

**REPRODUCED FROM THE ARTS LAW CENTRE OF AUSTRALIA  
INFORMATION SHEET except for sections in bold italics.**

What should I include in my sponsorship agreement? The following is a list of essential clauses in any sponsorship agreement:

1. **the parties** - the actual parties to the agreement will need to be defined. If the artist is represented by a manager or agent they will usually be the contracting party but in doing so the agent or manager is contracting on behalf of the artist, so it is the artist who will be responsible for fulfilling the contract and will also be entitled to the benefit of it.
2. **the event** - the precise form and nature of the event or activity should be clearly documented to include any special features which the parties have agreed upon.
3. **term** - the parties must consider the term of the sponsorship. Is it a one-off occasion or to occur over a certain time period eg. monthly, quarterly etc.? The territory (location) of the agreement will also have to be defined.
4. **obligations of the sponsor** - the primary obligation of the sponsor is the *raison d'être* of the sponsorship agreement - payment, whether it be in money, goods or services. If payment is by instalments and the sponsorship is for ongoing activities, allowance should be made for termination of the contract if payment of an instalment is not received within a defined period. If use of artwork is involved – e.g. a poster campaign - you need to confirm who will pay for the costs of producing the work and whether you have any control over the form or content of the finished artwork.
5. **rights of the sponsor** - the sponsor will want its rights under the agreement clearly delineated. It will want to know exactly how its company name and/or logo will be used - for example, whether it has naming rights for the event ('Acme Proudly Presents ...') and whether these rights are exclusive or non-exclusive. The sponsor may require its name or logo to be promoted in a variety of ways: on front covers of catalogues and invitations, by the use of banners and bunting, the distribution of promotion leaflets and merchandise or by means of direct or indirect product endorsement. It is important to clarify this as a project could be compromised or trivialised if it is seen as purely pandering to commercial interests. If necessary, annex a diagram indicating where such banners, naming rights etc can be positioned.
6. **copyright** - a sponsor may request that it be able to use your work to promote directly or indirectly its product or service. If approval is given then you will need to set out whether the authority to reproduce an artwork is exclusive or non-exclusive, its

term, its territory and the type of use allowed. Consideration should also be given to moral rights issues such as receiving an appropriate credit and ensuring that the work is not altered or treated so as to trivialise your reputation. Musicians and writers, in particular, should carefully check the terms of any publishing contracts and other agreements with third parties as there may be a restriction on granting these rights. For further assistance on copyright law contact the Centre or the Australian Copyright Council on telephone: (02) 9318 1788.

7. **termination** - there should be a termination clause that provides for termination by written notice in the event that either party fails to perform its obligations in accordance with the terms of the contract. This may be for failure of the sponsor to pay an instalment or where the event is cancelled or significantly varied.
8. ***GST – sponsorship contracts are subject to GST if there are any conditions attached to the sponsorship. So if the sponsor is obtaining any benefit from the sponsorship arrangement in tangible terms, such as free tickets, publicity, naming rights or advertising, then both the payment by the sponsor and the services provided by the sponsored organisation are considered ‘taxable supply’. This means that provision for the payment of GST needs to be included in the agreement so that the value of the sponsorship is not diminished.***
9. **disputes** - the Arts Law Centre has established a mediation service for a quick, cost-effective way of handling disputes. For further information see its pamphlet ‘Resolving Disputes in the Arts’.