

DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT
CORPORATE EXECUTIVE
ADMINISTRATIVE INSTRUCTION NO. 51

OPERATIONAL GUIDELINES FOR THE MANAGEMENT OF SPONSORSHIP

INTRODUCTION

Read these guidelines in conjunction with the Department's Policy Statement No. 46, EXTERNAL FUNDS and Administrative instruction No 50 on Accounting for External Funds.

Corporate sponsorship of CALM programs is a complex process, involving ethical, environmental and social issues. The Department will seek sponsors for projects and activities that will benefit the community through achieving CALM objectives.

These guidelines provide information, direction and clarification to staff, and provide a framework by which sponsorship can be sought and considered.

1. **DEFINITIONS**

Two definitions are provided:

1. *Sponsorship* is a contribution either in money or kind, generally by the corporate sector or individuals, with a return or benefit to the sponsor.
2. *Sponsorship* is a relationship between two parties in which there is an exchange of benefits. Both parties seek benefits that are specified in a business arrangement or contract

Sponsorship usually takes the form of money, but may also be in the form of goods or services or a combination of both.

Sponsorship should not be confused with patronage or philanthropy (donations). Both patronage and philanthropy are financial or material assistance given without expectation of a return. Sponsorship, on the other hand, is a business arrangement and is expected to advantage both parties.

2. **OBJECTIVES OF SPONSORSHIP**

Sponsorship should be seen as a means of:

- encouraging private sector investment and support for Departmental programs.
- encouraging primary resource related companies to invest in the future of their industry.
- initiating positive changes to environmental practices and policies within industry.
- encouraging the private sector to invest in improving the quality of community life.

In general, the objectives of organisations providing sponsorship funds are to be good corporate citizens. enhance product sales and develop positive community relationships.

3. BENEFITS OF SPONSORSHIP

In seeking sponsorship, CALM is offering to share with companies special assets (image, facilities or projects) in return for sponsorship investment. In effect sponsorship is money or kind in return for the temporary use/hire of the Department's image or assets.

3.1 Benefits to CALM

CALM can benefit from receiving sponsorship by:

- * receiving money and/or assistance in kind for research, wildlife conservation and management, events and programs, building construction, displays, equipment, and the provision of facilities and services for recreation, education and interpretation.
- * increasing community awareness and involvement in the Department's activities.

3.2 Benefits to Sponsors

A sponsor can benefit by:

- (i) gaining or enhancing Government goodwill through positive community relations and corporate citizenship;
- (ii) enhancing consumer awareness and recognition for the company and/or product;
- (iii) enhancement of the company's image or profile;
- (iv) being involved in the creation of a product;
- (v) contributing to employee morale;
- (vi) minimising tax.

3.3 Inappropriate Sponsorship

When considering sponsorship, officers must always be aware of CALM objectives. Any sponsorship, irrespective of its apparent

attractiveness, that could cause the Department to divert from its objectives or responsibilities or compromise CALM's mission or community standing should be avoided.

Sponsorship benefits that are unacceptable to CALM include:

- (i) exclusive right of supply of a product;
- (ii) direct or implied endorsement of a product;
- (iii) favourable treatment in relation to the supply or tender of goods and/or services.

4. PLANNING

Raising sponsorship funds requires considerable time and effort. A lead time of up to six (6) months for a major project/program is considered to be a reasonable time frame.

Planning for sponsorship should be consistent with strategies developed from time to time and based on market research.

5. GUIDELINES FOR IDENTIFYING AND ASSESSING SPONSORS

5.1 Identifying Potential Sponsors

Potential sponsors should be identified in a systematic and structured way, rather than at random.

To identify potential sponsors:

- (i) develop a list of benefits that can be offered to the sponsor. This list will assist in identifying potential sponsors for a specific project or program;
- (ii) compile a list of all local businesses. Rank these prospects according to how likely they are to respond to requests for sponsorship support.

assign these businesses into three categories: hot, warm and cold. This is based on three criteria: (1) the size of the business, (2) their attitude toward the community, (3) history of past sponsorship, and (4) the extent to which the company's interests, products and markets match those of the people likely to participate in or come in contact with the program;

sources of information about potential sponsors may include:

- CALM's database of potential and existing sponsors;
- CALM staff;
- Contacts of CALM staff;
- Annual reports and corporate publications;
- Advisory committees;
- Local companies and organisations;
- The print media, especially newspapers and magazines;

Advertising - companies with products and images compatible with program/project.

