



Port of Gladstone
Growth, Prosperity, Community.

GLADSTONE PORTS CORPORATION LIMITED

Entertainment and Hospitality



Document Number:	86979 v14
Department:	Commercial
Manager:	Mike Galt
Approved:	Circular Resolution 23/1/2009
Next Review Date:	December 2010

Table of Contents

Table of Contents 1

1. General Application 2

2. Purpose 2

3. Financial and Legal Framework..... 2

4. Principles for Entertainment & Hospitality Expenditure.... 3

4.1 Official Purposes 3

4.2 Declarations and Documentation of Expenditure 3

4.3 Reasonable Expenditure..... 4

4.4 Participation at Events..... 4

5. Hospitality and Official Functions 5

5.1 Other Hospitality Expenses 5

6. Approval Limits 5

7. Receiving Hospitality 5

8. Fringe Benefits Tax Requirements 6

9. Travel Expenses 6

10. Credit Cards 6

11. Monitoring and Reporting..... 6

12. Review Process 6

Schedule 1. Allowable Expenditure and Reasonableness

Guidelines 7

1. General Application

These guidelines apply to Gladstone Ports Corporation (GPC) employees including Directors.

These guidelines outline the principles covering entertainment and provide clarification of issues. Examples of reasonable practices regarding personal expenditure and the use of official credit cards are also included. This policy is supported by the Financial Management Practice Manual together with the Travel Policy (Doc # 25771) and the Expense Advance and Expense Account Policy (Doc # 49531).

2. Purpose

These guidelines have been developed to assist GPC employees in the discharge of their financial responsibilities, by defining principles and practices for the reimbursement of expenses incurred as part of official duties as well as for the administration of charges made on an official credit card.

Expenditure on corporate hospitality and entertainment is subject to the high standard of accountability which the Government and public expect from all Government agencies including Government Owned Corporations.

These guidelines apply to any corporate hospitality or entertainment provided by boards and employees of Government Owned Corporations and their subsidiaries to:-

- ◆ The board, senior executives and employees;
- ◆ Clients and prospective clients;
- ◆ Suppliers;
- ◆ Stakeholders;
- ◆ Shareholders and their representatives (including departmental officials);
- ◆ Community groups

3. Financial and Legal Framework

Pursuant to the provisions of the Financial Administration and Audit Act 1977, GPC employees must ensure that all operations are carried out efficiently, effectively and economically and that liability for expenditure is only incurred for lawful purposes (i.e. the proper conduct of public business).

These guidelines do not override any legal requirements and must be read in conjunction with the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997* and the Financial Management Practice Manual of GPC, as well as any other relevant legislative requirements, which may include provisions of the following Acts:

- Fringe Benefits Tax Act 1986, Fringe Benefits Tax Assessment Act 1986 and Fringe Benefits Tax (Miscellaneous Provisions) Act 1986; and
- Income Tax Act 1986 and the Income Tax Assessment Act 1986 and related guidelines.

It should be noted that these guidelines will not modify, add to, subtract from, or otherwise affect any provisions of the Criminal Code or any other law, statutory or otherwise, except to provide a guide for what might ordinarily be regarded as acceptable financial conduct.

4. Principles for Entertainment & Hospitality Expenditure

The expenditure must:

- be for official purposes;
- be properly documented with the purpose identified;
- be available for scrutiny by both internal and external audit;
- appear appropriate and reasonable and withstand the public defensibility test;
- not be incurred by the same employee who validates and authorises the payment or reimbursement of that expenditure; and
- be validated and authorised by an independent senior officer with a delegated authority to approve expenditure (normally the employee's supervisor or higher authority eg. Manager). Reference should be made to section 6.

4.1 Official Purposes

Expenditure must be for GPC business purposes and employees must be able to identify the benefit that GPC receives.

4.2 Declarations and Documentation of Expenditure

Irrespective of the classification of the expenditure, the employee must be satisfied that any claim for payment or reimbursement of personal expenditure incurred for official purposes is properly documented and substantiated. The Chief Financial Officer is to ensure appropriate systems are in place to validate expenditure. Senior Management is to ensure appropriateness and reasonableness of expenditure in accordance with the attached guidelines.

Invoices or accounts are required for expenditure and should be provided to support any claim. Where invoices or accounts are not available, an itemised statement in support of the claim should be provided and certified by the claimant as true and accurate.

