

SPONSORSHIP AND COMMERCIAL ARRANGEMENTS – SCHOOL-BASED ACTIVITIES

Implementation procedures for the Sponsorship policy and the Commercial
Arrangements School-Based Activities policy

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1 Introduction

These implementation procedures apply to all NSW public schools and directorates. They should be read in conjunction with the Sponsorship Policy and Commercial Arrangements - School-Based Activities Policy.

There are many forms of commercial arrangements and a range of factors must be considered before participating in a sponsorship or commercial arrangement with external businesses, individuals or organisations. Corporate involvement is limited to programs and events best described as 'over and above the core curriculum'.

This document will guide principals and directorates in developing sponsorships or commercial agreements that ensure:

- the school/directorate core business is not compromised
- the school/directorate receives an appropriate return for its participation
- protection of the reputation of the school and/or public education
- compliance with all legal requirements including execution of a written agreement setting out the agreed terms.

2 Definitions

2.1 Sponsorship

"Sponsorship is a commercial arrangement in which a sponsor provides a contribution in money or in-kind to support an activity in return for certain specified benefits.

Sponsorship can be provided by the corporate sector or private individuals in support of a public sector activity, or by the public sector in support of related and worthwhile private or public sector activities.

Sponsorship does not include the selling of advertising space, joint ventures, consultancies, grants (in regard to received sponsorship), unconditional gifts, donations, bequests or endowments.

Sponsorship is not philanthropic. A sponsor expects to receive a reciprocal benefit beyond a modest acknowledgement."

Definition adopted from the NSW Independent Commission against Corruption (ICAC) - [Sponsorship in the Public Sector \(May 2006\)](#).

For commercial arrangements that are not sponsorships refer to the [Commercial Arrangements – School-Based Activities Policy](#).

2.2 Commercial Arrangement

A commercial arrangement usually results in a school or directorate receiving cash or value-in-kind goods or services in exchange for goods or services provided by the school/directorate. The cash or value-in-kind contribution is to be used to enhance educational outcomes within the school.

If a school/directorate seeks a commercial benefit without the exchange of goods or services from the school/directorate in return, principals and managers should refer to the [Procurement Policy](#).

Commercial arrangements can include the placement of advertising on school property, raising money through raffles or other arrangements.

Sponsorships are a special form of commercial arrangement.

An example of a commercial arrangement:

A local sports club offers a school a discounted rate for the schools' use of their facilities in exchange for advertising in the school newsletter. The school and the association enter an agreement which details each party's responsibilities and what they will provide to each other.

For information regarding community use of school facilities refer to the [Community Use of School Facilities Policy](#) and [Community Use of School Facilities Implementation Procedures](#).

3 Sponsorship principles

When a school or directorate is considering entering into a sponsorship arrangement the following principles should be taken into account:

- 3.1. Sponsorships can be used to enhance educational programs and must not displace any government funding or other provision on which NSW public schools and the department rely. Sponsorship revenue must only support programs that are over and above the core curriculum.
- 3.2. Sponsorship programs and/or activities should contribute to student outcomes.
- 3.3. Sponsorships must not compromise the professional standards and ethics of teachers.
- 3.4. No employee of the department is to receive a personal benefit from sponsorship.
- 3.5. Sponsorship agreements must not expose the department to any financial, legal or other risks that are disproportionate to the nature and extent of the sponsorship. Advice should be sought from Business Systems or Legal Services if principals or directors are unsure of any risks.
- 3.6. Sponsorships must not imply endorsement of an organisation or product. Care must be taken to ensure sponsorship arrangements do not infer or involve the endorsement of a particular company, product or service by the school, the department, its employees or students. Refer to **12. Endorsement**.
- 3.7. All sponsorships must be formalised through a written agreement or contract that clearly outlines the:
 - area of specified need
 - benefits to the sponsor
 - benefits (fee or value-in-kind) to the school/directorate
 - duration of the sponsorship
 - termination conditions.
- 3.8. Schools should carefully consider how they document or advertise sponsorships. For example, it is inappropriate for a commercial organisation to be profiled as "school sponsor" and the words "proud sponsor of" a school should not be used. Refer to **7. Sponsor benefits that may be offered by schools**.
- 3.9. Sponsor benefits should be proportional to the level of sponsorship. Refer to **6. Fair exchange of value**
- 3.10. Goods and/or services which are provided as part of a sponsorship agreement are to be valued at the recommended retail price.