- (iii) match potential sponsors to specific CALM sponsorship projects; programs more likely to generate sponsorship interest are those that are will have high visibility and generate community gratitude as a result of their involvement.

look for links between the company or its business and products, with the program. Use these links as the angle for tailoring the sponsorship proposal.

5.2 Criteria used by CALM in assessing Potential Sponsors

The following guidelines and procedures are provided to assist in assessing the suitability of potential sponsors of CALM projects, and to reduce the potential for criticism.

- (i) the proposal will be compatible with CALM and Government objectives and policies and will not require major ongoing, unplanned maintenance or staffing;
- (ii) potential' sponsors must have responsible environmental policies, including controls, audits and practices. Evidence of high standards of environmental practice should be provided;
- (iii) sponsorship proposals involving companies that CALM licences or regulates will require careful examination, but will not be excluded from consideration;

The placement of conditions on licences that requires the licensee to fund a project(s) that will assist CALM in the management of the resource to which the licence relates, is not considered to be sponsorship;

- (iv) sponsorship will not be sought from companies that are connected with products and or practices that are widely perceived or known to be environmentally dangerous or damaging (a company could be considered if it could show a clear shift to a significantly more benign product or practice);

This would not exclude industries and or developments such as mining or chemical production, as long as the company could demonstrate a responsible record of environmental management and/or rehabilitation;

- (v) potential sponsors must not be involved in or have a high risk of being involved in public controversy;
- (vi) potential sponsors seeking to use sponsorship as a means of gaining favourable decisions, competing rights, improved conditions or concessions from CALM or the Minister (where CALM advice could influence the Ministers decision) will be rejected;
- (vii) avoid potential sponsors that have a poor public image;

- (viii) potential sponsors should be prepared to have their donation or sponsorship made public;
- (ix) potential sponsors should have an acceptable record of management;
- (x) potential sponsors should guarantee sponsorship funds for projects that will run over several years;
- (xi) offers of sponsorship must not be used to circumvent normal government purchasing procedures;
- (xii) the value of the sponsorship should be weighed against the availability/acceptability of applying alternative options for funding;
- (xiii) when assessing new sponsorships ensure that conflicts do not arise with existing sponsor/s;
- (xiv) when assessing the record and acceptability of potential sponsors regard should also be given to any parent company or holding companies, subsidiaries, etc of the proponent. In reality this will be extremely difficult. Ensure that this process does not become counter-productive.

An objective approach is essential to ensure that fair and consistent decisions are made in regard to the potential sponsors' ability to meet these conditions.

As part of an internal review procedure the Sponsorship Steering Committee will initiate the following tasks before sponsorship proposals are implemented:

- (i) assess each sponsorship proposal on its merits:
 - that is, each proposal will be different, with various degrees of important issues. It is not possible to assess each proposal according to an inflexible policy. Quite clearly areas of uncertainty will arise that will require careful consideration;
- (ii) the External Funding Coordinator will on behalf of the Committee review the environmental policies and practices of the proposed sponsor and determine any developments or proposals that the company has pending, that have the potential to influence any outcome relating to CALM's planning and management responsibilities.

6. INITIATING THE SPONSORSHIP PROPOSAL

6.1 General

The following tasks need to be undertaken before a sponsorship proposal is developed:

- (i) Consult the External Funding Coordinator.

- (ii) Information on the policy and or attitude of the proposed sponsor to sponsorship is available for some companies from the External Funding Coordinator. Contact should be made with the person responsible for dealing with sponsorship This may be an accountant, marketing manager or public relations manager. If possible avoid providing any specific proposal details over the phone.

This initial contact should provide an indication of whether further contact is worthwhile.

