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<b>RESPONSIBLE OFFICER:</b>	Chief Executive Officer
<b>RELEVANT DELEGATIONS:</b>	
<b>LEGISLATION AND REFERENCES:</b>	Local Government Act 1999
<b>ASSOCIATED PROCEDURES:</b>	

### INTRODUCTION

Council is committed to working with key partners and the broader community to achieve Council's Strategic Plan. Council recognises that sponsorship can contribute to achieving mutual goals for the Naracoorte Lucindale Council and key stakeholders. Council supports the use of appropriate sponsorship that enhances its initiatives and contributes to achieving the community's vision.

This Policy applies to all sponsorships received by the Naracoorte Lucindale Council.

### PURPOSE OF POLICY

This policy provides a high level of governance and a transparent process in the interests of public accountability. It provides a framework for the procurement and management of sponsorship, as well as information for potential sponsors about the parameters of entering into an agreement with Council.

### DEFINITIONS

**Donation** (GST free) – an unencumbered gift to Council of money, goods and/or services where no reciprocal commercial benefit is sought by the donor, nor offered by Council. If the donor seeks a requirement that Council returns some benefit in exchange for the gift, it is a sponsorship.

**Sponsorship** (attracts GST) – a business arrangement between Council and an external party which results in an exchange of tangible benefits to all parties and supports the activities of Council. A sponsor is not an organisation or individual providing a 'gift' with no clearly defined benefits in return. See below for a list of possible benefits.

**Partnership** – a well defined arrangement between Council and an external party for the purpose of cooperation between the parties in relation to the completion of a specific project, the achievement of a specific outcome and/or the delivery of a specific service. (A donation or sponsorship arrangement organised within a partnership relationship will still be subject to this policy.)

**Project** – is an activity (eg facility, event, program or service) for which sponsorship is sought and will usually have a defined beginning and end in time, and therefore defined scope and resources.

**Resources** - Resources raised by sponsorships, can be in the form of cash, goods or services.

**Cash** - Payment provided by a sponsor to be used to offset the cost or enhance the potential of a specific project.

**Value in kind** - Goods such as equipment, or services such as infrastructure or printing, given to Council to enable a specific facility, event, program or service to be produced and/or delivered and that would otherwise have had to be bought in. In-kind sponsorship attracts GST in the same way as cash sponsorship and therefore must be fully accounted.

### **BENEFITS**

It is important that the level of sponsors' contributions and sponsor benefit is commensurate with the contribution provided and consistent with the written agreement. Therefore, benefits will vary depending on the contribution provided.

#### **Benefits for Sponsors**

In return for sponsorship (and subject to the value of the sponsorship), there must be tangible benefits for the external party to invest in the project / activity.

The benefit for sponsors is a medium through which to reach a segment of their target audience.

Benefits will be determined by collaboration and agreement between Council and the sponsor and may include but are not limited to:

- brand exposure
  - Allowing association of the sponsor's name with the facility, event or service
  - Inclusion of logos on advertisements, programs and other Council official external communication tools
  - Display of company banners and promotional material at the project / activity
  - Distribution of company promotional material
  - Public acknowledgment through Council's official external communication tools (such as media releases, publications, online platforms, website)
- hospitality
- promoting socially responsible corporations / activities
- the goodwill generated by association with a Council event, facility or initiative

Where appropriate, extra benefits may be considered (subject to the value of the sponsorship) such as:

- Provision of tickets or the opportunity for representatives to attend or be involved in the project / activity
- Opportunities for photographic sessions with local media
- Inclusion in official guest lists for media launches, receptions and dinners associated with the project / activity
- Provision of group discounts or other special arrangements for the sponsor

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- Official recognition of the sponsorship by way of plaque or certificate presented publicly
  - Periodic reports
  - Links from the Council website to sponsor website
  - Other appropriate acknowledgement

Additional opportunities may present themselves from the sponsor and from Council. For example, celebrity appearances, promotional opportunities, retail opportunities, project / activity launches, VIP events etc. These will be considered on their merits and with respect to the value of the sponsorship.

