

Policy

Title: Inbound Requests for Sponsorships

Category: Community Services and Events

Date Last Adopted: 23 November 2020

1. Objectives

Ensure that sponsorship applications presented to the City are governed in a fair and transparent way. This policy aims to provide clear definitions, guidelines and procedures for sponsorship.

In particular, this policy covers:

- clarity on types of sponsorships the City is looking to engage in
- how sponsorship applications can be made to the City
- guidance for assessment, approval, and return on investment the City expects.

2. Background

This policy was developed to provide framework for processing of sponsorship requests that the Council receives.

This policy applies to all inbound sponsorship applications received by the City. It does not apply to requests that would be covered by the City of Hobart grants program. Further information on the City of Hobart grants is available in the policy titled Grants Program.

This policy does not apply when the City of Hobart is seeking sponsorship. For example, if Salamanca Market was seeking sponsorship for equipment for the market. These types of sponsorships will be covered under a separate policy in due course.

3. Policy

Classification

1. Sponsorship is a commercial arrangement in which a sponsor provides a contribution of money to support an activity for a certain specified benefit.
 - i. A sponsorship application made to the City of Hobart must be:

A large scale commercial event, festival or activity (including sporting) that is high profile and as a result has the potential for significant promotional leverage (i.e. interstate media/branding opportunities) and significant economic benefit, improve visitation and provide enrichment to the community. As a result, most sponsorship applications will be initiated from well-established proven events.
2. Sponsorship is not:
 - i. a partnership where organisations work collaboratively together to share in the outcomes of an initiative
 - ii. a grant where non-repayable funds or products are disbursed from one party (grant maker) to a recipient (grant seeker)
 - iii. a donation for which little or no acknowledgement or commercial return is expected
 - iv. a discount for normal services
 - v. an endorsement of any product or service.
3. The Australian Tax Office defines sponsorships as receiving something of value (often advertising/naming rights) in return for sponsorship monies. It is not a gift, and as a result, if the organisation is registered for GST, it must pay GST on the sponsorship received.

Eligibility and Applications

4. An application can be made for multi-year funding with a maximum amount of 3-year funding agreements.
5. The total value of the sponsorship request must consider the full value of both cash and in-kind support. In-kind support from the City includes road closure fees, equipment hire, venue hire and other support as negotiated as either a full fee waiver or discounted fee. No further reductions on these in-kind support fees will be entered into after the approval of the sponsorship agreement.

6. To be eligible to receive sponsorship from the City, the applicant must:
 - i. be an Australian legal entity with an Australian Business Number (ABN); this includes incorporated associations, proprietary or public companies and trusts, but not sole traders
 - ii. have submitted the application not less than the prescribed period as outlines in the Sponsorship Guidelines from the event commencement date
 - iii. ensure the funding is not more than 30 per cent of the total cash budget
 - iv. ensure the activity/event is not exclusive to a particular segment, but has broad appeal and can be attended by the general public. This does include ticketed events so long as tickets are available for purchase by the general public.
 - v. ensure the funding is not for retrospective events or activities.

7. Sponsorships will not be considered where they:
 - i. conflict with the City of Hobart's strategies, values and mission
 - ii. impede or potentially impede the City of Hobart from carrying out its functions and statutory obligations
 - iii. are applications emanating from federal, state or local government agencies, schools and government business enterprises
 - iv. are applications emanating from political parties
 - v. are proposals emanating from parties previously found guilty of relevant illegal or improper conduct
 - vi. are applications where the applicant has not correctly acquitted a previous City of Hobart grant or sponsorship, or where the applicant has outstanding debts to the City of Hobart
 - vii. are applicants that have already received funding from the City of Hobart (including in-kind) for the same event within the same financial year. This includes applicants who are currently receiving funds as part of the Creative Hobart Major Cultural Organisation Grant or Event Partnership Grant.
 - viii. are applications that directly benefit an individual or are a fundraiser
 - ix. discriminate by way of race, religion, gender or sexual orientation in employment, marketing, advertising practices or within the event itself
 - x. do not show a genuine readiness or capability to carry out the obligations or expectations of a sponsorship
 - xi. are connected to tobacco, drug companies or products, or excessive use of alcohol

- xii. are in any way associated with illegal or dangerous activities or practices.
8. The City of Hobart retains the right not to accept sponsorships from any entity for any reason and equally may accept applications that do not meet all requirements in extenuating circumstances.
 9. The provision of sponsorship can be advantageous for all parties, however, the City must ensure that the provision of such does not compromise or question the integrity of City operations or its reputation or interfere with its ability to complete its statutory requirements.
 10. In addition to addressing the assessment criteria in point 6, applications must include the following:
 - i. details of the activity and overall objectives of the activity
 - ii. details of the sponsorship support requested
 - iii. the scale of the activity, the number of participants expected and their demographics
 - iv. previous event results if applicable
 - v. details of the sponsorship benefits to the City of Hobart (return on investment), see point 12.
 - vi. the names of other sponsors, proposed or confirmed, involved with the event or activity.