- 3.11. The principal or director must ensure that the capacity exists within the school or directorate to deliver the agreed sponsor benefits.
- 3.12. Sponsorships should align with any relevant department policies, for example, the [Nutrition in Schools Policy](#) and the [Finance in schools handbook \(FISH\)](#) (Intranet only).
- 3.13. Sponsorships should be reported according to department financial reporting procedures. [Finance in schools handbook \(FISH\)](#) (Intranet only).

4 Seeking sponsorship

- 4.1. Sponsorships should be sought through an open and transparent process. The distribution of an expression of interest to a number of organisations in each business sector or category (for example: real estate, retail, technology) is one way of ensuring that the process for seeking sponsors is fair and open.
- 4.2. Prior to making approaches to potential sponsors the school or directorate should prepare a sponsorship proposal in which the exchange of value at different tiers of sponsorship is stated.

5 Suitability of organisations

- 5.1. Sponsorships and commercial arrangements may only be negotiated with reputable organisations whose public image, products and services are consistent with the principles, vision and goals for NSW public education. Refer to the [Values in NSW public schools policy](#).
- 5.2. When assessing the appropriateness of an organisation, schools and directorates should consider:
 - the type of products or services the organisation markets
 - the marketing methods employed by the organisation
 - the impact that the organisation's products and processing have on the health of consumers, the community and the environment
 - the public image of the organisation
 - the capacity of the organisation to pay the proposed fee or to provide the agreed goods and services.
- 5.3. When assessing the suitability of an organisation, consideration must be given to all other relevant department policies.
- 5.4. Where doubt exists as to the suitability of an organisation, negotiations should not proceed until advice has been received from the Business Systems Directorate.

6 Fair exchange of value

- 6.1. The package of benefits offered to external organisations must be in proportion to the level of contribution by the organisation. Schools and directorates should ensure a fair exchange of value when setting fees or the amount of value-in-kind to be provided by an organisation.
- 6.2. Sponsorship, Business Systems can also offer advice on what represents fair exchange of value in a sponsorship or commercial arrangement.

7 Sponsor benefits that may be offered by schools

- 7.1. A school may promote a sponsor by profiling the organisation's logo. The logo should always be placed in the context of the sponsored program. For example:

- on a sign promoting the program
- in printed materials (newsletter or flyer)
- on the school website.

7.2. A school may offer to:

- invite representatives of the sponsor to attend school functions such as concerts, dinners, sporting events, art exhibitions, dance or drama performances or presentation nights. At these occasions a sponsor representative may be offered the opportunity to address the audience and/or to present awards.
- acknowledge the sponsor's support at major events, in the school newsletter and/or on the school's website. The sponsor should be referred to as a *school* or *education supporter* instead of a School Sponsor. For example:

"Thank you to the 'Company' for its support of the school music concert. Their contribution has enabled the school to purchase a range of new instruments making it possible for more students to participate in our music program"

- present a letter of appreciation or a framed certificate to the sponsor.
- include editorial material or a foreword from the sponsor in publications associated with the event or program. It is suggested that the school assists with the writing of the text to ensure that it is appropriate and educationally sound.
- promote a sponsored award such as "The 'Company' creativity award" although acknowledgement of the sponsor should never replace the naming rights of core department or school programs. For example, "The 'Company' Sports Carnival" is not allowed.

8 Promotional activities conducted in a school

School principals may be asked by commercial organisations to involve their school in a product promotion, commercial or other media activity where the company seeks to derive a commercial benefit.

A school may consider being involved particularly where the company has indicated that a benefit to the school is involved.

8.1. The decision lies ultimately with the school principal. However, before agreeing to participate principals should:

- consult with school staff, parent representative bodies and their Director, Educational Leadership
- ensure that the company is reputable and has good standing in the community
- consider whether the product, commercial or media activity is appropriate for a school environment and aligns with the department's curriculum and ethos
- assess what benefits will flow to the school and whether they represent a fair exchange of value
- seek a guarantee from the company that the promotional activity will carry no real or implied endorsement of the product by the school
- accommodate students, parents and staff who do not wish to participate in the promotional activity.