At the conclusion of a sponsorship agreement Council will publicly acknowledge all contributors, sponsors, partners and participants.

### **Exclusivity**

In limited cases, there may be opportunities for naming rights or presenting rights. All invitations for naming rights sponsorship will be approved by a resolution of Council, prior to formalising the offer to any organisation.

### **Benefits for Council**

Through sponsorship, Council can gain resources (cash or in kind) to enhance, or to offset the cost of facility development and maintenance, producing and promoting events, programs, services and community initiatives.

## **CONSIDERATIONS**

### **Conflict of Interest and Probity**

Council's reputation is a vital asset and the responsibility of Elected Members and employees to uphold. Sponsorship must not compromise the reputation, probity, or ability of Council to fulfil its functions.

To minimise situations where conflict of interest may occur, and to ensure sponsorship activities fulfil Council's public responsibilities, sponsorships will not be pursued by Council where:

- Council's ability to impartially carry out its full range of functions could be limited or the sponsorship imposes or implies conditions that limit, or appear to limit, Council's functions
- The objectives, mission or values of the sponsor and Council are in conflict
- The external party or its activities are primarily for the sale or distribution of products or services that are contrary to current community standards or any illegal activity
- Endorsement of an external party, their products or services is required or implied
- Direct or indirect hyperlinks from and to the Council and the external party website is mandatory
- Potential exists to embarrass Council through associating a project with an inappropriate sponsor
- Perceptions of improper conduct or an inability to survive public scrutiny exists
- Personal benefit may be gained by a Council Member or employee, their family or friends
- The nature of the sponsorship would provide inappropriate access to restricted information

While subject to the same probity requirements, sponsorships and partnerships must be treated independently and kept separate from Council's normal procurement program. If sponsorship is to include the provision of a sponsor's product, Council will evaluate the product objectively against operational criteria and requirements, just as if the item was being purchased to ensure transparency and the value of such transaction.

Above all, Council Members and employees involved in sponsorship activity are reminded of their duty to comply with Codes of Conduct.

### **General considerations**

Sponsorship:

- must be ethically sound
- cannot permit or imply special service obligations / favoured treatment to the sponsor
- funds must only be directed to the approved sponsored activity
- must have full accountability and disclosure
- must be in the form of a written arrangement between Council and the sponsor
- reference an end date / conclusion of the sponsorship arrangement

### **Standards**

Council must:

- undertake due diligence to ensure the external party is reputable. Ensure there is no real or perceived conflict between the objectives and mission of Council and the external party.
- be confident that the external party is financially able to meet its sponsorship commitments
- check there is no conflict with other major sponsors of that specific activity
- continuously review sponsorships to ensure the relationship and arrangements are sound and Agreements are met

Additional measures to protect Council's reputation will be expressed as terms and conditions in the Written Agreement. The terms included will depend on the nature and scope of the sponsorship.

### **Written Agreement**

All sponsorships agreed between Council and an external party, must be documented in a Sponsorship Written Agreement. The agreement, at a minimum, must include:

- the expectations of both parties, specifically the benefits expected by the external party, and the investment, product etc expected by the sponsored project
- time lines for all deliverables on both sides, including payment for the sponsorship, should be clear and concise
- references to whether the sponsor wants the sponsorship to be confidential

Additional terms may include:

- the sponsorship agreement is not regarded as a general endorsement by Council of the business activity of the external party
- the sponsorship agreement will not interfere with Council's ability to undertake its roles and fulfil its functions
- Council continues to own the intellectual property developed; and
- Council information obtained by the external party in the course of the sponsorship is kept confidential.

### **Sponsorship of Vehicles and Equipment**

Where sponsorship involves vehicles, computers, electronic equipment or other specialist equipment, detailed descriptions and specifications must be provided to Council prior to acceptance for the purpose of:

- Assessing the technical compatibility and suitability with Council's systems, functions, capabilities and standards.
- Assessing work health and safety and public safety impacts.
- Ensuring proper servicing, maintenance and insurance arrangements, where appropriate are provided; and
- Examining the financial impact and implications on Council for the introduction and ongoing use of vehicles and equipment.