With respect to expenditure on hospitality and official functions, the following information should also be provided on the 'Entertainment Expense' form ([Doc # 54439](#)):

- Description of the official purpose (including a description of the relationship between the hospitality or official function and the conduct of GPC business);
 - Invoice or account validating expenditure (including details of all items of expenditure); and
 - Names of persons in attendance and external organisations represented.
-

4.3 Reasonable Expenditure

In all instances of personal expenditure claimed for reimbursement or payment, the Chief Executive Officer or delegate should be comfortable in disclosing the expense (the public defensibility test). They should be satisfied that the claim was reasonable, prior to the authorisation of any such payment or reimbursement.

Matters that should be considered include the quantum of the claim and the frequency of claims. Due consideration also needs to be given to factors such as accepted community practice or standard.

In a situation where there is some doubt about the validity of claiming particular expenditure (eg. where there is doubt that an activity or function relates to the employee's official duties), the Chief Executive Officer should make a determination in relation to the principles of these guidelines. Decisions should be able to withstand the public defensibility test.

Examples of expenditure which are generally regarded as non-official or private in nature include:

- Non-official entertainment and travel costs (ie. personal video hire fees, alcohol from an in-room mini bar);
- Tips or gratuities (unless an employee is travelling overseas for official purposes and it is a custom of the region);
- Dinners/functions at an employee's private residence;
- Personal grooming expenses;
- Club membership fees;
- Parking and traffic offences; and
- Child minding fees.

4.3 Reasonable Expenditure (cont.)

It is acknowledged that there may be circumstances where GPC is committed to a payment, a minor proportion of which is non-official or private (ie. hotel account containing private telephone charges).

If an employee is unsure whether an item of expenditure can be classified for official purposes, the employee should meet the initial costs from personal resources and then claim reimbursement. This will allow the Manager to examine the expenditure and provide an impartial interpretation of the guidelines.

Further details are covered in the Allowable Expenditure and Reasonableness Guidelines attached in Schedule 1.

4.4 Participation at Events

All events of entertainment and hospitality should contain a minimum of 50% of non GPC employees and partners unless approved by the CEO.

Partners of GPC employees and directors may attend functions when approved by the CEO, Chairman or Board. The guidelines for participation by employees or directors partners are:

- ◆ Where the event recognises a contribution greater than the individuals: or
 - ◆ Where the nature of the event is such that it is reasonable that the employee or director attend with their guest.
-

5. Hospitality and Official Functions

Entertainment expenses should only be incurred where it is considered essential to facilitate the conduct of public business through persons who are able to do so, either by advice or because of their vocations or business needs. However, such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the workplace.

Examples of expenditure considered to be appropriate hospitality include:

- Interstate and overseas visitors (GPC has an interest in, or a specific obligation towards, facilitating the visit);
- Representatives of business or industry, trade unions and recognised community organisations, the press and other media;
- Representatives of other levels of government,
- Company functions and staff farewells; and
- Special functions to recognise particular events/achievements.

5.1 Other Hospitality Expenses

Other types of expenditure considered reasonable as official hospitality may include:

- Provision of tea, coffee, morning or afternoon tea for official visitors;
- Provision of light refreshments/lunches for internal meetings, conferences, seminars and workshops; and
- Attendance at official functions for which charges are incurred.

Generally, working meals should be of a light nature at the work/meeting location, unless associated with a seminar or other function at a particular venue.

In circumstances where GPC is hosting a conference or official meeting, costs associated with receptions would be considered as part of the overall expenditure for the event.

6. Approval Limits

All approvals are to be in accordance with the authorisation limits as set out in the Schedule of Expenditure, Disposal and Other Authorisation Limits (Doc. #131970). These are:

<\$2,000	General Manager
\$2,000 to \$10,000	CEO
\$10,000 to \$25,000	Chairman

7. Receiving Hospitality

When accepting hospitality, particular care should be taken to avoid any possible conflict of interest. It is particularly important that such situations should not be perceived or construed as providing an incentive for any commercial transactions. The Public Sector Ethics Guidelines together with GPC's Purchasing and Supply Policy and Guidelines Manual provide further assistance in this matter.

Where expenses will be incurred by Directors to attend entertainment functions hosted outside GPC, the form 'Directors Entertainment and Travel Approval' (Doc # 120330) must be completed, with all necessary signatures.