8.2. Prior to making a decision to enter into a promotional activity, it is advisable that the principal make clear to the school community the following:

- the reasons and benefits for being involved in the activity
- any monetary benefit the school will receive

- provide sufficient information for the school community to develop an informed opinion about the proposed activity and consider any concerns or objections raised by the community.
- 8.3. Before a principal allows the promotional activity to proceed they need to ensure that the following apply:
- the school will retain absolute discretion to accept or reject any material associated with the school or department
 - the promoting company will not be given any access to school records
 - the school cannot transfer its accountability, wholly or in part, to people or organisations external to the school
 - care is to be taken that by distributing any promotional material the school is not answerable legally for any views expressed
 - parents have the right to exclude their child from the promotional activity and all relevant permissions are obtained from parents who do allow their child to participate.

9 Signage and advertising on school property

Schools may consider giving permission to commercial organisations to place advertising on school property for a fee paid to the school.

Schools that have perimeter fences and walls of school buildings facing busy intersections or streets are often approached by businesses looking for sites to profile their brand. Businesses may pay the school directly in return for the placement of advertising on school property. Any payment of cash, cheque or EFTPOS (credit card) must be promptly receipted into the school finance system.

There may be local government guidelines or legislation that apply to external signage (signage within school grounds that may be visible to the public). Schools should consult with the Director, Educational Leadership, the local council, Roads and Maritime Services (RMS) and other relevant authorities before the placement of any signage on the school premises or perimeter fences is consented to, together with consideration of signage which may pose any distraction to traffic.

Any agreement with external businesses for the placement of signage should require that the business owner is responsible for obtaining and maintaining all council, and any other authorities', approvals for the placement of the sign.

- 9.1. In deciding whether to proceed with such an offer principals and others should take into account the following:
- 9.1.1. could the placement of signs on school premises indicate an endorsement of one company over another? For instance, should the school be aligned with one real estate agent if there is more than one agent within the school community?
 - 9.1.2. whether the placement of a sign profiling one community partner may exclude other partners.
 - 9.1.3. could the placement of signs create the perception that the school is financially stressed?
 - 9.1.4. could the signage suggest advertisers have an inappropriate influence in the school?
- 9.2. Where doubt exists as to the appropriateness of school signage, negotiations should not proceed until advice has been received from their relevant Director, Educational Leadership.
- 9.3. If a school agrees to allow signage placement on the school premises or fences a principal should be satisfied that:

- all local government requirements, including development approval, have been met
 - the fee received by the school is fair value
 - the product or service being advertised is appropriate for display on school property. For instance, signs that promote unhealthy food, tobacco, alcohol products or gambling products are inappropriate
 - there is general agreement by the school community that the advertisement is appropriate and that the company behind the advertisement has good reputation in the community
 - an agreement is in place containing a start and end date, an exit clause favouring the school, the fee and all necessary details about the sign and a confirmation of compliance with local government regulations. Legal Services can be contacted for advice on the terms of any such agreement.
- 9.4. The placement of advertising in classrooms or in a position in the school where the signs target students is not permitted.
- 9.5. Any provision for signage within the school grounds as part of a sponsorship or commercial arrangement must conform to acceptable standards and is to be formally approved by the relevant Director, Educational Leadership. Where doubt exists as to the appropriateness of signage, negotiations should not proceed until advice has been received from the relevant Director, Educational Leadership and/or by the Business Systems Directorate.
- 9.6. Any sign, printed material or webpage associated with a school activity that displays a sponsor logo must feature the school or department logo. Sponsor logos should not be larger in area than any department or school logo. For more information refer to **10. Guidelines for the use of a commercial logo**.
- 9.7. The selling of advertising space in school newsletters and on school websites may be appropriate with the agreement of the school community. The considerations relating to advertising on school property apply and it is important that the school consider the suitability of the advertisement and establish a written agreement outlining the terms of this commercial arrangement.

10 Guidelines for the use of a commercial logo

- 10.1. While the visual representation of a supporting organisation is allowed on printed materials (flyers, signs, newsletters, programs) it is preferable for the school or directorate to acknowledge the contribution of a supporter in words, rather than by logo placement to prevent any perceived or actual endorsement of the organisation.
- 10.2. If a commercial logo is used it must be placed in close proximity to the department and/or school logo to signify the connection with education and should be of equal or lesser size. Refer to the department's [branding and design page](#) (intranet only) for more information.
- 10.3. Company names, trademarks, logos or symbols shall not be displayed on school uniforms ordinarily worn by students. This includes placement on caps and hats. The placement of logos or any kind of branding on a school's representative sporting attire (for example; football jumpers) is discouraged. In this situation any corporate branding must be accompanied by a department or school logo and should be of equal or lesser size.
- 10.4. Organisations may request that their logo be placed on the school website, as part of their support, within an appropriate context. Where the logo is linked to a sponsor's website, schools should ensure that the link targets an appropriate page on the company's website. Schools should also ensure the terms and conditions on its website include a statement that the school

does not verify the safety or security of any third party website accessed by users through the school's website.

