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++ Policy Statement

- + Stanwell recognises that there are circumstances from time to time where the provision of corporate hospitality and entertainment is appropriate and can result in significant benefits for both Stanwell and the State.
- + As a Queensland Government Owned Corporation, Stanwell must ensure that all corporate hospitality and entertainment given or received is in accordance with government guidelines and/or policies and reflects the high standard of accountability which the Government and public expect from Government agencies.

This Policy expresses the minimum expectations of Stanwell's Shareholding Ministers with respect to the provision of corporate hospitality and entertainment.

Scope

This policy applies to all corporate entertainment and hospitality given or received by Stanwell (and its employees).

In particular, the Policy applies to any corporate hospitality or entertainment provided by the Board and employees of Stanwell (and their subsidiaries) to:

- the Board, senior executives and employees;
- clients and prospective clients;
- suppliers;
- stakeholders;
- shareholders and their representatives (including department officials); and
- community groups.

Objectives

- Ensure staff are aware of existing guidelines and policies relating to corporate entertainment and hospitality, and to ensure adherence to such guidelines and policies.
- Ensure there are clearly identifiable commercial and organisational benefits for both Stanwell and the State arising from any corporate hospitality and entertainment expenditure.
- Provide consistent guidelines for Stanwell staff in dealing with corporate entertainment and hospitality expenses incurred during work duties or corporate functions.
- Ensure transparency in the expenditure on corporate entertainment and hospitality.
- Ensure accountability within clearly established standards and guidelines.
- Provide guidance to decision makers to assist them in making the judgements necessary to ensure corporate hospitality and entertainment expenditure is appropriate, reasonable and able to withstand public scrutiny.
- Ensure that all corporate entertainment and hospitality expenditure is correctly identified and reported.
- Provide guidelines with respect to the correct treatment for income tax and FBT purposes.



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++ Policy Outline

+ This policy outlines:

- Definitions;
- Official Stakeholder Events (stakeholder and community engagement):
 - + – acceptable events;
 - + – attendance and guest lists;
 - + – reasonable expenditure limits;
 - documentation required; and
 - payment and authorisation requirements;
- Business Development (other than Official Stakeholder Events):
 - reasonable expenditure limits;
 - documentation required; and
 - payment and authorisation requirements;
- In-House Company Events (staff functions):
 - acceptable events;
 - reasonable expenditure limits;
 - documentation required; and
 - payment and authorisation requirements;
- unacceptable events;
- reporting requirements
- guidelines for accepting corporate entertainment and hospitality;
- accounting treatments, and
- tax treatments.

This policy is not intended to be exhaustive in coverage but aims to identify principles and provide clarification of issues and examples of reasonable practices regarding the giving and receiving of corporate hospitality and entertainment.

Definitions

Eligible seminar: a seminar or conference that is business or education related, or a meeting of at least four hours duration (not including breaks) and where the dominant purpose is not:

- to discuss business;
- to promote the business; or
- to provide entertainment.

Entertainment: the *Income Tax Assessment Act* states that, given certain exceptions listed below, entertainment is the provision of:

- entertainment by way of food, drink or recreation; or
- accommodation or travel to do with providing entertainment by way of food, drink or recreation...'

Taxation Ruling 97/17 indicates that the simple provision of food or drink will, in most cases, satisfy any test of entertainment. As a general rule, exceptions to this principle will be limited to:

- light meals on the employer's business premises;
- morning or afternoon tea on the employer's premises; and
- food or drink provided to employees who are travelling in the course of performing their employment duties.



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- + + Light meals include sandwiches, 'finger foods', salads and juice, but NOT alcohol.
 - + Morning or afternoon tea includes tea or coffee, fruit juice or drinks, cakes and biscuits etc, but NOT alcohol.
- The above exceptions have the characteristics of sustenance and are generally considered not to be entertainment.
- + ***In-House Company Event (staff functions):*** a function hosted for Stanwell employees which may include family members.

