

Victorian Government Sponsorship Policy

Contents

Introduction	3
Application	3
Definitions	3
Relevant legislation and policies	4
Principles: Ensuring probity	5
Appropriate activity	5
Open and effective competition	5
Ethical behaviour and fair dealing	6
Agencies with regulatory or inspectorial responsibilities	7
Principles: Achieving efficiency and effectiveness	8
Alignment with government and/or agency priorities	8
Value for money	8
Appropriate acknowledgement	9
Effective management of sponsorships	9
Principles: Ensuring accountability	10
Appropriate authorisation	10
Effective reporting	10
Principles: Implementing effective risk management	11
Appropriate association	11
Financial risks	11
Further information	12

Introduction

This policy outlines principles to be followed by Victorian public entities when seeking, providing or receiving sponsorship.

The overarching principles of sponsorship management in the Victorian Government are:

1. Ensuring probity
2. Achieving efficiency and effectiveness
3. Maintaining accountability
4. Implementing effective risk management

These principles should be seen as mutually reinforcing.

Application

The principles identified in this policy apply to Victorian public sector bodies as defined in the *Public Administration Act 2004* (henceforth referred to as 'agencies').

All agencies are required to develop their own agency-specific sponsorship procedures based on, and consistent with these principles. In developing their procedures, agencies should seek advice from Strategic Communication, Engagement and Protocol Branch, Department of Premier and Cabinet, as required.

Definitions

Under this policy 'Sponsorship' is defined as:

- The purchase of **rights or benefits**, including naming rights, delivered through association with the sponsored organisation's name, products, services or activities. The rights or benefits typically relate to the sponsor's reputation management or communication objectives.

Sponsorship includes **partnership** arrangements, except where the arrangement is governed by the [Partnerships Victoria Requirements](#) or otherwise involves the development or management of infrastructure.

Sponsorship does not include **grants**, which are money, goods or other benefits provided to the recipient for a specified purpose, but with no expectations of attaining rights and benefits of the kind outlined above.

Sponsorship does not include **bequests** which impose no obligations on the recipient and offer little or no rights or benefits to the provider.

Sponsorship does not include the **sale** of advertising space, editorial comment, or advertorials.

Relevant legislation and policies

Sponsorship arrangements must comply with the [Standing Directions of the Minister for Finance](#) under the *Financial Management Act 1994* (see Direction 4.2.2 relating to discretionary financial benefits). In pursuance of the Directions, this policy sets out principles relating to both financial and non-financial management of sponsorship in more detail.

In accordance with section 16C of the *Audit Act 1994*, sponsorship arrangements are subject to audit by the Auditor General.

This policy is to be read consistent with the [Codes of Conduct for the Victorian Public Sector](#).

This policy supports the Victorian Government Purchasing Board (VGPB) procurement policies, although it is noted that VGPB guidelines do not cover sponsorship or sponsorship-funded purchases. In a given situation, agencies must satisfy themselves whether sponsorship or purchasing policies apply.

Other [Victorian Government policies and guidelines](#) relevant to this policy include:

- [Brand Victoria Guidelines](#)
- [Victorian Government Communication Guidelines](#)

Principles: Ensuring probity

Appropriate activity

Victorian Government agencies should aim to achieve the highest levels of confidence in their ability to act in the public interest by restricting sponsorship to appropriate activity of government.

'Appropriate activity' is government activity in which the introduction of a commercial sponsor would not reasonably be seen to compromise the public interest, or affect the agency's ability to perform its duties impartially.

Agencies need to be aware that while effective sponsorship arrangements can bring many benefits, they can also increase reputational and conflict-of-interest risks in certain circumstances, particularly if the agency has a regulatory or inspectorial role. Therefore:

- Agencies should specify in their sponsorship procedures any classes of activity or organisation that are deemed inappropriate for sponsorship.
- In general, sponsorship should be confined to value-adding and supplementary activities, such as events and program support, rather than for delivery or replacement of core government services.
- Agencies should not provide sponsorship for purposes unrelated to government priorities or agency objectives.
- Agencies should not provide sponsorship to individuals or political parties.
- Agencies should not provide sponsorship to organisations if the sponsorship fee will be passed on to a third party in the form of a sponsorship or grant.

