



POLICY NO.	CPCE2
POLICY TITLE	Sponsorship Policy
STATUS	Council
SERVICE	Communications and Events
DOCUMENT ID	674028

PURPOSE

The purpose of this policy is to provide a consistent corporate approach to seeking sponsorship opportunities. It will also ensure that sponsorship agreements entered into by Council offer a benefit to both parties, and a benefit to the ratepayers and local community, while preserving the integrity and independence of the Council.

SCOPE

This policy applies to all sponsorships where Council seeks or accepts a contribution in money or in-kind from the corporate sector or private individuals to support Council activities or projects.

This Policy applies to all Council officers and all sponsorship agreements entered into with Council.

The NSW 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.

Grants and donations are dealt with separately in accordance with Council's *Donations Policy*.

This Policy does not apply to organisations seeking sponsorship from Council.

Council does not provide groups or individuals with monetary assistance outside of the Community Grants, however, we do give groups an opportunity to apply for in-kind sponsorship in the form of a discount or waiver of hire fees for Council facilities. These are dealt with in the *Reduction or Waiver of Hire Fees for Council Facilities Policy* and the *Community Grants Policy*.

DEFINITIONS

Council Officers	Members of staff of Hunter's Hill Council including full-time, temporary and casual employees.
Sponsorship	A financial or in-kind contribution, to support a Council activity or project in return for certain specified benefits, as listed in a sponsorship agreement Sponsorship is not philanthropic. A sponsor should expect to receive a reciprocal benefit beyond a modest acknowledgment.
In-kind Sponsorship	The delivery of non-monetary goods and/or services by a third party that will benefit a Council activity or project.

POLICY GUIDELINES

1. SPONSORSHIP OPPORTUNITIES FOR COUNCIL

1.1 The Need for Sponsorship

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

Hunter's Hill Council provides facilities, programs and activities to members of the Hunters 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 may include the following.

Facilities such as

- sporting field/facilities
- cultural and community facilities
- parks and reserve

Council organised events and programs such as

- Moocooboola Festival
- Hunters Hill Art Exhibition
- Carols in the Park
- New Year's Eve
- Youth Week or Seniors Festival

1.2 Sponsorship Benefits

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

- 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 exposure of the sponsor's name or logo on Council collateral and social media channels, signage in the local area, promotion of a product or service as a supporter of a specific council activity, or the naming rights of an event, 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, which may include award presentation
- access to local personalities and dignitaries
- use of facilities
- professional photography
- publicity and advertising opportunities
- future sponsorship opportunities

1.3 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 sponsoring 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, Council'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.

Council will not enter into any sponsorship arrangement that places us under an actual or perceived financial or moral obligation to an individual or organisation. Nor with individuals or organisations that would be perceived as breaching the Modern Slavery Act 2018.

If sponsorship is secured from a person or organisation subject to regulation or inspection by Council, steps will be taken to ensure Council can carry out these responsibilities to the sponsor in an open, fair, accountable and impartial manner. Appropriate risk management action will be taken and the sponsor informed their sponsorship will have no bearing on Council's statutory responsibilities.

It is inappropriate for any employee of Council 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 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:** Sponsorship opportunities will always be advertised within the LGA in the first instance, but Council recognises that it is not always possible to receive local sponsorship.
- **Value for Money:** All sponsorship agreements will provide maximum benefit to Council and the community.
- **Sustainability:** All sponsorship agreements must comply with Council's Sustainable Event Management Policy and Sustainability Policy.
- **Risk Management:** Each sponsorship proposal will undergo appropriate risk assessment to assess whether identified risks are acceptable and can be managed.

1.4 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 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 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) Sponsors that may seek to recoup funds.

d) Individuals or organisations who are in breach of regulations or ordinances by Council e.g. an organisation operating without development approval.

e) Individuals or organisations whose objectives and mission conflict with those of Council.

2. ADVERTISING AND ASSESSING SPONSORSHIP OPPORTUNITIES

2.1 Advertising and Seeking Expressions of Interest

In most circumstances, calling for expressions of interest widely will allow the full potential of a sponsorship opportunity to be achieved, so Council is not limited to only exploring agreements with those who are invited to participate.

