**Case studies and FAQs – Sponsorship Policy**

**Case Study 1. Donation vs. sponsorship**

The local bakery has offered to donate cakes for the school’s annual prize giving ceremony. The value of the cakes is estimated to be around $500. The bakery has not asked for any mention or benefit for providing these cakes. The school has decided to mention the bakery in the schools newsletter.

*A: Although the school has mentioned the bakery in the schools newsletter this will still be classed as a donation as the bakery did not request any right or benefit by providing the cakes to the school. The major difference between a sponsorship and a donation is that there is no requirement for the school to take any further action than purely accepting the cakes. The school has decided to mention the bakery as a token of goodwill. As this is a donation, the sponsorship policy does not apply. The School does not need to register this donation in Gift, Benefits and Hospitality (GBH) register as this applies on individuals only.*

*It is worth noting that some businesses can have (secondary) commercial motivations in offering donations. An acknowledgment, although not requested, can present the business in a positive light and influence how school community members make decisions/spend money.*

**Case Study 2. Sponsor requests their name on a building**

A school is planning to build a new sports pavilion for their first XI cricket pitch. The school has been raising money for this over the past year. A local business is willing to offer the final $100,000 to complete the pavilion. The business has requested a number of rights that the school needs to adhere to in order to collect the sponsorship money:

* the building needs to be named after the business for the next 5 years
* the business logo will appear on the schools website as a platinum sponsor and a link to their web page
* at the opening of the pavilion they will be allowed to have a banner on stage promoting the business
* acknowledgement as a sponsor on the school’s Facebook page along with 3 posts per year about their business.
* Trophy named after the business for the next 5 years.

*A: The approval of the Minister must be obtained for any sponsorship agreement that gives naming rights for a Governmental asset, event or initiative to an external organisation. The level of acknowledgement provided to the sponsor should be consistent with the level of sponsorship, there may be an opportunity for the school to negotiate the offer. Careful consideration must be given to the potential financial, legal, marketing and branding implications of agreeing to grant naming rights. Sponsorship arrangements relating to naming rights must have explicit end dates. The other factor that need to be considered is the GST component — if the school receives sponsorship in a form of cash payment, the received funds are subject to GST.*

**Case Study 3. Unsolicited approach – take to market activity**

A local estate agent has contacted you regarding the school billboard on the front lawn of the school, which would have the estate agent logo alongside the events hosted by the school. The estate agent has offered to pay for the billboard and the printing for three changes each school year for a minimum and in return their logo would appear at the bottom of the billboard. There are five other estate agents in the community and a concern has been raised by one of School Council members regarding the transparency of the process.

*A: As there are a number of real estate agents in the area that could be interested in an opportunity to sponsor the school, the opportunity should be advertised to ensure transparency, accountability and fair competition. If the school is unsure of the value of the sponsorship, the school could estimate this in a number of ways. The school could undertake market research, seek advice from other schools or seek input from school council members or parents who work in the real estate industry and do not have any conflicts of interests. The sponsorship duration needs to be determined with both commencement and end dates documented in the sponsorship agreement.*

**Case Study 4. Balancing school and business benefits**

The Parents’ Association is organising a trivia night fundraiser and is seeking sponsorships and donations from local businesses. Georgia’s Toy Shop contacts the school and offers to be a main sponsor with store products as prizes and funding a photo booth that has ‘Georgia’s Toy Shop’ branding and signage. Georgia’s Toy Shop has estimated the value of these prizes and the photo booth at $1000. In return, Georgia, the proprietor, is asking for:

* the business logo to appear on all the promotional flyers advertising the fete
* a half-page advertisement for the shop in schools’ newsletters for four terms
* permission to give out flyers at the fundraiser, containing an in-store offer.

*A: While the benefits being sought are in line with the sponsorship policy, the school must consider whether the value of the sponsorship is commensurate with the benefits the sponsor will receive. These could be directly negotiated with the sponsor if there is a misalignment. In some cases, the sponsorship may not be considered ‘worth it’ or suitable for the school. The risk in pursuing unbalanced arrangements is the precedent it sets for future arrangements.*

**Case Study 5 - Inappropriate activity**

A country pub and brewery wants to provide a $500 sponsorship in return for acknowledgment at the school fete. The sponsorship policy does not allow this due to promotion of alcohol, but the pub is a business in the local community and wants to give back.