- (iii) The next contact with the potential sponsor should be a face-to-face meeting with the person identified in (ii) above or it may be a person nominated by the company. Again, try and present CALM opportunities in general terms rather than a specific project. An outline of the possible benefits that the company could receive, should be provided.

Attempt to ascertain detail on the potential sponsors attitude to sponsorship, the company's direction, product aspirations and the image it wishes to project.

- (iv) In light of information gained at this meeting decide whether further effort is warranted.

If a decision is made to pursue the sponsorship, the following actions will be required:

- (i) Submit an internal proposal using the suggested format attached to this document as Appendix 1.
- (ii) Submit the sponsorship proposal to the Sponsorship Steering Committee via the External Funding Coordinator.
- (iii) Any proposal forwarded to the sponsorship steering committee will outline the nature of the sponsorship requested, the type and/or amount of benefits offered to the sponsor, the value of the sponsorship being offered and the duration of the sponsorship.
- (iv) Pending approval and subject to any recommendations of the Committee, a final proposal should be developed in conjunction with the External Funding Coordinator. The steering committee will appoint an officer/s to present the proposal and negotiate the sponsorship. Local staff or staff directly involved with the project will be an integral part of negotiations.
- (v) Sponsorship proposals with an expected benefit exceeding \$10,000 require the approval of the Corporate Executive. In other cases the appropriate Director can provide approval.
- (vi) All proposals must be forwarded under the signature of the Executive Director.

6.2 Criteria used by companies when considering sponsorship

In approaching sponsors for funds it is essential that CALM staff understand the criteria that are commonly used by major Australian

companies when assessing sponsorship requests. These criteria are likely to be valid for most companies.

(i) Tax deductibility

Tax deductibility under Section 73A(l) or 78(l)a of the Income Tax Assessments Act, 1936 is often a prerequisite for funding. In other cases it may make the difference between success and failure. Tax deductibility of 150% under Section 73B of the Act is possible where the sponsored research is related to the business of the donor. See Section 9 for further details on tax deductibility.

(ii) Relevance

The most generally applied criterion is relevance to company business and interests. Relevance to company's raw material sources, production processes, research or markets.

(iii) Co-incidence of interest

Increasingly the fundamental point in choosing corporate spending direction is "co-incidence of interest". This can be described as: "shared advantage to the requirements for some perceivable natural connection between the company and the potential recipient".

(iv) Recognition and Visibility

Sponsorship that offers in return a chance for public recognition and in some cases improved visibility of the company or their products. There is usually an expectation of media exposure.

(v) Image

Sponsorship can provide companies with the opportunity to develop a caring, responsible image. The image may or may not match the reality.

(vi) Worthiness

Research indicates that "worthiness" of the cause is credited only limited weight (seen as unhelpful criteria).

(vii) Personal Preference

Some companies still make decisions on sponsorships based on the personal preference of the 'decision makers'. The Executive Director appealing to the personal preference of an organisation's decision makers is still a viable strategy.

(viii) Who really benefits

Who actually and directly benefits from the donation or sponsorship. Companies are vitally interested in their money being spent on the cause - not on administration, maintenance, unnecessary wages or propaganda.

(ix) Event attraction

Large companies supplying goods find it helpful to market these goods through sponsoring an event that attracts attention.

(x) Good management

The recipient must have a good financial record - companies are looking for application of funds purposefully and cost-effectively.

It is important to determine the criteria (and if there are others) on which the company places greatest weight. Once it is understood what the company is likely to base its decision/s for awarding sponsorship, it is possible to develop a proposal and/or prospectus that will address those criteria.

6.3 Developing a Proposal

The proposed sponsorship agreement is prepared for presentation to the target company. The proposal provides detailed information about various aspects of CALM and how the funds will be applied. It should not be costly to produce, but this could depend on the objectives of the proposal.

The following is an outline of a sponsorship proposal:

What is CALM?

Statement of objectives of the organisation.

This would clearly define CALM's legal basis for operation, as well as its corporate objectives. It would also help to include long-term goals and visions. If the proposal relates to scientific research then specific scientific objectives should be stated.