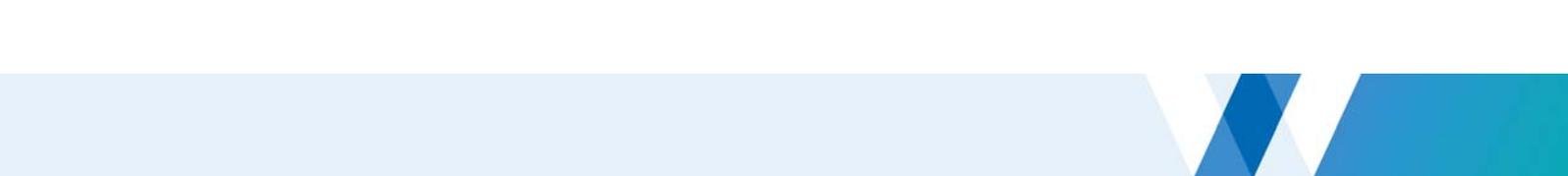
Open and effective competition

Open and effective competition requires that opportunities to sponsor Victorian Government activities be offered to an appropriately broad field of potential sponsors.

Sponsorship procedures should be transparent, provide potential sponsors with a genuine opportunity to do business with government and where possible, ensure competition among sponsors to provide 'value for money' offers.

In determining whether to publicly advertise a sponsorship opportunity, consideration should be given to the following factors:

- the value of the opportunity
- the possible forms the sponsorship could take
- the number of competitors in the market
- potential negative impacts of advertising on existing sponsorship agreements, or on existing offers
- timelines.



Where it is deemed inappropriate to publicly advertise a sponsorship opportunity, agencies may consider making a direct approach to a number of potential sponsors. In those cases, the rationale for the decision should be documented, and the size of the field should reflect the scale of the sponsorship.

In circumstances where an external organisation submits an unsolicited proposal to Government expressing interest in sponsoring a program or activity, consideration should be given to:

- whether the proposal is relevant to government or agency interests; if so,
- whether the proposal could provide better results for government if implemented by another party; if so
- whether it is feasible to call for expressions of interest or tender for the right to be a sponsor. This will involve consideration of whether the original proposal contains commercial-in-confidence material, or ideas in which the proposer holds intellectual property rights. In many instances, this will be the case, and further canvassing of external interest will not be appropriate.

Where a competitive process is undertaken, selection criteria should be established and used to select the successful respondent.

It should be noted that while open and effective competition is required when agencies are seeking sponsorship for government initiatives, agencies are not required to promote competition between organisations seeking to become recipients of government sponsorship. Nonetheless, an analysis of competing alternatives and reasons for selecting the successful sponsorship recipient should be completed and documented.

Ethical behaviour and fair dealing

The sponsorship activities of Victorian Government agencies will demonstrate high standards of ethical behaviour and fair dealing.

Officers involved in sponsorship management or decision making must maintain high levels of integrity in all official dealings including:

- disclosure and resolution of conflicts of interest
- refusal of gifts, invitations to events and functions, or other favours
- receiving approaches from organisations that might be interpreted as attempts to obtain influence or advantage
- maintenance of confidentiality in respect to commercial-in-confidence, intellectual property issues, matters under negotiation and any other confidential information
- maintenance of high standards of accountability.

The [Codes of Conduct for the Victorian Public Sector](#) and any other directions issuing from the Victorian Public Sector Commission or agency management should be consulted in respect to these and other matters of ethical behaviour and fair dealing. Breaches of ethical standards can lead to disciplinary action or dismissal.

Agencies must ensure that sponsorship arrangements do not include, or allow, the provision of private benefits, either to the parties to the arrangements or to third parties, except as permitted by the Code of Conduct or other Victorian Public Sector Commission directions.

Agencies should ensure that their sponsorship procedures appropriately separate the duties of appraiser of applications, approval of offers and payment of benefits.

The independence of an agency's purchasing and sponsorship activities must be maintained by not allowing decisions in relation to one to influence decision making in respect of the other.