When council is seeking sponsorship greater than \$3000, we will advertise it on our website and appropriate Council channels.

However, it is appropriate for Council to directly contact potential sponsors, including previous sponsors, if:

- an advertisement has resulted in unsuitable sponsors or insufficient responses. Council may then research a list of potential sponsors to prioritise.
- the value of the sponsorship package is less than \$3000 as this is clearly not practical or cost-effective. The resources would outweigh the benefits gained.

2.2 Assessing Potential Sponsors

Assessment will take the following factors into account:

- There is still financial benefit in a sponsorship agreement when staff costs and use of Council facilities are considered
- risk management assessment, as outlined in 2.4, 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 1.3

2.3 Discounted and In-Kind Products

Should Council receive discounted or in-kind sponsorship of 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 and the process is properly managed.

The valuation of goods/services will determine the level of the sponsorship package.

2.4 Risk Management

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

- legal liability risks - the sponsorship agreement is clearly outlined and signed so potential exposure to legal liability is minimised.
- Means risk - Council has the resources to fulfil its obligations under the contract.
- corruption risks - the agreement does not conflict with the legislated role of Council.
- financial risk – the sponsor organisation has an acceptable financial record and the means to provide the money/goods or services promised.
- conflicts of interest – 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 endorsing a sponsor's product.

3. ENTERING INTO A SPONSORSHIP AGREEMENT

3.1 Getting Approval

All sponsorship arrangements must be approved by the General Manager or his nominee, who in this case will be the Manager Communications and Events. The agreement should be described in Council's Annual Report, in a form appropriate to the significance of the sponsorship.

3.2 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 activity to be sponsored
4. The quantity of sponsorship being provided – this may be either monetary amounts or the value of goods or services provided
5. The specific forms of sponsorship acknowledgement that will be available as a benefit to the sponsor
6. Any other benefits to either Council or the sponsor, described in detail
7. Whether the sponsor is the sole sponsor
8. Whether the sponsor is the major sponsor
9. The obligations, rights and responsibilities of each party
10. The term of the sponsorship and any conditions regarding renewal
11. Liaison personnel for each party

12. Any guidelines from the sponsors and from Council
13. Refund or replacement arrangements if either party is unable to fulfil its obligations
14. Payment terms
15. Payment of GST (see guideline 5)
16. Confidentiality terms
17. Any special conditions that apply
18. That the sponsorship arrangement will not influence Council's exercise of its regulatory or inspection functions In cases where the sponsor is an organisation regulated by Council
19. 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

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

4. USING A SPONSOR'S BRANDING

Sponsors are entitled to rights and benefits in 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.

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. A tax invoice must still be raised for sponsorships in which goods are supplied in lieu of money, or in-kind, 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.

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

RELATED POLICIES & PROCEDURES

CPCG1 [Donations Policy](#)

CPCS1 [Community Grants Policy](#)

CPCCS1 [Reduction or Waiver of Hire Fees for Council Facilities Policy](#)

CPFM3 [Procurement and Contract Management Policy](#)

CPRM1 [Enterprise Risk Management Policy](#)

[Modern Slavery Act 2018](#)

Internal - Risk Management Procedure

POLICY AUTHORITY

General Manager

GETTING HELP

Please contact the General Manager for further guidance or assistance.

REVIEW

This Policy was reviewed in March 2024 to better reflect what is currently offered in a Council sponsorship agreement, and the removal of information that was redundant or outdated.

This policy to be reviewed once per term of Council or with any relevant changes to Council Policy or legislation.

Next review date is: March 2028

ADOPTED BY COUNCIL/EXECUTIVE:

DATE: 25 March 2024

RESOLUTION NO: 033/24

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 and revision to policy	D. McFadyen
8.09.2009	1.2	308/09	Amendment to policy	D. McFadyen
25.03.2024	1.3	033/24	Amendment and revision to policy	S. Demian