The receipt of gifts must be in accordance with GPC's Gifts and Benefits Policy (Doc #123595).

8. Fringe Benefits Tax Requirements

Fringe Benefits Tax (FBT) may be payable on some of the official hospitality expenditure that is attributable to employees of GPC. Employees should be aware of FBT rules and of their application for official hospitality functions.

Guidance and ledger accounts have been established to consolidate this expenditure and can be found in Doc #399631.

9. Travel Expenses

Reference should be made to GPC's Travel Policy and to the Allowable Expenditure and Reasonableness Guidelines attached in Schedule 1 for details on this type of expenditure.

10. Credit Cards

GPC's Managers have been issued with Corporate Mastercards in order to conduct GPC business.

The Mastercards cards are used for paying for accommodation, meals and related expenditure incurred by GPC employees during travel on official business. Reference should be made to the 'Expenditure Approvals' schedule (Doc # 131970) for details of the appropriate approval signatories.

Only business related expenditure can be incurred on these Corporate Credit Cards. GPC reserves the right to require individual cardholders to reimburse the corporation for any expenditure charged to the credit card that is inappropriate, not supported by sufficient or adequate documentation, excessive or private in nature. The Commercial General Manager and/or Chief Executive Officer will make such decisions. Serious misconduct may warrant cancellation of the credit card or in extreme cases demotion, dismissal and/or criminal prosecution.

Cardholders should also be aware that intentional misuse of the corporate credit card, ie. not using it for business purposes, could amount to criminal theft.

11. Monitoring and Reporting

Department Managers are responsible for monitoring and reviewing expenditure within their area.

A quarterly report will sample expenditure for compliance with this policy for the Commercial General Manager, Chief Executive Officer and Board members.

Annual budgeted expenditure for corporate entertainment and hospitality is to be documented in GPC's Statement of Corporate Intent. Details should include total expenditure and individual commitments over \$5,000. Government Owned Corporations are requested to provide details of any significant changes to their corporate entertainment and hospitality commitments, as specified in the Statement of Corporate Intent, and details of actual expenditure incurred within Quarterly Reports to Shareholding Ministers. Quarterly Reports to Shareholding Ministers will include reporting on individual events which cost of \$5,000 and the benefits accruing from them.

12. Review Process

This Policy is to be reviewed and updated on the two-year anniversary of the date of its approval.

Schedule 1. Allowable Expenditure and Reasonableness Guidelines

Description	Allowable / Non-Allowable	Explanation	Exceptions	Reasonable \$ Value / Examples
<i>Entertainment and Hospitality</i>				
Christmas Party Expenditure	Allowable in <i>"limited"</i> circumstances	GPC does provide the traditional Christmas drinks for employees		Maximum \$50 per person. For special entertainment events a higher amount may be approved by the CEO
Entertainment	Allowable in <i>"limited"</i> circumstances	GPC will reimburse the reasonable cost of entertainment where there is a "direct" business link Due consideration will be given to factors such as custom, geographical cost of living (overseas, domestic) and accepted community practice	GPC will not reimburse where there is no direct business link GPC will reimburse up to a reasonable amount given the circumstances of the expenditure	As authorised by the staff member's direct manager GPC's reasonableness policy is approx. \$150.00 per head (meal/drinks/venue) whilst entertaining For special entertainment events a higher amount may be approved by the CEO
Functions at private residence	Allowable in <i>"limited"</i> circumstances	GPC will not reimburse the cost of functions held at employee residences	Pre-approval by CEO	
Gifts	Allowable in <i>"limited"</i> circumstances	GPC will not reimburse the cost of gifts given to external parties	Pre-approval by CEO for international visitors	

Description	Allowable / Non-Allowable	Explanation	Exceptions	Reasonable \$ Value / Examples
Internal Functions & Training	Allowable	GPC will incur food & beverage expenditure on Internal Functions and Training where there is a "direct" link to business related purposes		<p>The following parameters should be seen as a guide:-</p> <ul style="list-style-type: none"> ➤ Breakfast – up to approx. \$30.00 pp ➤ Lunch – up to approx. \$50.00 pp ➤ Dinner – up to approx. \$80.00 pp <p><i>For example:-</i></p> <ul style="list-style-type: none"> ➤ Presentations & launches ➤ In-house training