Benefit to the City

11. The decision to enter into a sponsorship agreement must be driven by sound business principles and only undertaken if it is likely to produce significant benefit to the City of Hobart.
12. The City of Hobart has an expectation that it receives a return on investment (ROI) through demonstrated benefits including, but not limited to:
 - i. appropriate branding and profile raising opportunities
 - ii. ability to be included in high-profile media/advertising
 - iii. participation, displays or on-site presence at events
 - iv. complementary tickets and promotional giveaways
 - v. promoting complementary City of Hobart programs or events
 - vi. providing mechanisms for the City of Hobart to reach and engage a large audience.

Assessment

13. The assessment criteria will be weighted with a focus on the economic benefit and the tourism benefit to the city. In particular the criteria will look at the:
 - i. ability of the activity/event to contribute to a measurable economic benefit to the City of Hobart and support local business through increased activity in the city
 - ii. ability of the activity/event to contribute to increased visitation within the municipality, or if the activity/event is held outside the municipality, it will provide direct tourism/economic benefits to the municipality
 - iii. degree to which the activity/event assists in the development of an inclusive and strong community and increases participation in city life for all
 - iv. extent to which the activity/event proposes to raise awareness and increase the profile of the City of Hobart
 - v. overall quality and capacity including the quality of the application, the key personnel and their experience, how manageable and organised the project is and the innovation of the project concept to achieve the outcomes they are wanting to.
14. Sponsorship arrangements will only be considered when there is alignment with objectives outlined in the *Hobart: A Community Vision for our Island Capital* and the *City of Hobart Capital City Strategic Plan 2019-2029*.
15. Eligible applications will be assessed by an assessment panel of City of Hobart officers from relevant business units. The panel will score the application on the criteria, taking into consideration risks and proposed benefits. The application, along with the panel recommendation, will then be presented to Committee/Council for final consideration.
16. Full funding is not guaranteed for any application. The panel may approve a sponsorship request, but may recommend to Council a reduced amount.

Successful sponsorships

17. Successful sponsorship applicants will be paid 70 per cent of the approved cash amount prior to the event, with the remaining 30 per cent paid upon completion of acquittal. This agreement may be negotiated on a case-by-case basis if reasonable argument can be made.
18. Successful applicants of a City of Hobart sponsorship will be required to:
 - i. enter into a written agreement that will detail the commitment of both parties, including terms and conditions of the sponsorship, delivery obligations, mutually agreed KPIs, reporting, use of corporate identity and termination provisions

- ii. provide a copy of the organisation/event public liability insurance of no less than \$20 million. On occasion, the need for a higher public liability cover may apply
 - iii. upon completion of the activity, submit a completed sponsorship acquittal that includes a project report within three months of the project's completion. This includes a detailed summary of the return on the investment made to the City.
19. The City of Hobart expects that an applicant who receives sponsorship must be experienced in event management. Sponsorship by the City of Hobart is not a given, and must be enacted similarly to that of a commercial entity. If an applicant is successful, the applicant must:
- i. proactively manage the sponsorship relationship with the City of Hobart
 - ii. ensure that the benefits agreed upon are met
 - iii. communicate regularly and provide updates to the City of Hobart
 - iv. provide evidence to the City of Hobart of benefits met
 - v. proactively update the sponsorship team of any changes in the direction of the event/sponsorship.

Fair dealing

20. To ensure the City of Hobart upholds the strictest transparency to the community, all sponsorship applicants are strictly forbidden to canvass any Elected Member of the City of Hobart. If a determination is made by officers that an applicant has attempted to provide additional information, either directly or indirectly, on any matter in relation to the sponsorship to an Elected Member, the applicant may be disqualified and the sponsorship excluded from consideration for approval.
21. Officers and Elected Members involved in sponsorship management or decision-making must maintain high levels of integrity in all official dealings including:
- i. disclosure of any real or perceived conflicts of interest
 - ii. refusal of gifts, invitations to events and functions, or other favours that would otherwise be outside of their normal work
 - iii. receiving approaches from organisations that might be interpreted as attempts to obtain influence or advantage
 - iv. maintenance of confidentiality in respect to commercial-in-confidence, intellectual property issues, matters under negotiation and any other confidential information.

22. A summary of sponsorship proposals will be available to the general public as part of the Council reports available via the City of Hobart website.

Mitigating risk

23. Each sponsorship proposal will be subject to a risk assessment completed by officers of the City of Hobart.
- i. Sponsorships will only be entered into where the risk or damage to the reputation of the City of Hobart is perceived as acceptable.
 - ii. If the assessment concludes that the risks are unacceptably high, the City of Hobart will discontinue consideration of the proposal at this stage, or renegotiate the terms.
 - iii. Sponsorship agreements will specify that a City of Hobart sponsorship is not a general endorsement of the organisation or its products, and that the arrangement must not be promoted or publicised as such.
 - iv. All sponsorship agreements must provide for termination/suspension of the arrangement, should the organisation/activity cease to be appropriate.
 - v. Sponsorship agreements will include procedures to recover or withhold financial benefits where there is inadequate delivery of agreed benefits by the other party.
 - vi. Every sponsorship proposal will be assessed against the possibility of a real or perceived conflict of interest and may be refused or terminated where, during the life of the sponsorship, any conflict of interest is likely to arise.
 - vii. Additionally, should the sponsorship limit the City of Hobart's ability to carry out its functions fully and impartially, sponsorship will be refused or terminated.

4. Legislation, Terminology and References

Not applicable.

Responsible Officer:	Director Thriving Capital
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