Official Stakeholder Event (stakeholder and community engagement): a function held by Stanwell for the purposes of promoting stakeholder awareness and where the function is organised by Corporate Communications. These functions may be held onsite or off business premises. FBT is not applicable if the event is generally open to the public. The substantiation for tax will be a copy of the advertisement or similar.

Business Development (other than official stakeholder events): an event or function held on or off site by Stanwell for the purposes of business development.

Official Stakeholder Events (stakeholder and community engagement):

Acceptable Official Stakeholder Events

The justification for the incurring of expenditure is underpinned by four principles:

- the expense must be for official purposes;
- the expense must be properly documented;
- the expense must be available for audit scrutiny; and
- the expense must be reasonable for the circumstances.

It is expected that the participation in and expenditure of Stanwell funds on Official Stakeholder Events should satisfy the test that the approving officer should be comfortable in disclosing the cost of the event, should that be required, and be able to identify the benefit to Stanwell.

However, such event should not be a substitute for business meetings, which would ordinarily be conducted in the workplace.

Acceptable Official Stakeholder Events examples include:

- functions hosted to further relationships and links with stakeholders that are important to Stanwell and the State;
- functions to celebrate Stanwell's success (for example – to celebrate milestones for Stanwell's operating assets); and
- functions to coincide with the Board's visit to a community in which Stanwell operates in or a community in which Stanwell proposes to engage in business development activities.

Participation in activities as described above should only be arranged where there is a clear benefit to be obtained by Stanwell.

Favourable consideration should also be given to hosting events in-house (where appropriate).



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Attendance and Guest Lists

The number of employees attending Official Stakeholder Events should comprise a minor, or balanced, proportion of the total number of attendees at the function, having regard to the number of external representatives.

When guest lists are being compiled, the following guidelines should be followed:

- invitees must be individuals who it is believed will contribute to Stanwell's objectives;
- the number of invitees must exceed the number of Stanwell representatives who are attending as hosts;
- spouses and partners of principal invitees and Stanwell employee hosts may be included on guest lists if the circumstances of the event indicate this. Prior approval for attendance by associates should be obtained from the Chief Executive Officer or a member of the Executive Management Team; and
- records of the guest lists associated with the provision of entertainment of this type must be kept for scrutiny if required.

Stanwell employees attending Official Stakeholder Events functions should be limited to those with a direct involvement in the business being conducted (that is, only those who will be able to advance Stanwell's business should be in attendance).

External stakeholders who may receive entertainment from Stanwell include:

- interstate or overseas visitors;
- representatives of business or industry, trade unions and recognised community organisations, the press and other media; or
- representatives of government.

Reasonable Expenditure Limit

Any expenditure incurred must be of a reasonable nature. Due consideration will be given to factors such as custom, geographical cost of living (overseas / domestic) and accepted community practice or standard.

Stanwell's reasonableness policy is \$125.00 GST exclusive per head (total cost including venue hire) for Official Stakeholder Events. Total function costs for Official Stakeholder Events should not exceed \$10,000 GST exclusive.

Cost of meals may include reasonable costs of beverages, either alcoholic or non-alcoholic. Expenditure on alcohol is limited to an acceptable and responsible level of consumption with or immediately before the evening meal. Irrespective of the level of alcohol consumption, employees travelling on behalf of Stanwell are expected to exhibit behaviour which is of high standard and which will not bring disrepute to Stanwell. Consumption of and expenditure on alcohol that may result in an illegal action (eg driving a car while intoxicated) is strictly prohibited and is a breach of Occupational Health and Safety guidelines.

While it is recognised that the cost of hospitality varies appreciably depending upon the venue and the nature of the function, there is an obligation to ensure that expenditure is not excessive.