Agencies with regulatory or inspectorial responsibilities

- Government agencies with regulatory or inspectorial responsibilities should be particularly alert to the risks associated with providing or accepting sponsorship from external bodies that are, or are likely to be, subject to regulation or inspection during the term of the sponsorship agreement. Sponsorship agreements should enable sponsorships to be terminated or suspended should agency sponsorship and regulatory interests conflict.
- The agency should have a policy and procedures in place to ensure it carries out its functions in regard to such external bodies in a fair, accountable and impartial manner. At a minimum, the agency should ensure that the people or division involved in the sponsorship arrangement, have no involvement in the regulation or inspection of the external body, or in general.
- Agencies involved in sponsorship activities should also have procedures in place in the event that a sponsor or sponsorship recipient becomes subject to the agency's regulation or inspection while the sponsorship arrangement is in effect. The procedures should ensure the agency carries out its functions in regard to this body in a fair, accountable, open and impartial manner. To the extent possible, the agency should describe these strategies in its sponsorship policy.
- All parties should understand clearly that the sponsorship arrangement has no bearing on the agency's exercise of its regulatory or inspectorial functions. This should be clearly stated and acknowledged in all documentation including the sponsorship agreement and the agency website.
- Refund or replacement arrangements if either party is unable to fulfil its obligations should be a provision in the sponsorship agreement.
- Termination clauses that specify the events that could lead to termination should also be included in sponsorship agreements, such as any action by the sponsored organisation that results in public criticism/negative publicity that reflects badly on the agency or brings its probity into question.
- Disclosure of the names or addresses of employees, groups or organisations held by or associated with agencies is governed by the *Privacy and Data Protection Act 2014* and must not be provided to external organisations as a benefit of sponsorship.

Principles: Achieving efficiency and effectiveness

Alignment with government and/or agency priorities

Sponsorship activities should support the achievement of whole-of-government and/or agency goals and objectives, and where possible, be aligned with key themes and priorities.

Proposals to provide or seek sponsorship must demonstrate how the sponsorship meets one or more of the following criteria:

- contributes to advancement of Victorian whole-of-government priorities
- supports the agency's goals and objectives
- increases effectiveness of the agency's strategic programs
- communicates key messages to target audiences
- engages or builds relationships with key stakeholders.

Value for money

Victorian Government agencies will ensure value for money is achieved when providing or receiving sponsorship.

'Value for money' should not be interpreted as simply the highest price when **seeking** sponsorship, or the lowest price when **providing** sponsorship, but also involves consideration of other factors including:

- strategic benefits and risks of the association
- capacity to advance government priorities/corporate goals and objectives
- the best mix of funding sources (e.g. existing program budget, Community Support Fund grant, sponsorship, etc.)
- direct and indirect costs of servicing the sponsorship
- value of opportunities for networking or reaching new audiences
- value of alternative uses of the sponsorship budget.

Agencies are required to maintain a register all sponsorships (received or provided).

All sponsorships (received or provided) should be evaluated when concluded, and their outcomes documented.

Appropriate acknowledgement

When providing sponsorship, Victorian Government agencies must ensure appropriate acknowledgement of the government as sponsor.

Agencies **providing** sponsorship must ensure that the sponsored organisation provides public acknowledgement of government support. The forms of acknowledgement should be negotiated in advance and documented in the written agreement.

The acknowledgment should:

- be commensurate with the value of sponsorship provided, and comply with the Brand Victoria Guidelines and
- clearly indicate government support for, rather than ownership of the sponsored activity.

Additional types of acknowledgement may take the form of naming rights, corporate signage rights and acknowledgement in speeches and media releases. Where appropriate, the relevant Minister should be given the opportunity to announce the government's support.

Effective management of sponsorships

When providing sponsorship, Victorian Government agencies must ensure that all agreed benefits are delivered.

All sponsorship proposals should have clearly defined objectives, key performance indicators (KPIs) related to the objectives, and an evaluation strategy that measures achievement of KPIs. Substantial sponsorships additionally require a business case establishing the need for the sponsorship and analysing possible alternative ways of achieving the objectives.

