

FILE NO: PSC2013-00406

TITLE: CORPORATE SPONSORSHIP POLICY

POLICY OWNER: COMMUNICATIONS SECTION MANAGER

PURPOSE:

This policy provides clarity around the means in which Council distributes and receives sponsorship, enabling Council to engage in corporate sponsorship arrangements. This policy will allow openness, transparency and accountability in the execution of Council sponsorship, and allow Council to take a proactive approach to providing sponsorship as a marketing tool.

CONTEXT/BACKGROUND:

Corporate sponsorship is a key marketing function of Port Stephens Council. Through its sponsorship program, Council sponsors initiatives and events through the provision of financial and in-kind support, as well as seeking sponsorship from business for those Council programs which offer direct community benefit.

It is important that sponsorships meet community expectations while also supporting and promoting the organisations key objectives. This policy ensures consistency in approach and effective outcomes for the organisation and the community.

Sponsorship should be advantageous to both parties, however Council must ensure sponsorship agreements do not compromise or bring into question the integrity of Council operations.

SCOPE:

This policy provides a framework through which Council enters into sponsorship arrangements. Particularly, it applies when Council:

- provides sponsorship to third parties (Council as sponsor); or
- seeks sponsorship from third parties for Council initiatives.

Sponsorship is a form of advertising Council as an organisation for branding or reputation related return on investment, rather than providing conditional funding to persons in order to exercise Council's functions. As a result, sponsorship is not considered to be financial assistance under the *Local Government Act 1993*, but is a key marketing function of Council as an organisation.

As a result, this policy does not apply to other forms of financial assistance, including grants, donations, and loans, in all their various forms. Such arrangements are governed under Council's Grants and Donations Policy.

DEFINITIONS:

An outline of the key definitions of terms included in the policy.

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| Sponsorship | A commercial relationship between Council and a third party (organisation, group or individual), governed by written agreement. Sponsorship involves provision of financial or non-financial (in-kind) support in return for mutually agreed economic, cultural, community or reputational benefits. |
| Financial assistance (grants, donations, loans) | Other financial mechanisms provided by Council to organisations or individuals to support activities in line with Council's Community Strategic Plan. Such mechanisms include grants, donations and loans, provided under the cover of s356 of the <i>Local Government Act 1993</i> and Council's Grants and Donations Policy. |

POLICY STATEMENT:

Port Stephens Council is committed to entering into sponsorships that offer mutually agreed benefit to all parties as well as benefits to the wider community. Sponsorship can take the form of Council providing or seeking sponsorship from a third party of money, goods or services.

Criteria for providing sponsorship (Council as sponsor):

All sponsorship applications are considered on a case-by-case basis. To be eligible to apply to Council for financial or in-kind sponsorship, the following criteria must be met:

- Applications must be submitted to Council more than 28 days out from the event or initiative that is the subject of the sponsorship application. Applications received less than 28 days out from the event or initiative will not be considered;
- In the event of a sponsorship application from a group or organisation, the group or organisation must be legally registered or constituted and not part of Council;
- Council may, at its discretion, enter into fixed-term, multi-year sponsorship agreements with suitable organisations for proven events or initiatives;
- In the event of a sponsorship application from a group or organisation, it is preferable that the group or organisation be based in or operate from within the Port Stephens LGA. However, applications from outside of the LGA may also be considered; and

- In the event of a sponsorship application from an individual, the individual must reside within the Port Stephens LGA.

One or more of the following should be demonstrated in support of the sponsorship application:

- Economic benefit to the community. This could be in terms of increased visitation, increased economic activity by way of visitor spend, overnight accommodation take up, or increased consumption or promotion of local products.
- Reputational return to Council. Branding opportunity to raise the profile of the Council should be evident and quantified. This could be in terms of inclusion in event promotions, signage and advertising, or by allowing Council involvement in the event (through speeches from elected officials, provision of community engagement opportunities, or other clearly defined opportunities) which allows Council the opportunity to strengthen its ties to the community.
- Reputational return to the Port Stephens area. Promotional opportunity for the Port Stephens area should be evident and quantified. This may be through an event or initiative's core purpose (such as tourism, food, wine, agribusiness, clean environment etc), or through the provision of opportunities for local providers to be involved in the sponsored event or initiative.
- Provision of legacy infrastructure. In some cases, delivery of major events will necessitate the implementation of hard infrastructure (community facilities or ancillary services) on public land. Works may be conducted by Council or by event or initiative organisers, with approval from Council. In such cases, sponsorship applications should include detail of infrastructure needs and their long term community benefits.

Criteria for seeking sponsorship (Sponsorship of Council initiatives):

Council must ensure a consistent and strategic approach is applied when seeking financial or in-kind sponsorships to assist in the staging of its promotions and activities.

Opportunities to sponsor a Council activity must be advertised and clearly communicated to the public through an Expression of Interest (EOI) process. If an overwhelming reason exists not to undertake an EOI process (ie demanding timeframes or availability of relevant sponsors) this must be first approved by the relevant Group Manager and the Communications Section Manager prior to entering any agreement.

EOI's will be evaluated against the following criteria:

- Is the business/organisation offering sponsorship which the Council wishes to be identified with i.e. will not bring the Council into disrepute?

- Is there a risk that a public perception could be formed that an individual/business has received favourable treatment due to its sponsorship?
- Would the donation signify to the community a religious or political bias?

Benefits supplied to sponsors will be determined by:

- The value of the sponsorship in dollar terms;
- The length of the sponsorship; and
- The type of assets, services, function or program being sponsored.

All arrangements must be finalised in writing prior to implementation or exchange of money or receipt of sponsorship benefits.