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- + + Expenses in excess of the reasonable expenditure limit for Official Stakeholder Events but less than \$150.00 GST exclusive per head and/or the total function costs for Official Stakeholder Events must be approved by the
- + Chief Executive Officer or a member of the Executive Management Team, subject to the justification for the level of expenditure being appropriately documented (eg 'FBT Meals and Entertainment Form'). Expenses incurred in excess of \$150.00 GST exclusive per head must be approved by the Chief Executive Officer (only)
- + subject to the justification for the level of expenditure being appropriately documented (eg 'FBT Meals and Entertainment Form').
- +

Documentation

Corporate Communications will maintain details for Official Stakeholder Events, including:

- the purpose of the activity or event,
- the number of invitees,
- the number of attendees and a description of the groups that were in attendance, and
- a breakdown of the costs associated with the function.

The description, names and declaration are to be shown on Stanwell's FBT – Meal and Entertainment Form, which should be submitted to Finance with the supporting documentation.

This will ensure adequate documentation is available for scrutiny by both internal and external auditors.

Stanwell must not enter into any confidentiality agreements in relation to corporate entertainment and hospitality that would preclude disclosure of expenditure in accordance with this policy.

Payment and authorisations

Employees incurring Official Stakeholder Events expenditure are required to obtain written approval from the General Manager – Corporate Services or the Chief Executive Officer **prior to** the occurrence of the corporate entertainment and hospitality.

A member of the Executive Management Team or the Chief Executive Officer must approve the expenditure of Stanwell funds at Official Stakeholder Events. The approving officer should be comfortable in disclosing the cost of the hospitality given, should that be required, and be able to identify the benefit to Stanwell and the State.

When entertaining clients, guests and Stanwell employees, the most senior Stanwell employee present must pay for the meal or entertainment.

Business Development (other than Official Stakeholder Events)

Reasonable Expenditure Limit

Any Entertainment expenditure incurred must be of a reasonable nature. Due consideration will be given to factors such as custom, geographical cost of living (overseas / domestic) and accepted community practice or standard.

Stanwell's reasonableness policy is \$100.00 GST exclusive per head (total cost) for Business Development (Other Than Official Stakeholder Events).



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- + + Cost of meals may include reasonable costs of beverages, either alcoholic or non-alcoholic. Expenditure on alcohol is limited to an acceptable and responsible level of consumption with or immediately before the evening meal. Irrespective of the level of alcohol consumption, employees travelling on behalf of Stanwell are expected to exhibit behaviour which is of high standard and which will not bring disrepute to Stanwell. Consumption of and expenditure on alcohol that may result in an illegal action (eg driving a car while intoxicated) is strictly prohibited and is a breach of Occupational Health and Safety guidelines.
- + While it is recognised that the cost of hospitality varies appreciably depending upon the venue and the nature of the function, there is an obligation to ensure that expenditure is not excessive.

Expenses in excess of the reasonable expenditure limit for Entertainment (other than Official Stakeholder Events) must be approved by the Chief Executive Officer or a member of the Executive Management Team, subject to the justification for the level of expenditure being appropriately documented (eg 'FBT Meals and Entertainment Form'). Expenses incurred in excess of \$150.00 GST exclusive per head must be approved by the Chief Executive Officer (only) subject to the justification for the level of expenditure being appropriately documented (eg 'FBT Meals and Entertainment Form').

Documentation

Employees incurring Entertainment expenditure must provide:

- description of (and business justification for) the corporate entertainment or hospitality. Where a non-travelling Stanwell employee is being entertained by a travelling colleague, it is particularly important to state a clear business benefit for this;
- names and organisations of attendees;
- supporting documentation (tax invoice); and
- signed declaration that the expenditure was incurred for official purposes.

The description, names and declaration are to be shown on Stanwell's FBT – Meal and Entertainment Form, which should be submitted to Finance with the supporting documentation.

This will ensure adequate documentation is available for scrutiny by both internal and external auditors.

Payment and authorisations

Employees incurring Business Development (other than Official Stakeholder Events) entertainment expenditure are required to obtain written approval from their supervisor prior to the occurrence of the Entertainment.

The approving officer should be comfortable in disclosing the cost of the hospitality given, should that be required, and be able to identify the benefit to Stanwell and the State.

When entertaining clients, guests or Stanwell employees, the most senior Stanwell employee present must pay for the meal or entertainment.