CALM's Record

A brief statement of what CALM has achieved and is achieving in relation to forest production and management, research, wildlife management, park and reserve management and recreation.

Why CALM is Seeking Sponsorship?

The Department will carefully select a company as a prospective sponsor. A potential sponsor will be matched with a project or area of CALM operation that has the greatest chance of being accepted. Describe the background to the project and why the work is being undertaken.

Examples of Current Sponsorship Projects

A brief summary of current sponsorships that would be relevant.

Opportunities for Sponsorship

Describe the opportunities available within the Department for sponsorship, including research, operations, etc.

Benefits to Sponsors

These may include:-

tax deductibility	free annual permits
association with a good cause	community recognition
access to client groups	free LANDSCOPE subscription
marketing opportunities	access to CALM publications
signage	audio-visual access
media exposure	

The Invitation

The target company is invited to sponsor a particular project. The invitation outlines why the company was selected and the benefits it will receive by participating in the project.

Details of Key People within the Organisation

Appendices

These may include:-

copy of CALM News	Copy of Annual Report
copy of LANDSCOPE	Copy of Volunteer News

6.5 Developing a Prospectus

A prospectus is a marketing tool in the form of a glossy document that provides prospective clients with a brief, simple, and attractive presentation of an organisation's sponsorship opportunities.

Prospectuses are usually presented to prospective and possible clients at the initial meeting with a company or as a mail item to provide background information to potential clients.

A prospectus or brochure will contain the following:

- who CALM is
- what CALM does and why
- opportunities for sponsorship
- how sponsorship can benefit sponsors
- record of success
- details of key people in the organisation.

7. **RECOGNITION AND ACKNOWLEDGEMENT**

Sponsors will want to maximise the advantage of their investment in a project by seeking acknowledgement or reciprocal benefit through a wide range of methods. However, while sponsors should receive adequate recognition, CALM's role should not be overshadowed.

CALM needs to be as flexible as possible in responding to the wishes of the sponsor. However the Department also needs to protect its position and

identity and, as such, some forms of recognition would not be acceptable to CALM or the community.

7.1 Acceptable Methods

The following are routinely acceptable methods of recognition:

(i) Naming Rights

Could be acceptable in respect to a facility or program for which the sponsor has met virtually all costs plus running/upkeep for at least 10 years.

(ii) Special sign/plaque

A more likely form of recognition and could be in addition to naming rights. Likely to be acceptable where there has been a lesser contribution to the project or where the use of naming rights is impractical.

Any special sign/plaque is to be affixed to the funded facility if possible or failing that is to be discreetly located nearby. Special signs/plaques are inappropriate in relation to natural features (eg, Gloucester Tree) for which other recognition (possibly functional signs) should be considered. Apart from permanent special signs, temporary signs may be displayed while a facility is under construction, acknowledging both major and minor sponsors. Any such sign should clearly identify the relationship between CALM and the sponsor (eg, "this facility is being built by CALM with financial support from Pty Ltd.) There should be no doubt as to who the proponent/managing authority is.

(iii) Functional signs

It is expected that this method will be applicable in many instances. The prominence and wording of an acknowledgement along with the sponsor's logo, when appropriate, can be designed to reflect the importance of the contribution made. Refer to Section 7.3 for more detail.

(iv) Brochure/publication

A brochure relating either to the sponsored facility or having a wider coverage, can be an effective and suitable medium of acknowledgement. It can be used in conjunction with other forms of acknowledgement where appropriate. Acknowledgement can also be provided through internal publications such as Landscape and CALM News.

(v) An audio visual display

May be an appropriate form of acknowledgement or may be a product of sponsorship. Either way, acknowledgement may be an alternative or a supplement to other methods.