All sponsorship agreements should be documented, and clearly articulate the terms and conditions of the arrangement, including the procedures for making payments, the reporting requirements of benefit recipients, and the consequences for non-delivery of benefits by the other party to the sponsorship arrangements.

Government agencies providing sponsorship must ensure that the sponsored organisation delivers all agreed benefits, including products, services, opportunities, branding or any other benefit.

Sponsorship arrangements, particularly those relating to naming rights, must have explicit end dates.

To maximise the efficiency of sponsorship processes, consideration should be given to the use of a financial management information system to track outgoing financial benefits.

Principles: Ensuring accountability

Appropriate authorisation

Victorian Government agencies must implement procedures which ensure appropriate authorisation of sponsorship arrangements, and uphold the principles specified in this policy.

Agency sponsorship procedures established in pursuance with this policy should be endorsed by the agency's Secretary/CEO.

Agency procedures should ensure that sponsorship agreements are appropriately authorised. The value of the sponsorship and the level of risk entailed should be key determinants of the level of authorisation required, whether executive, senior executive or Ministerial level. Sponsorship approvers must hold financial delegations at least equal to those applying to procurement decisions of the same value.

Payments made in respect of a sponsorship should be appropriately authorised and monitored.

Effective reporting

Victorian Government agencies will apply effective management and reporting processes to ensure sponsorships achieve maximum value and accountability.

Sponsorships provided by a government agency as part of a reputation management strategy or to achieve communications objectives, must be reported to the Strategic Communication, Engagement and Protocol Branch. When valuing benefits for reporting purposes, in-kind benefits should be priced at their market rate.

Agencies providing or seeking sponsorship must ensure sponsorship proposals, whether internally or externally-generated, are documented in sufficient detail to enable a full analysis of risks, costs and benefits to be undertaken. This includes specifying the nature, quantity and value of 'in-kind' benefits provided or received, and identifying full costs to government, inclusive of GST.

Agencies providing or seeking sponsorship must document all sponsorship arrangements in writing. Agency sponsorship procedures should specify the circumstances under which formal contracts will be entered into, and those where an exchange of letters is deemed sufficient.

Agencies should report sponsorships in Budget Papers, Annual Reports or in publicly available performance reports.

Principles: Implementing effective risk management

Appropriate association

Victorian Government agencies will ensure that all associations with external organisations created through sponsorship arrangements are appropriate, and that necessary safeguards are taken to protect the government's reputation.

'Appropriate associations' are those made with sponsorship partners whose values, activities, products and purposes are consistent with the values, activities, purposes and goals of the Victorian Government.

- Agencies must ensure that sponsorship arrangements are entered into only with organisations where the risk of damage to the reputation of the agency and/or the government as a whole is low.
- Agencies should carry out reasonable background checks on potential sponsorship associates to ensure that their full range of business interests and activities, and any potential risks are identified.
- Sponsorship agreements should specify that Victorian Government sponsorship is not a general endorsement of the organisation or its products by government, and that the arrangement must not be promoted or publicised as such.
- Agencies should ensure that sponsorship agreements provide for termination of the arrangement, should the association cease to be appropriate.
- Appropriate authorisation, up to Ministerial level, is required for any sponsorship agreement that confers naming rights for a government asset, event or initiative.
- Appropriate authorisation, up to Secretary level, is required for any sponsorship agreement that involves government acquisition of naming rights for an external asset, event or initiative.

Financial risks

Agencies will ensure that sponsorship procedures ensure effective financial risk management.

- Agencies should carry out financial viability checks on potential sponsorship associates to ensure that potential financial risks are identified.
- Sponsorship agreements should include procedures to recover or withhold financial benefits where there is inadequate delivery of agreed benefits by the other party, particularly if the sponsorship recipient becomes subject to the agency's regulation or inspection while the sponsorship agreement is in effect.

Further information

For further information, public sector employees should contact their Department's Senior Communication Executive, or the Strategic Communication, Engagement and Protocol Branch at the Department of Premier and Cabinet: advertising@dpc.vic.gov.au