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In-House Company Events (staff functions)

Acceptable In-House Company Events

▪ Christmas Festivities

Stanwell will contribute \$100.00 GST exclusive per head per annum (including long-term contractors at the discretion of management) to internal Christmas functions at each site/office. Where staff members attend multiple internal Stanwell functions, any costs over and above the \$100.00 GST exclusive per head per annum limit will be for their personal accounts. The cost of attendance by employees' relatives and partners can only be approved by the Chief Executive Officer.

The following guidelines must be followed:

- the functions should be timed to reduce the impact on working hours (public perception must be considered);
- it is the preference of management that Christmas functions should be held on a whole of site/location basis rather than team by team basis. This is to promote a site/location spirit; and
- food should make up the predominant percentage of the cost of the function.

▪ Retirement and Long Service Award Functions

Any expenditure on retirement and long service award functions requires prior approval of the Chief Executive Officer. As a guide, the maximum GST exclusive amount that Stanwell will contribute to retirement and long service award functions is limited to the lower of:

- Less than 15 years of service in the Qld Electricity industry: Nil
- Between 15 to 25 years of service in the Qld Electricity industry: \$1,200 total
- Over 25 years of service in the Qld Electricity industry: the lesser of \$1,500 total or \$100.00 per head for attendees at the function.

Stanwell's contribution to retirement and long service award functions is limited to the above but the employee and his/her general manager may decide on how this will be allocated to the function i.e. a formal lunch with a limited number of guests or a more informal function with a wider guest list.

At all times, functions must be appropriate and reasonable in accordance with this policy.

▪ Team Development (that is, any entertainment that may be incurred as a part of team development activities)

Team Building activities may have FBT implications. The majority of team building activities are considered to be entertainment when assessed for FBT and will be reported on employees' payment summaries. Formally structured activities may be considered as training and will be exempt from FBT. Documentation in the form of brochures or an agenda would demonstrate the skills being developed.

The relevant local and/or General Manager should be aware of the team development activities and approval for the activity will be made prior to it occurring. Financial approval for such activities falls within the Stanwell approved financial delegations.

Reasonable Expenditure Limit

Any expenditure on In-House Company Events incurred must be of a reasonable nature. Due consideration will be given to factors such as custom, geographical cost of living (overseas, domestic) and accepted community practice or standard.



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- + Stanwell's reasonableness policy for any expenditure on In-House Company Events is \$100.00 GST exclusive per head (total cost, including venue hire).

- + Cost of meals may include reasonable costs of beverages, either alcoholic or non-alcoholic. Expenditure on alcohol is limited to an acceptable and responsible level of consumption with or immediately before the evening meal. Irrespective of the level of alcohol consumption, employees travelling on behalf of Stanwell are expected to exhibit behaviour which is of high standard and which will not bring disrepute to Stanwell. Consumption of and expenditure on alcohol that may result in an illegal action (eg driving a car while intoxicated) is strictly prohibited and is a breach of Occupational Health and Safety guidelines.

Expenses in excess of the reasonable expenditure limit for In-House Company Events but less than \$150.00 GST exclusive per head must be approved by the Chief Executive Officer or a member of the Executive Management Team, subject to the justification for the level of expenditure being appropriately documented (eg 'FBT Meals and Entertainment Form'). Expenses incurred in excess of \$150.00 GST exclusive per head must be approved by the Chief Executive Officer (only) subject to the justification for the level of expenditure being appropriately documented (eg 'FBT Meals and Entertainment Form').

Documentation

Employees incurring In-House Company Event expenditure must provide:

- description of (and business justification for) the In-House Company Event;
- names and organisations of attendees;
- supporting documentation (tax invoice); and
- signed declaration that the expenditure was incurred for official purposes.

The description, names and declaration are to be shown on Stanwell's FBT – Meal and Entertainment Form, which should be submitted to Finance with the supporting documentation.

This will ensure adequate documentation is available for scrutiny by both internal and external auditors.