The following is a list of the types of benefits that may be offered by Council when developing a sponsorship package:

- Acknowledgement of the sponsor, via the inclusion of sponsor branding in promotional material associated with the event or initiative.
- Allowing display signage and other promotional material on behalf of the sponsor at selected Council events or facilities associated with the sponsorship.
- Where appropriate, invitation to sponsor officials to participate in formal proceedings as part of the event or initiative.
- Reference to the sponsor in official media releases issued by Council promoting the event/activity.

Sponsorship Partners

Council will only enter into sponsorship agreements with reputable organisations or groups. The public image, products or services of sponsorship partners must be consistent with the values, goals and policies of Port Stephens Council.

Any organisation or group that has the potential to involve Council in controversial issues, or expose the Council to adverse criticism will not be considered for sponsorship or as a sponsor.

No sponsorship arrangements will be entered into which impose or imply conditions that would limit, or appear to limit Council's ability to carry out its functions fully and impartially.

No Councillor or employee, or members of their families, are to receive personal benefit from the sponsorship.

Should a Councillor or employee perceive a potential conflict of interest in dealing with a sponsor on Council's behalf, that potential conflict of interest is to be declared to the General Manager.

Sponsorship agreements

All sponsorship agreements must be subject to a written contract and conditions will be fully described in a written agreement which clearly sets out:

- The term of the sponsorship and any conditions regarding renewal;
- The benefits available to Council and the sponsor;
- Financial accountability requirements;
- The scope of uses which the sponsor can make of the sponsorship arrangement including brand marks, logos, use of Council's name etc; and
- Provision for termination or suspension of the agreement.

Written agreements must include a statement that Council's functions will continue to be carried out fully and impartially, notwithstanding the existence of a sponsorship arrangement.

The agreement will include a statement to the effect that any attempted influence of Council's regulatory functions will result in an automatic review and/or termination of the sponsorship arrangement.

Approval of sponsorship

Sponsorships to the value of up to \$20,000 (financial and in-kind value) may be approved by the Communications Section Manager on receipt of a recommendation from the section and group manager of the business unit proposing the sponsorship.

Sponsorships to the value of \$20,001 or more (financial and in-kind value) can only be approved by Council resolution. In such cases, the Council report and recommendation is the responsibility of the section manager of the business unit proposing the sponsorship. Prior to making a recommendation to Council, consultation must occur with the relevant group manager and the Communications Section Manager.

All sponsorship agreements must be signed by the General Manager.

Monitoring and evaluation

Metrics for evaluation should be established with the sponsor before the activity and should align with the terms included in the sponsorship agreement.

Groups or individuals who receive Council sponsorship are required to provide a financial report detailing how the sponsorship was spent at the conclusion of each sponsored event. This is in order to allow Council to accurately and transparently report upon its sponsorship activities.

A written evaluation must be completed by the relevant Council officer rating the performance of the sponsorship activity and adherence to the agreement. These evaluations will form part of the assessment for future sponsorship.

POLICY RESPONSIBILITIES:

- 1) The Communications Section Manager has overall responsibility for implementation of this policy.
- 2) Applications for sponsorship may be received and coordinated at coordinator level, if relevant to their roles at Council. In all cases, consultation with the relevant section and group manager, as well as the Communications Section Manager, must occur prior to agreement being entered into.
- 3) The relevant section manager is responsible for reporting sponsorship requests of over \$20,001 to Council for endorsement.

RELATED DOCUMENTS:

- 1) Port Stephens Council Code Of Conduct.
- 2) Grants & Donations Policy.
- 3) *Local Government Act 1993.*
- 4) *Sponsorship in the public sector – A guide to developing policies and procedures for both receiving and granting sponsorship;* Independent Commission Against Corruption (ICAC), May 2006.

CONTROLLED DOCUMENT INFORMATION:

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| This is a controlled document. Hardcopies of this document may not be the latest version. Before using this document, check it is the latest version; refer to Council's website www.portstephens.nsw.gov.au | | | |
| RM8 container No | PSC2013-00406 | RM8 record No | 16/460067 |
| Audience | Event organisers, community organisations and the Port Stephens community. | | |
| Process owner | Communications Section Manager. | | |

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| Author | Communications Section Manager. | | |
| Review timeframe | Two years | Next review date | 27/09/2018 |
| Adoption date | 08/12/2009 | | |

VERSION HISTORY:

| Version | Date | Author | Details | Minute No. |
|----------------|-------------|---|--|-------------------|
| 1 | 08/12/2009 | Communications & Customer Relations Manager | First version | 410 |
| 2 | 13/08/2013 | Economic Development & Communications Section Manager | First revision of policy. Increased detail around provision of mutually agreed benefits. | 219 |

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| 3 | 27/09/2016 | Communications Section Manager | <p>Transition into new template, with information from various sections of the existing policy used to craft new context/background and scope sections;</p> <p>Provision, in the scope section, of clarity around sponsorship's role as a marketing and advertising function of Council, as opposed to financial assistance under the <i>Local Government Act 1993</i>. This distinction was a key outcome of the review into Grants, Donations and Sponsorships conducted during 2015;</p> <p>An increase of the dollar amount per sponsorship (from \$10,000 to \$20,000 cash and in-kind) which can be approved without requiring Council endorsement. This is another improvement to come out of the review into Grants, Donations and Sponsorships and was implemented into the policy following consultation with the Strategy & Environment Section and Tourism & Events Unit, which is responsible for the majority of sponsorships in this dollar range; and</p> <p>General copy and content editing consisting of small, non-material edits throughout the document.</p> | 276 |
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