*A. The policy prohibits engaging with companies involved in the sale of alcohol. Therefore, the pub cannot be accepted as a sponsor for the event. This aims to protect the reputation of the school. The school should not be associated with the pub due to the health risks associated with alcohol and that the sale of alcohol is prohibited to minors. Many local pubs are also gaming venues, which is another activity prohibited by the policy. Should the pub want to support the school, it could consider a donation without the expectation of any benefits.*

**Case study 6. Ineffective risk management and conflict of interest – sponsored travel**

A corporation invites three teachers to an overseas science, technology and engineering and maths conference in exchange for the teachers agreeing to use its resources in class and promote them to peers. One of the teachers later realises that some of the content does not align with the Victorian Curriculum.

*A: The policy requires schools to implement effective risk management before entering sponsorship arrangements. School should review all products and materials associated with the sponsorship to ensure they are appropriate and consistent with Department policies, values and priorities.*

*Schools must also avoid sponsorships that place staff at risk of breaching the Code of Conduct for Victorian Public Sector Employees. Endorsing products in exchange for an overseas trip and hospitality can create a conflict of interest, and the perception that staff are using their public role for private gain.*

**Case study 7. Ineffective risk management and parent incentives – parent business**

A parent who works as a mortgage broker seeks to sponsor a school in exchange for three ads in the newsletter and acknowledgment at the end of year concert. The last ad of the year includes an offer of $200 to cover back-to-school costs for any parents who takes out a mortgage. A parent who takes up the offer later complains about the service provided by the broker and criticises the school for being associated with ‘a dodgy business’.

*A: Schools should be mindful that many businesses seek sponsorships to directly promote their products and services to a captive parent market. Promotion via schools can enhance trust in the business, and lead to the perception that the school supports or endorses the business. With this in mind, schools should carefully consider the nature of the product and services and the risks of promoting these directly to the parent community.*

*Incentive offers to parents should also be carefully considered due to the perception of placing undue pressure on families and the risk to the school if something goes wrong.*

*Schools should clearly advise that their sponsorship agreements include the option to vet and review sponsorship-related materials, including advertising content, to ensure they are appropriate and in line with the school’s values and priorities.*

*Schools should also be mindful that entering a sponsorship agreement with one parent could lead to approaches from other parents and/or allegations of favourable treatment from parents. A sound approach would be for schools to advertise for sponsorships to the whole school community at one time, using a set of clear criteria.*

***Case study 8.* Sponsorships at conferences**

A principal networking association engages an external conference organiser to run its major conference for the year.

To ease financial pressure on the association, the sponsor seeks sponsorships from education-related businesses, including for a trade fair. Some of the potential activities that may arise from the involved businesses:

1. a sports equipment company offers golf clubs as a door prize
2. a uniform company provides each participant with a jacket with the company’s insignia
3. at the trade fair, an ICT provider offers a free trial subscription for new software and a free tablet for people who sign up three other DET employees who didn’t attend the conference
4. a school photography company sponsors a pre-dinner drinks package in exchange for a 30-minute presentation on its services
5. the paid keynote speaker is an education consultant and the wife of the one of the employees on the conference organising committee
6. the conference venue is a golf resort. The sponsorship funds allow the conference to cover an afternoon round of golf for participants
7. after the conference, another ICT provider sends an unsolicited thank you gift of a tablet to all participants.

*A: Engaging external providers to run conferences is practical, but can diminish oversight of appropriate sponsorship activities.*

*DET employees responsible for engaging external conference providers are ultimately accountable for the conference activities. It is therefore up to them to ensure activities are compliant with policy and do not pose integrity and reputational risks to DET employees and/or their network/ association.*

*This can be achieved by setting expectations with external providers in line with the sponsorship policy and processes and ensuring appropriate oversight of arrangements, including who is selected as a sponsor and their proposed activities. This should also provide an opportunity to avoid and/or manage any conflicts of interest.*

1. *Prizes are captured by the gifts, benefits and hospitality policy, which is binding on DET employees. Sponsors should avoid gifts and prizes, which increase the risk of staff breaching this policy. Token gifts valued under $50 may be accepted but the Department’s no gifts (Thanks is Enough) standard is preferred.*

*Any gift or prize valued over $50 must be declared to line managers using the Department’s gift register. Only those gifts/ prizes with a legitimate business/ educational benefit can be accepted. In this case, the offer of golf clubs should be declined unless they are transferred to school property for student use.*