Payment and Authorisations

Employees incurring In-House Company Event expenditure are required to obtain written approval from the Chief Executive Officer or a member of the Executive Management Team prior to the occurrence of the entertainment.

The approving officer should be comfortable in disclosing the cost of the hospitality given, should that be required, and be able to identify the benefit to Stanwell.

When incurring In-House Company Event expenditure, the most senior Stanwell employee present must pay for the meal or entertainment.

Unacceptable Activities

The following categories of expenditure should not normally be charged against any Stanwell funds:

- activities or functions which may be perceived as extravagant,
- farewells to staff leaving the employment of Stanwell, and
- drinks only hospitality.



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- + + However, it is recognised that there may be circumstances where Stanwell might make a contribution to the cost of some of these functions. Approval for expenditure of Stanwell funds, in these cases, should be sought
- + from the Chief Executive Officer or a member of the Executive Management Team and be subject to expenditure limits.

+ Reporting

- + Annual budgeted expenditure for Official Stakeholder Events (stakeholder and community engagement), In-House Company events (staff functions) and Business Development (other than Official Stakeholder Events) activities with an entertainment component is to be separately documented within Stanwell's Statement of Corporate Intent. Events more than \$5,000 are to be separately listed. For events less than \$5,000, a materiality threshold of \$1,000 has been applied and only aggregate figures are required.

Quarterly Reports to Shareholding Ministers track performance against year to date and quarterly budgets (as contained within the Statement of Corporate Intent).

Accepting Hospitality or Entertainment

When accepting corporate hospitality or entertainment, care should be taken to avoid any possible conflict of interest. It is particularly important that such situations are not perceived or construed as providing an incentive for any commercial transactions.

A corporate hospitality or entertainment benefit may be accepted if it complies with all of the following principles:

- refusal would offend,
- it conforms to normal business practice or other cultural practices of the giver,
- it does not influence a Stanwell employee in such a way as to compromise impartiality or create a conflict of interest or a perception of a conflict of interest, and
- it is received in the course of duty in respect of work area responsibilities or prior approval has been received from the Chief Executive Officer or a member of the Executive Management Team.

It is the responsibility of Stanwell's representative to sensitively monitor the expenditure incurred by any client, customer or service provider.

For further information in relation to gifts, refer to Stanwell's Giving and Receiving of Gifts Policy.

Accounting Treatment

All entertainment expenses will be posted to one of three accounts depending on the tax treatment:

A/c no.	51228	ENTERTAINMENT - DEDUCTION/FBT
A/c no.	51230	ENTERTAINMENT - DEDUCTION/NO FBT
A/c no.	51232	ENTERTAINMENT - NO DEDUCTION/NO FBT

Most functions will be classified as entertainment and will incur FBT. This is an additional cost for Stanwell which is approximately equal to the amount of the original expense. i.e. \$110 meal (including GST) would incur approximately \$114 in FBT.

Meal entertainment is not reportable on employees' payment summaries.



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Tax Treatment

Income Tax

- + + Entertainment expenses are generally deductible for income tax purposes; the only exception to this rule is clients who are not travelling. Examples of deductible entertainment include:
 - food and drink consumed on business travel away from home;
 - + ▪ food and drink provided at certain types of seminar (eligible seminars as defined above);
 - + ▪ food and drink provided at an in-house dining facility;
 - + ▪ the provision, on the premises, of light meals and morning or afternoon teas; and
 - entertainment expenses incurred in providing a fringe benefit to an employee.

Fringe Benefits Tax

Entertainment fringe benefits arise where an employer provides food, drink or recreation that falls into categories as defined by the fringe benefits tax laws. Broadly, such entertainment might include:

- social functions on business premises;
- boardroom meeting luncheon with alcohol;
- social function or business lunch not on business premises.

As Stanwell is a tax exempt body, the treatment of expenses for Fringe Benefits Tax is slightly different from most private sector companies. The practical effect of this for Stanwell is that Fringe Benefits Tax becomes payable on food and drink provided to employees at a social function on the Stanwell's business premises.