### **Branding and the use of logos**

Use of Council's logo must be in accordance with the following:

- prior approval of Council must be obtained
- a logo that is accompanied with words may not be approved, for example if the logo is accompanied with words similar to "the only one to use" it will not be allowed as it infers Council are acknowledging the product
- approval will not be given to external parties to use the Council logo to produce commercial merchandise
- use of the Council logo must retain its integrity and place of prominence with all other logos and its application must comply with this policy. Sponsor logos will not be placed to the detriment of the Council logo

Individual project / activity sponsor categories may include provision for the sponsor's logo or marketing message to be included in Council's official external communication tools. The use will be clearly stated in the Written Agreement.

Production costs for any signage, television or news advertising will be at the sponsors' expense.

### Reports

At the conclusion of the project/activity, Council will correspond with the sponsors and their representatives seeking feedback and evaluation and also advising of the conclusion of the agreed Council - Sponsor relationship.

The successful completion of a sponsorship agreement will be reported to Council. Sponsorship activity and achievements will be summarised in Council's Annual Report.

## AGREEMENT PROCEDURES AND DOCUMENTATION

### Levels of Sponsorship

Sponsorship will be managed at two levels. Sponsorships exceeding \$10,000 must be approved by a resolution of Council.

Level	Documents
<b>Up to \$100,000</b>	<ul style="list-style-type: none"><li>• Sponsorship Written Agreement outlining the arrangement.</li></ul>
<b>Greater than \$100,000</b>	<ul style="list-style-type: none"><li>• Sponsorship Written Agreement supported by a schedule of required information.</li><li>• Large sponsorships may require a formal legal agreement.</li></ul>

### General procedures

A Council resolution is required prior to seeking sponsors for a Council initiative. The Council resolution will include the dollar value for each type or level of sponsorship available and the tangible benefits the external party will receive for their type or level of investment.

Once Council resolves to seek sponsors for an initiative a sponsorship proposal will be prepared that clearly outlines the nature of the project, the extent of Council contribution/support, the expected support from the external party (whether that is cash or in-kind support) and the benefits that the external party will receive (or expect) in return for their sponsorship. The sponsorship proposal will be widely distributed.

### Financial recording & accountability

Council when negotiating the sponsorship arrangement must:

- Advise the sponsor that Council must charge GST on the sponsorship amount and that, if the sponsor is GST-registered, it can claim input tax credits for the GST paid
- Clarify that the amount of the sponsorship agreed is plus GST

- Advise the sponsor that Council will issue a tax invoice
- GST legislation requires Council to issue a tax invoice to sponsors who provide conditional contra/in-kind sponsorship. There is the same requirement on the sponsor (if GST-registered) to issue a tax invoice. Neither party to the contra transaction will be entitled to claim an input tax credit for the GST “paid” unless they have received a tax invoice from the other party.

All funds will be accounted for through Council’s standard financial accounts/records system.

### LEGISLATION AND OTHER RELEVANT DOCUMENTS

- External Communications
- Internal Controls Policy
- Code of conduct for members
- Code of conduct for Council employees
- Reference @TSM Consulting Pty Ltd – Sponsorship Policy template for Councils

### POLICY ENQUIRIES

All queries about this policy should be directed to the Chief Executive Officer.

### REVIEW & EVALUATION

This policy will be reviewed every four years.

### AVAILABILITY

The public may inspect a copy of this policy and its attachments, without charge, at the Council’s Naracoorte and Lucindale offices during office hours, and may obtain a copy for a fee fixed by Council.

The Policy is also available on Council’s website [www.naracoortelucindale.sa.gov.au](http://www.naracoortelucindale.sa.gov.au)

Any grievances in relation to this policy or its application should be addressed to the Chief Executive Officer.

### ADOPTION AND AMENDMENT HISTORY

<i>Date</i>	<i>Authorised by</i>	<i>Minute Reference</i>
		Next review
19 December 2017	Council	Adoption of Policy - 156/18