11 Written Agreements

All sponsorships and commercial arrangements require a formal agreement or contract. For most commercial arrangements a formal agreement can be based on an exchange of letters and for sponsorships under \$10,000 schools and directorates should use the [Sponsorship Agreement Template](#).

The Manager, Sponsorship, Business Systems should be consulted about sponsorships or commercial arrangement contracts if the value exceeds \$10,000.

If a sponsor or the school/directorate proposes any substantial change to the Sponsorship Agreement Template, Legal Services should be consulted for advice.

11.1 Written agreements should include:

- the benefits which the department will provide in return for the value of the organisation's contribution
- a specific period with start and end dates including termination conditions allowing either party to withdraw from the arrangement without cause
- a clear outline of the benefits and commitments for both parties
- a provision for those students/teachers who may not wish to participate in the sponsored activity.

11.2 Copies of agreements should be retained for audit purposes and sponsorship details must be recorded in the school's annual financial statement. Refer to Section 5.5 in the [Finance in schools handbook \(FISH\)](#) (Intranet only).

11.3 Agreements should also state that any arrangements with the external organisation are not exclusive and the department is not restrained from entering into other arrangements with similar organisations.

12 Endorsement

12.1. The department may provide exposure of an organisation's logo or name; however endorsement of the organisation's products or services by the department and its employees is not permitted. That is, an organisation's product or service should not be promoted as superior or the best value.

Further, external parties cannot claim endorsement of their product or service by the department or its agents. For example, an external organisation cannot state "*as recommended/used by 'the school'*"

12.2. Acceptance or use of the organisation's product or service must not be a condition for student or teacher participation in a sponsored activity or program.

12.3 The sponsorship or commercial arrangement should not place any pressure on students, parents or Department of Education employees to purchase or adopt particular products.

13 Finance

- 13.1. All monies and goods or services received by the department must be treated in accordance with the policies and procedures in the Public Finance Legislation, the Treasurer's Directions, and the department's [Finance in schools handbook \(FISH\)](#) (Intranet only).
- 13.2. Contributions can be a payment in the form of a cash equivalent (cash, cheque or EFTPOS) or value-in-kind benefit where goods and/or services are supplied to defray some or all of the costs associated with a sponsored event or program.
- 13.3. Schools and directorates should be careful to only accept value-in-kind products or services that meet the standards and procurement guidelines set by the department and should ensure that the product or service being offered is of the type and quality that the department or the school would normally require.
- 13.4. Acceptance of a product or service as a value-in-kind contribution does not imply endorsement by the department or a school. Value-in-kind sponsors need to be advised that they do not have the right to claim that their product or service has the endorsement of the department or a school. Refer to **12. Endorsement**.
- 13.5. Goods and/or services which are included in a sponsorship or commercial arrangement as value-in-kind contributions are to be valued at the recommended retail price.

14 Gifts and donations

- 14.1. Gifts or donations are generally not considered to be a form of sponsorship or commercial arrangement. This is the case because gifts and donations require nothing in return – there is no exchange of value.

In cases where no benefit is sought by the giver/donor a receipt must still be issued from the department's (school) finance system. Schools are required to attach a letter (on school letterhead) to the receipt stating that there is no obligation for the school to give any benefit to the donor. The principal may invite the donor to counter-sign the letter.

However, when a gift or donation is conditional on the school or directorate providing benefits to the donor, an exchange of value has taken place. A commercial arrangement has been made which requires a formal agreement.

Examples of gifts and donations:

A local bakery donates bread rolls for the school's fundraising sausage sizzle. As the bakery asks for nothing in return, no public thanks nor any newsletter or school website acknowledgement, the school and the baker have not entered into a commercial arrangement.

A former student of a school donates a piano to the music faculty and commits \$50,000 per annum to fund a dedicated piano teacher. The former student asks for no public acknowledgement, no special profile nor media reporting. Again, no commercial arrangement has been entered into. This relationship is a gift and would need to be documented.

- 14.2. Contributions to library and building funds are not strictly commercial arrangements but do require documenting due to tax deductibility requirements associated with such payments.

Library Fund: A school library fund is a public fund maintained solely for the acquisition or maintenance of books and other educational resources. Refer to relevant sections of the department's [Finance in schools handbook \(FISH\)](#) (Intranet only).