1. *Accepting the jacket may lead to the perception that the employee endorses the uniform company and may give rise to the uniform company expecting favourable treatment in return.*
2. *Taking up the free trial appears be reasonable, but be aware of any fine print obligations. Accepting the tablet could lead to a conflict of interest and reputational risks among peers, as it encourages you to promote a potentially unknown product to colleagues for personal gain.*
3. *Employees should consider the perception risks related to sponsors providing ‘free drinks’ at a professional development event. It is more appropriate for participants to buy their own drinks. The gifts, benefits and hospitality policy and Code of Conduct provide that staff must not be impaired by alcohol at work events.*

*Organisers should also consider if a presentation by a photo company is the best use of professional development time.*

1. *This is a conflict of interest. Even if the employee removed themselves from the selection process for a keynote speaker, the perception remains that the consultant got the job because of their personal relationship with the employee. The conflict could have been avoided by selecting a different speaker.*
2. *Any surplus funds would be better used for future professional development activities. Playing golf on work time is not appropriate and carries reputational risk to participants.*

*Conference organisers should also be aware of value for money and perception issues related to venues, particularly where school and DET funds are involved.*

1. *This offer is a tactic to influence school’s future purchasing. It also paves the way for marketing of other products, leveraging the fact that the employee kept the tablet. The best approach is to return the product in line with the ‘Thanks is Enough’ standard. It could however be transferred to school property for student use.*

*Sharing participant data with the sponsors is a common benefit to the sponsor. In doing so, the conference organisers should ensure sponsors are aware of the Department’s gifts, benefits and hospitality policy and the Code of Conduct.*

**Sponsorship FAQs**

**What is a sponsorship?**

The policy defines the sponsorship as the act of supporting an event or organisation financially, through the provision of products, services or activities, in exchange for rights (including naming rights) or certain specified benefits (such as logo placement or public acknowledgement).

In other words, a sponsorship is an agreement between two parties, for example a school or college and a company or organisation, where the company/organisation supports an educational event or activity in return for specific benefits to their business or organisation. It is an arrangement where both parties gain agreed benefits. Sponsorship can be either as cash or in-kind.

**What is an ‘in-kind’ sponsorship?**

This kind of sponsorship is where a sponsor provides services or goods instead of cash. Sometimes this is called ‘value in-kind’ or ‘contra’ sponsorship. For example, a local printing company agrees to print copies of a school prospectus or awards program in exchange for an agreed level of recognition. Schools should seek to determine a dollar value to the in-kind benefit to ensure appropriate approvals. For example, sponsorships valued over $25,000 need to be approved by the school council, regional director and the Department’s communications division.

**What is the difference between sponsorship and a donation?**

A donation is a one off untied gift that has no requirement or request for recognition or benefits in return. For example a local bookshop donates books to your library. A sponsorship is the act of supporting an event or organisation financially, through the provision of products, services or activities, in exchange for rights (including naming rights) or certain specified benefits (such as logo placement or public acknowledgement).

**Does donation to a school need to be registered in the Gift, Benefits and Hospitality (GBH) register?**

No, GBH Policy does not apply to donations to schools.

**What is the difference between advertising and sponsorship?**

Advertising is an arrangement where a company purchases space for an agreed price to advertise their product or service and there are no additional benefits to the advertiser. For example, a company pays a school or college to buy space in a newsletter or magazine. However, as a matter of good practice, schools can apply the appropriate activity test in the sponsorship policy to avoid reputational risks to the school of being associated with inappropriate activities.

**Who does the sponsorship policy apply to?**

This policy applies to all Victorian Government schools and Department business units.

**Do I need a formal sponsorship agreement?**

Yes you do. Having a formal agreement ensures that both you and the business or organisation who is your sponsor are clear on what is expected and what is to be provided by both parties in the relationship. School councils that enter sponsorship arrangements without agreements risk additional benefits being requested, challenges in managing expectations and inconsistency with other sponsors. An agreement such as the engagement letter is appropriate if the value of the sponsorship is equal to or less than $25,000*.* If the value of the sponsorship is more than $25,000, you will need to sign a sponsorship agreement contract in order to gain final approval from the regional director of the arrangement.

**How do I know the value of a sponsorship benefit in seeking sponsorship?**

This can be difficult and will vary between locations, events and sponsors. Always consider your budget for the activity and remember that sponsorship can assist in meeting some of the costs, but may not meet all of them. It is also important that you consider the retail value of anything offered by a potential sponsor.

**If sponsorship money is raised for a particular event but not all the money is used on the event, can this be kept in the fund for the same event the next year?**

You should plan to expend all sponsorship money obtained for the event or activity. The agreement for the relationship must have a start and end date. This period of time allows for benefits to be delivered.

