



Sponsorship in Government Guidelines

**Guidance for State agencies on sponsorship
arrangements**

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This document is part of the suite of whole-of-government procurement resources designed for use by State agencies that are subject to the [Western Australian Procurement Rules](#) and other procurement connected policies and directions. Refer to the [Buying for government](#) page on [WA.gov.au](#) to access these resources.

This document is available on the [Sponsorship in Government Guidelines](#) page on [WA.gov.au](#).

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Introduction

This guideline has been developed to provide State agencies with information regarding the sponsorship process, types of sponsorship, when to seek Ministerial approval and best practice principles.

1. The Sponsorship Process – A Summary

- Develop State agency sponsorship policy.
- Develop project management procedures where necessary, including monitoring and evaluating all outcomes and potential conflicts of interest.

1.1 Opportunity

- Identify opportunities
- Identify benefits
- Identify outcomes
- Evaluate objectives

1.2 Risk Management

- Identify risks, including legal liability, ethical issues, existing and potential conflicts of interest, adverse exposure to government.
- Assess probability/consequences of something going wrong.
- Develop risk management strategy.

1.3 Prepare Proposal

- Comply with relevant Government policies and the principles of the [Western Australian Procurement Rules](#).

1.4 Sponsorship Agreement

- Ensure agreement complies with relevant Government policies and the [Western Australian Procurement Rules](#).
- Ensure the agreement clearly identifies what is required of the parties and the benefits each will receive.
- Ensure all relevant legal issues have been addressed.
- Ensure ethical issues and potential conflicts of interest have been addressed.
- Monitor and review agreement.

2. Sponsorship is a Business Activity

Sponsorship is the right to associate the sponsor's **name, goods or services** with the sponsored organisation's goods, service or activity, in return for negotiated and specific benefits such as cash or in-kind support or promotional opportunities. It involves a negotiated exchange and should result in tangible, material and mutual compensation for the principal parties to the arrangement.

2.1 Sponsorship types

Types of sponsorship include:

In-kind sponsorship	In-kind sponsorship is the provision or receipt of goods or services to support or enhance an initiative at a reduced rate or free of charge. These arrangements are also liable for GST.
Incoming sponsorship	Incoming sponsorship is when a State agency receives sponsorship monies from another party for an initiative and/or event.
Outgoing sponsorship	Outgoing sponsorship is when a State agency provides sponsorship monies to another party for an initiative and/or event.

2.2 Non-sponsorship activities

For the purposes of these guidelines the following are not considered to be sponsorship activities:

- Grants or funding, which are monies or goods provided to a recipient through a formally recognised program for a specified purpose. A grant is normally understood as a form of financial assistance that assists an individual or organisation to develop a specific project, with no expectation of a commercial return or benefits.
- Stand-alone advertising contracts.
- Joint ventures, consultancies or partnerships in which the organisations share ownership and responsibility for the ultimate outcome.
- Projects such as displays and exhibitions in which the sponsor does not receive genuine and measurable value for money.
- Gifts, donations, bequests, endowments and prizes.
- Scholarships and research projects except where it could relate to or influence public policy.

2.3 Grants

Grants are the subject of a more complex process that includes formal requirements, evaluation of the submissions and assessment of the outcomes against the organisational objectives.

Common purposes for grants are:

Improvement in the quality of life of citizens	This may be achieved by providing funding for the environment, recreation opportunities, the arts and education.
Reduction in public expenditure	This may be achieved by providing grants for research into cures for disease, road safety, community self-help groups and crime reduction.
Increasing economic outcomes for citizens	This may be achieved by providing grants for job creation, training, technology development and small business development.

3. When to Seek Ministerial Approval

State agencies should seek the approval of the Minister responsible (or the Minister's delegate) for the administration of the State agency before considering entering into any sponsorship arrangements in the following areas:

- tobacco-related sponsorships;
- alcohol or drug-related sponsorship;
- where a potential sponsor could seek to use the sponsorship arrangement to influence legislation, public policy or the legislated role of the State agency concerned;
- events which duplicate or would compete with existing Government sponsorship projects (e.g. a second car rally or second golf tournament);
- projects which are likely to adversely affect the content or interpretation of the State agency's programs or services or may raise a conflict of interest;
- sponsorship of a political party;
- service organisations which may use the funds to sponsor or make a grant to a third party; and/or
- areas which have the potential to cause widespread public controversy.

Care should be taken to ensure that a sponsorship arrangement does not involve a State agency specifically endorsing a sponsor's good or service. Where a sponsorship arrangement is moving from a situation of acknowledgment of a sponsor's good or service to one of specifically endorsing the good or service, this should be referred to the relevant Minister by the Chief Executive Officer (CEO) of the State agency, or in the case of a statutory authority, by the Board of Management.

4. Sponsorship Principles

State agencies should consider the following when entering into a sponsorship agreement:

- a sponsorship agreement should not imply conditions that would limit, or appear to limit a State agency's ability to carry out its functions fully and impartially;

- there should be no actual conflict between the objectives and/or missions of the State agency and the organisations providing or receiving sponsorship;
- in general, a State agency should not seek, accept or provide sponsorship to people and organisations which are or may become subject to regulation or inspection by the State agency during the life of the sponsorship;
- sponsorship in the public sector should not involve explicit endorsement of the sponsor or sponsor's goods or services;
- where sponsorship involves the sponsor providing a good or service to the State agency, the State agency should evaluate that good or service for its fitness for purpose against objective criteria that are relevant to the State agency needs;
- it is inappropriate for any employee of a State agency to receive a personal benefit from a sponsorship;
- State agencies should make their sponsorship opportunities widely known and base them on open and fair processes;
- State agencies should assess sponsorship proposals against predetermined criteria which have been published in advance;
- a sponsorship arrangement is a contract and should be described in a written agreement; and
- all sponsorship arrangements should be approved by the CEO or other designated senior officer of the State agency. Sponsorship arrangements should also be included in State agencies' annual reports.

~ END OF GUIDELINE ~