsorship deal will not fetter Council's ability to undertake its regulatory and compliance roles;
- Council continues to own the intellectual property developed;
- Council information obtained by the other party in the course of the sponsorship is kept confidential; and
- No Councillors or Council Officers are to receive any personal benefits from sponsorships.

Where the sponsor proposes to deal with Council in any other capacity, the Group Manager, City Governance, will implement appropriate measures to deal with any actual or potential conflict, consistent with ICAC guidelines, and after consulting with the appropriate Group Manager and/or General Manager, as appropriate.

4.1.2 PUBLIC RESPONSIBILITIES

Any sponsorship undertaken should not replace a service required by law nor inhibit Council's ability to ensure that:

- events, programs and services are accessible and appropriate to all groups in the community; and
- all relevant program objectives, outcomes and outputs are consistent with Council's Corporate and Strategic Plans.

Council is accountable to the public. Any sponsorship it undertakes must be one which Council would be proud to see on the front page of a newspaper.

Council works in a regulatory capacity. Any sponsorship it undertakes cannot influence decisions or action by Council. Therefore, Council will not accept sponsorship of services such as licences, development applications, compliance and legal dispute resolution.

The General Manager or delegated officer approves sponsorships and reports all sponsorships in Council's Annual Report in a form commensurate with the significance of the sponsorship e.g. Major (\$10,000 or higher) or Minor sponsorships (<\$10,000).

4.1.3 GOVERNMENT GUIDELINES

Any sponsorship undertaken must fall within Government sector-wide guidelines.

Three key guidelines, which apply directly to this policy, are Council's Code of Conduct, Privacy Management Plan and ICAC'S Revised Sponsorship Principles.

4.1.4 SPONSORSHIPS NOT PERMITTED UNDER THIS POLICY

Given the above considerations, Council will NOT undertake sponsorships of the following types:

Policies and principles

- Require or imply Council's endorsement of commercial products, services, companies or individuals;
- Limit Council's ability to carry out its function fully and impartially;
- Restrict access to Council events, products and services by the widest audience possible;
- Are not consistent with Council's social justice principles of equity, access, participation, rights and accessibility for all groups in the community;
- Cannot be accountable to the public;
- Personally benefit individual Council employees, or their friends or family;
- Allow ownership and control of the sponsored project to go outside Council;
- Give a sponsor influence over Council and access to restricted information;
- Pose a conflict with the broader policies and practices of Council;
- Pose a conflict between the objectives and missions of Council and those of the sponsor;
- Imply Council endorsement of contentious community issues;
- Involve provision to the public of a sponsor's product or service where that product or service has not been evaluated for its fitness for the purpose against the objective operational criteria relevant to Council's needs;
- Have not gone through the processes set out in this Policy;
- Require Council to commit to delivering a product or service which it does not have the means, infrastructure or resources to do so; or
- Have not been approved by the General Manager or delegated officer.

Sponsor Types

- Involve sponsors that are in the business of pornography, tobacco or unsustainable practices, or
- Involve sponsors in political fields (eg political parties).

Cost Issues

- Generate surplus capital which cannot be used to offset costs of, or enhance a Council project (i.e. not a genuine sponsorship);
- Places a price on Council's sponsorship package that is not fair in comparison to marketplace prices;
- Requires research to establish the viability of undertaking a sponsorship, where that research exceeds the value of the sponsorship itself;
- Place a price on a sponsorship package which is so low as to undermine the perceived quality of that package; or
- Place a price on a sponsorship package which does not represent value for money for the sponsor.

Objectives

- Do not have clearly defined objectives which allow the sponsor and Council to evaluate the outcome and results;
- Do not support the overall objectives of Council; or
- Do not have a written letter and signed sponsorship agreement between Council and the sponsor.

4.2 THE PURPOSE OF SPONSORSHIP IN THE CITY OF QUEANBEYAN

There are many instances when Council may want, or need, to seek a sponsorship. For example:

- Council and community will benefit from the partnership established;
- Budget restrictions do not allow for any improvements to be made to an existing event, program or service, required under Council's Integrated Plans;
- Budget restrictions do not allow Council to meet a need for a new event, program or service as established by Council's Integrated Plans;
- Current supply of a necessary program or service is no longer economically viable;
- A business has approached Council with an offer of sponsorship; or
- A prospective sponsor has a high reputation for providing proposed service of goods.

Whatever the circumstances, a sponsorship may be able to assist Council to achieve its goals. A sponsorship, by definition, must provide both the sponsor and Council with clear benefits.

5. SPONSORSHIP AGREEMENT

All sponsors must reach agreement with Council on the terms of the sponsorship in a draft sponsorship agreement before it is finalised. The final sponsorship agreement shall be signed by both parties.

The sponsorship agreement or contract between Council and a sponsor will formalise and make transparent the partnership and will clearly state the obligations, rights and benefits of both parties.