Building Fund: A school building fund is a public fund maintained solely for the acquisition, construction or maintenance of school buildings. Refer to relevant sections of the department's [Finance in schools handbook \(FISH\)](#) (Intranet only).

15 Fundraising in schools

Schools and directorates may seek to raise funds by conducting general fundraising activities such as fetes, appeals and raffles. Fundraising of this nature is governed by two separate acts – the [Charitable Fundraising Act 1991](#) and the [Lotteries and Art Unions Act 1901](#). Refer also to the department's legal issues bulletin.

16 Crowdfunding in schools

Crowdfunding is a form of fundraising involving an internet platform or benefit event to raise money for a project.

16.1 Schools must ensure any crowdfunding strategy:

- is for an identified need, as opposed to funding the whole school
- has an allocated target
- is used to support an extra-curricular project, or one that would not be considered government funded
- is supported by the school community and approved through the Director, Educational Leadership.

16.2 When establishing or managing a crowdfunding strategy to support a school project, principals should:

- outline the project without identifying individual students
- endorse the project as a unique opportunity for the school and highlight the learning outcomes
- promote the crowdfunding opportunity through appropriate communication channels
- ensure the internet platform, or benefit event, is professional and profiles the values of public education
- consider the management of funds and report appropriately on results.

17 Reporting and disclosure requirements for schools

Standard financial and annual reporting requirements apply to commercial arrangements, including sponsorships.

Principals are to:

- include details of income in their school's annual financial statements as part of the annual report to the community
- indicate in their annual reports how such arrangements benefited the educational programs in the school.

Principals are required to consult their Director, Educational Leadership and the Business Systems Directorate about proposed commercial arrangements, including sponsorships, greater than \$10,000.

18 Consultation, responsibilities and delegations

Principals and senior officers responsible for sponsorships and commercial arrangements should ensure that the principles contained in the policy and these procedures are met. Approvals of sponsorships and commercial activities need to be made in accordance with the department's [delegations](#) (Intranet only).

The Business Systems Directorate will provide advice to principals, Directors, Educational Leadership and other senior officers on the implementation of the policy and these procedures as required.

19 Who can approve agreements?

19.1 For contracts/agreements less than \$10,000:

Principals and Managers

A principal/manager may approve a sponsorship or commercial arrangement on behalf of the department for their school/directorate where the proposed value of the agreement (including the retail cost of any value-in-kind contributions) is less than \$10,000.

Director, Educational Leadership

Where a group of schools in a Principal Network seeks involvement in a sponsorship or commercial arrangement as a group, and the contract does not exceed \$10,000, the Director, Educational Leadership should be consulted to approve the proposed arrangement on behalf of the department.

19.2 For state-wide activity and contracts/agreements exceeding \$10,000:

Business Engagement and Development

Where the sponsorship or commercial arrangement involves state-wide activity and/or the agreement exceeds \$10,000, Business Engagement and Development should be consulted to approve the proposed arrangement on behalf of the department.

20 Monitoring and evaluation

20.1. Business Engagement and Development will facilitate a review of these procedures and report on their implementation every three years or as required.

20.2. Business Engagement and Development will monitor sponsorships and commercial arrangements greater than \$10,000 for the purposes of:

- noting the department's major sponsors
- recording the full extent of the department's relationship with major sponsors
- advising relevant department staff of any known arrangements with organisations they may be engaging as sponsors
- ensuring that there are no unnecessary replications of sponsorship arrangements
- ensuring compliance with department policies and guidelines.

Further information

For further information on sponsorships and school-based commercial arrangements contact:

Leader, Business Engagement and Development

Telephone 02 7814 3271

Legal Services

Telephone 02 7814 3896

[Submit an on-line request for legal advice](#)

Relevant documents

Sponsorship policy

Commercial Arrangements – School-Based Activities policy

[Sponsorship Agreement Template](#) (Intranet only)

Community Use of School Facilities policy

Community Use of School Facilities implementation procedures

[Finance in schools handbook \(FISH\)](#) (Intranet only)

Procurement policy

Nutrition in Schools policy

Code of Conduct policy

Values in NSW Public Schools policy

[Legal Issues Bulletin No 36, Conducting fundraising activities in schools](#)

Department of Education Delegations (Intranet only)

[Department of Education Branding and Design](#) (Intranet only)

Sponsorship in the Public Sector (ICAC, May 2006)