You can specify in your agreement what should be done with any excess funds. This could include returning the funds to the sponsor.

**When does GST have to be considered?**

A donation or grant in the form of a payment, in cash or in kind, is not subject to GST as long as it is made unconditionally. This means:

* no benefits or rights flow as a result of the payment and
* there is no requirement to provide any goods or services in return
* there is no requirement to use the donation for a particular purpose.

If the donor receives more than ‘mere recognition’, the donation is a sponsorship and a GST liability will arise. For more information; about GST implication refer to the GST implications on donations [web page](https://edugate.eduweb.vic.gov.au/sites/i/pages/production.aspx#/app/content/2176/support_and_service_(schools)%252Ffinance_and_accounting%252Ftax_a-z%252Fdonations_and_sponsorship).

**Can a company logo be placed on a school uniform?**

No, logos cannot be placed on the everyday school uniform, including the usual uniform worn for school physical activity or sport. Uniforms contribute to the identity of schools and their public image. Government schools are not commercial entities and it is inappropriate to have commercial logos on uniforms.

**Does the sponsorship policy apply to businesses at fetes?**

Engaging businesses as vendors at school fetes is covered by the Department [fete policy.](https://www.education.vic.gov.au/school/principals/spag/management/pages/fetes.aspx) The fete policy, similar to the sponsorship policy, requires a written agreements with operators. These contracts include financial arrangements as well as fete-specific safety and legal obligations.

The sale of alcohol at fetes, including by businesses (such as bottle shops, breweries) whose primary purpose is the sale of alcohol, is not prohibited by the fete policy, but schools must do so cautiously and in line with the Department’s [alcohol policy and Victorian Government licensing requirements.](https://www.education.vic.gov.au/school/principals/spag/safety/pages/alcohol.aspx)

The sponsorship policy only applies where businesses seek to include attendance or promotion at a fete as one of the benefits required in exchange for sponsorship of the school.

**Are partnership programs like ‘Sun Smart’, ‘eSmart’, ‘Asthma Friendly Schools’ covered under the sponsorship policy?**

No, these partnership programs are covered by the Department’s [partnership policy](https://www.education.vic.gov.au/school/principals/spag/community/Pages/partnerships.aspx). They do not include the exchange of benefits of a commercial nature. The primary purpose of the programs is to improve the health, learning, development and wellbeing outcomes of children and young people.

These partner organisations are commonly government authorities and not-for-profit or philanthropic organisations, whereas sponsors are commonly businesses.

**How to deal with companies seeking to fulfil their corporate social responsibility by engaging with schools?**

Many companies offer in-kind, pro-bono services, such as tutoring in disadvantaged schools, as part of their corporate social responsibility. Although motivated by goodwill and ‘giving back’, these arrangements commonly come with expected benefits, including media and other promotions. Such arrangements should therefore be subject to this policy.

**How to determine if a potential sponsor’s activities are appropriate?**

The policy provides a list of inappropriate activities, some of which can be complicated to apply to the diverse services of individual businesses and organisations.

Schools should take a common sense approach to considering if companies/ businesses activities are appropriate for sponsorship.

The primary consideration should be whether an association with a particular company, organisation and brand would affect the school’s reputation and conflict with the school’s and Department’s values, objectives and priorities.

For example, even though the local supermarket may promote some unhealthy food choices, it is not the primary purpose of the supermarket, and an association may be appropriate. A sponsorship with a fast food outlet would not be appropriate.

Sponsorship with a licensed restaurant may be appropriate, whereas sponsorship with a liquor store would not be appropriate.

Similarly, organisations that may have religious affiliations, but primarily focus on wellbeing and community services rather than religious activities, may be appropriate.

Most arrangements with organisations affiliated with religious organisations are covered by the partnership policy rather than the sponsorship policy and support programs with a primary focus on wellbeing, learning and development rather than religious activities.

**How do schools deal with supermarket schemes such as Coles’ Sports for Schools or Woolworths’ Earn and Learn?**

Supermarkets can benefit from schools encouraging their communities to shop there to earn points/credits towards donations, and this carries a risk as schools are incentivised to promote the schemes to their communities.

Schools being approached with requests to advertise these promotions to their school community need to refer the requests to the Communications Division (sponsorship@edumail.vic.gov.au).

In some instances, the Department may enter into an agreement with an entity to apply to all schools.