The sponsorship agreement will include the following where relevant:

- **Parties to the agreement:** Clearly stating the parties involved i.e. Council, sponsor and any other third party e.g. merchandiser).
- **The Property:** The exact nature of the program or event being sponsored and the details of any governing bodies or regulations pertaining.
- **Conditions Precedent:** Any conditions associated with sponsorship.
- **The Term:** Term of the sponsorship and renewal options for the sponsor. CPI to be factored into any renewal agreement.
- **Exclusively:** Details of the level of exclusivity are to be included e.g. sole, principal, major, minor sponsor or official supplier.
- **Granting of Rights:** The sponsor's right or otherwise to use the official event logo or the official event name in any of their advertising or promotional programs.
- **Advertising and Publicity:** The ownership of television rights must be stated. The description of advertising, other printed material, editorials, launches and the rights of the sponsor in terms of logo appearance must be defined. Also defined must be the rights of sponsors to display their logo on clothing worn by a celebrity commissioned to promote the program or event.
- **Signage:** State the sponsors rights regarding signage (e.g. size, location and exclusivity). Council regulations must be stated.
- **Hospitality Rights:** State clearly the sponsor's rights in regards to any hospitality e.g. functions, ticketing, catered boxes/tents, etc.
- **Merchandising:** State clearly the owners of merchandising rights.
- **Payment:** Detail amount of payment or contra and dates for payments. List interest rates/penalties for late payments. State part responsible for payment of GST on contra items.

- **Termination:** List all grounds for termination of the sponsorship agreement to include: mediation methods, compensation, acts beyond the control of Council or sponsor.
- **Performance:** Indicate agreed levels of service by Council and sponsor and the details which Council will protect the sponsor from any ambush marketing.
- **Confidentiality:** State either parties desire for non-disclosure of sponsorship details.
- **Taxation:** Sponsorship is subject to GST and is Council's responsibility to ensure that appropriate tax is paid on sponsorship revenue.
- **Assignment:** State whether rights can be assigned to a third party by the sponsor.
- **Warranties/Liability:** State who is responsible for insurance (public liability, wet weather etc). Indemnities agreed by Council and sponsor are to be identified.
- **Prize Money:** Under taxation ruling SGR93/1, prize money and appearance fees paid to resident Australian professional athletes are considered earnings and are subject to superannuation. The part responsible for the payment of superannuation must be identified.

6. RESPONSIBILITY/ACCOUNTABILITY

6.1 General Manager and delegated officer.

7. RELATED POLICIES

- (a) Code of Conduct
- (b) Privacy Management Plan

8. RELATED LEGISLATION

Independent Commission against Corruption: Revised Sponsorship Principles, Section 55 Local Government Act 1993

9. ATTACHMENTS

Attachment 1. Definitions

10. RESOURCES

- (a) Independent Commission Against Corruption: *Review of the ICAC sponsorship Principles*
- (b) ICAC's Revised Sponsorship Principles

DEFINITIONS

(a) **Benefits for sponsors**

The primary benefit for sponsors is a competitively priced medium to reach a target audience. Benefits include, but are not limited to branding, hospitality and advertising. Benefits are determined by collaboration and agreement between Council and the sponsor, and are restricted by Government guidelines and this policy, e.g. Council does not endorse commercial products or services.

(b) **Benefits for Council**

Through sponsorship, Council can gain resources to enhance, or to offset the cost of, producing and promoting Council events, programs and services.

(c) **Project**

Refers to the activity (eg event, program or service) for which the sponsorship is being sought.

(d) **Resources**

Raised by sponsorships, can be in the form of cash, goods or services.

Cash: Cheque provided to Council by the sponsor to be used to offset the cost or enhance the potential of a specific Council project.

Value in kind: Goods such as equipment, or service such as advertising or printing, given to Council to enable a specific event, program or service to be produced and/or delivered.

(e) **Sponsor**

For the purpose of this Policy, a sponsor is any organisation or individual providing resources to Council, for use in achieving Council objectives, in return for special benefits. A sponsor is not an organisation or individual providing a 'gift' with no benefits in return.

(f) **Grants**

Council complements its events, programs and services by funding community based organisations to provide events, programs and services within Council boundaries.

POLICY:-	
Policy No:	
Policy Title:	Corporate Sponsorship Policy
Date Policy was adopted by Council:	28 July 2010
Resolution Number:	185/10
Previous Policy Review Date:	25 February 2009 (Minute No. 063/09)
Next Policy Review Date:	Annually – May
PROCEDURES/GUIDELINES:-	
Date Procedure/Guideline (if any) was developed:	Nil
RECORDS:-	
Container Reference in TRIM: Policy	SF080616
Container Reference in TRIM: Procedure	Nil
Other locations of Policy:	Intranet (linked to TRIM Container)
Other locations of Procedures/Guidelines:	Nil
DELEGATION (if any):-	Nil
RESPONSIBILITY:-	
Draft Policy developed by:	General Manager
Committees (if any) consulted in the development of the Draft Policy:	Nil
Responsibility for Implementation:	Group Manager Community Living
Responsibility for Review of Policy:	Group Manager Community Living

INTEGRATED PLANNING FRAMEWORK:	
Community Strategic Plan:	Strategic Priority No. 4 – Culture And Leisure
Delivery Program Title:	Queanbeyan Gift, Queanbeyan Performing Arts Centre Program Operations
Operational Plan:	Program No. 117 and 699

Senior Authorising Officer	Position General Manager	Signature/Date  28 July 2010
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ACTION	COUNCIL MEETING DATE	RESOLUTION NUMBER	REPORT ITEM NUMBER
NEW/RECONFIRMED/ AMENDED			
New	16 February 1994	131	-
Amended	25 February 2009	063/09	Item 17
Amended	29 July 2010	185/10	Item 11

DATE REVIEWED	REVIEWER POSITION	REVIEWER NAME