For a detailed breakdown of the tax treatment of meal entertainment, see Attachment 1.

Goods and Services Tax

As a general rule, if an expense is deductible for income tax purposes, an input tax credit is claimable; no input tax credit is claimable if the expense is not deductible.

Responsibilities

The Chief Finance Officer and Financial Controller will ensure that processes are in place to accurately report meal entertainment expenditure and to enable correct tax treatment.

The General Manager Corporate Services will ensure that processes are in place to meet reporting obligations in relation to entertainment and hospitality (eg. Statement of Corporate Intent and Quarterly Reports).

Communication Plan

At a minimum, this policy and any subsequent updates are communicated via email to the entire corporation. Additional communication may be coordinated by the policy owner.

This policy is available electronically in Hummingbird.



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++ Review

- + This policy will be formally reviewed by the General Manager – Corporate Services every 12 months, or more frequently as required (eg following tax legislation changes or upon direction from Shareholding Ministers) to ensure that reasonable community standards of hospitality and entertainment are being implemented.
- + Amendments to this Policy are to be approved by the Board.

Links and References

- [Corporate Credit Cards \(Policy\) – HB# 561940](#)
- [Travel - Domestic \(Policy\) – HB# 761571](#)
- [Giving and Receiving Gifts – HB# 560213](#)

Attachments

[Appendix 1: Examples of Tax Treatment of Meal Entertainment](#)

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Appendix 1: Examples of Tax Treatment of Meal Entertainment (NB This list is indicative; it is not intended to be exhaustive)

Type of Meal Entertainment	GST Claimable?	Tax Deduction?	FBT Payable?	Account Code	Examples
<i>Social function on/off business premises</i>					
Employee	Yes	Yes	Yes	51228	Christmas parties
Associate (partner or relative)	Yes	Yes	Yes	51228	
Client (business associate)	No	No	No	51232	
<i>Light meals on premises</i>					
Employee	Yes	Yes	No	51230	Morning/afternoon teas, farewells or BBQ's on business premises. Anything that is finger food and no alcohol is deemed to be a light meal.
Associate (partner or relative)	Yes	Yes	Yes	51228	
Client	Yes	Yes	No	51230	
<i>Eligible training or seminar</i>					
Employee	Yes	Yes	No	51280 (train)	This includes meetings, training sessions, conference lunches or dinners that occur on or off business premises.
Associate (partner or relative)	Yes	Yes	Yes	51228	
<i>SCL Employee travelling</i>					
SCL employee also travelling	Yes	Yes	No	51285 (travel)	SCL employees from Brisbane travel to Rockhampton for business and have dinner in a restaurant.
Client also travelling	Yes	Yes	No	51285 (travel)	SCL employees and clients from Brisbane travel to Rockhampton and have dinner in a restaurant.
SCL Employee not travelling	Yes	Yes	Yes	51228	SCL employee from Brisbane takes an SCL employee from Rockhampton to a restaurant in Rockhampton.

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Type of Meal Entertainment	GST Claimable?	Tax Deduction?	FBT Payable?	Account Code	Examples
Associate (partner or relative)	Yes	Yes	Yes	51228	Coding Treatment: Brisbane employee: 51230, Rockhampton employee 51228
Client not travelling	No	No	No	51232	SCL employee from Cairns travels to Brisbane and has dinner with a client who is from Brisbane. Coding Treatment: Cairns Employee 51230, Client from Brisbane 51232
Restaurant meal with clients					
Employee	Yes	Yes	Yes	51228	SCL Employee from Brisbane has dinner with a client who is from Brisbane.
Client	No	No	No	51232	
Promotional Event (off business premises)					
Employee (travelling or not)	Yes	Yes	Yes	51228	Open Days
Client (travelling or not)	No	No	No	51232	

- More than moderate alcohol consumption changes a light meal into a substantial meal for FBT purposes. If this occurs it must be coded the same way as a Social Function (see above).
- Do Not** allocate Meals/Entertainment expenditure to Project Account Numbers, they are to be allocated to the specific FBT codes, as stated above.