(vi) Sponsor initiatives

Sponsors may wish to initiate their own methods of acknowledgement to supplement those provided by CALM. Any such initiatives are to be developed under the following understanding:

- (a) the *cost* of any sponsor initiative is to be borne by the sponsor, unless otherwise agreed;
 - (b) the details of the initiative must be viewed and approved by CALM. Liaison with sponsors is needed in relation to this initiative.
- (vii) Media
- Recognition can be provided by the distribution of media releases, organising media interviews and by official media launches.
- (viii) Other methods
- The use of other methods relating to the provision of reciprocal benefits, including sponsor initiatives, will be assessed on their merits. Care should be taken to assess costs to be incurred by CALM.

7.2 Unacceptable methods

Sponsorship will not be acknowledged on items that directly reflect CALM's identity, eg, sponsor acknowledgement is not to be incorporated on CALM letterhead, uniform, vehicles, or logo.

Any suggestion that CALM operates under the control *or* influence of any organisation except the Western Australian Government is unacceptable.

7.3 Sign consistency

Until such time as standards are prepared and included in CALM's Sign Policy Manual that recognise sponsors on CALM special and functional signs, please refer the details (including photographs, plans, sketches) of the sign to the Recreation and Landscape Branch (attention Senior Interpretation Officer) for refinement and to provide for consistency.

a. SERVICING AND MANAGEMENT OF SPONSORS

Servicing and managing sponsors can involve:

- negotiating and liaising with the sponsor to ensure both parties' objectives are achieved;
- official launches;
- * media releases and interviews;
- unofficial functions;

- t regular meetings and correspondence;
- reporting and updating the status of the project to the sponsor and the Department;

It is now generally accepted that sponsors organise and pay for their own publicity. Although many companies employ a public relations company to publicise the sponsorship, liaison with the public relations company will be necessary.

The following principles should be applied when managing sponsorships:

- (i) sponsorship funds allocated to a project should not be eroded by overheads but spent on achieving results;
- (ii) a sponsorship project should not draw on CALM's financial resources;
- (iii) it may be appropriate to negotiate an additional 25% of the sponsorship figure to cover administration, publicity and overheads.

Because CALM will have limited human resources to manage sponsorships, only a small number of sponsorships may be operating at any one time.

9. TAX PROVISIONS

Sponsors can seek tax deductibility from the Commissioner of Taxation in one or more of the following categories:

- 0) Business organisations often sponsor projects as a form of advertising, and as such the company may be eligible for a deduction under Section 51(l) of the Income Tax Assessment Act. Under the provisions of this section deductions are allowed for outgoings incurred in producing assessable income or which are necessarily incurred in carrying on a business for that purpose, except to the extent to which the outgoings are of a capital, private or domestic nature;
- (ii) Under Section 78(l)(a) (GIFTS, PENSIONS ETC) of the Income Tax Assessment Act gifts to the value of \$2 upwards of money or property to a registered charitable organisation are tax deductible. The Nature Conservation and National Parks Trust Account has charitable status under section 78(l)(a);
- (iii) Under Section 73A (EXPENDITURE ON SCIENTIFIC RESEARCH) tax deductibility for sponsored research projects is allowed for:-

Payments to an approved research institute* for scientific research related to the business.

Tax deductibility for expenditure of a capital nature on scientific research related to that business (except to the extent of plant, machinery, land, buildings, or on alterations etc);

- (iv) Under Section 73B (EXPENDITURE ON RESEARCH AND DEVELOPMENT ACTIVITIES) companies can claim up to 150% tax concession on payments made on research and development. The scheme was introduced in 1985 to encourage industry to increase its

spending on R&D by reducing the after-tax cost. With the current corporate tax rate at 39 cents in the dollar, the net effect is a reduction in the after-tax cost of R&D to about 40c in the dollar. This incentive is due to end on June 30, 1993, with a reduced concession of 125% to apply from then until June 30, 1995. The research and development can only be carried out by a Registered Research Agency.

For further information on tax concessions for research and development contact the External Funding Coordinator on 364 0777.

A book titled 150% Tax Incentive provides comprehensive detail on the scheme, and is available from the CALM Library (Woodvale).

Whether a sponsorship deal qualifies for a tax deduction for the sponsor, can only be determined by the Commissioner of Taxation, in the light of facts peculiar to each case.



Syd Shea
EXECUTIVE DIRECTOR

11 November 1992