

1. PURPOSE AND SCOPE

This guideline relates to the provision of entertainment and hospitality by Ergon Energy and is designed to assist managers with the implementation of the Entertainment and Hospitality Policy.

The receiving of entertainment and hospitality by employees is the subject of other policies, processes and guidelines.

2. RESPONSIBILITIES

Chief Financial Officer is the Process Owner responsible for approving this Reference document.

The General Counsel / Company Secretary is responsible for maintaining this Reference document.

Assistant Company Secretary is the Subject Matter Expert (SME) for the content this Reference document.

3. DEFINITIONS

Management Levels

- Level 1 Direct Report to the Chief Executive
- Level 2 Direct Report to an Level 1 Manager

Note that these positions may also be known as level 1 and 2 reports.

4. REFERENCES

[Chart of Accounts](#)

[EP10](#). Travel & Related Business Expenses Policy

[EP44](#). Entertainment and Hospitality Policy

[EP45](#). Receiving Gifts (including entertainment and Hospitality) Policy

[EP101](#). Drug and Alcohol Policy

[MP000606R101](#). Schedule of Corporate Card Restrictions

[BP000802R100](#). Provide 25 year Service Recognition

[P89G01R01](#). Schedule of Financial Delegations

[P89J01](#). Manage Accounts Payable

[P89J02](#). Manage Corporate Cards

[MP000606R100](#). Maintain Corporate Card Delegations Procedure

[P89Q01R09](#). Entertainment Events and Other Fringe Benefits Checklists

[P89Q01R10](#). Meals and Alcohol Checklist

[http://intranet/Business_Units/FSS/Taxation/ Report_Fringe.asp](http://intranet/Business_Units/FSS/Taxation/Report_Fringe.asp)

Corporate Entertainment and Hospitality Guidelines – Version 1 September 2008 – issued by Queensland Treasury

Corporate Hospitality Strategy

Corporate Entertainment Guidelines

Management of Conference / Trade Shows Opportunities across Ergon Energy

5. GUIDELINES OVERVIEW

5.1. Objectives

In furthering its business interests and working to achieve its corporate goals, Ergon Energy will from time to time provide entertainment and hospitality to employees, clients, customers and community groups.

In doing so, Ergon Energy will have regard to whether:

- the expenditure is an acceptable use of Corporation funds
- the level of expenditure is within reasonable limits
- there is adequate disclosure of the nature, purpose and expected outcomes
- documentation is available to support the decision to provide entertainment and hospitality

Ergon Energy has given an undertaking to the Shareholding Ministers that it has entertainment and hospitality guidelines and policies in place that comply with the Auditor-General's recommendations as presented in his Audit Report No 4 2002-03 to Parliament on 5 December 2002.

These guidelines and the above principles will assist managers in the discharge of their financial responsibilities and to comply with the Corporate Entertainment and Hospitality Guidelines issued by Treasury in September 2008, when planning, approving, documenting and reviewing the provision of entertainment and hospitality.

In carrying out these functions, managers should strive to create a culture that avoids questionable and excessive expenditure.

6. PRINCIPLES

6.1. Acceptable Use of Corporation Funds

In terms of expenditure for entertainment and hospitality, acceptable use of corporation funds:

- Maximises Ergon Energy's commercial opportunities by strengthening links with existing and potential key customers and stakeholders
- Supports and increases Ergon Energy's standing as a responsible corporate citizen in the wider general community
- Recognises employees' contributions to the achievement of corporate goals and improves employee relations

When planning and approving entertainment and hospitality, managers must be able to identify the benefits that will flow to Ergon Energy and the state.

6.2. Adequate Disclosure

The provision of entertainment and hospitality should be transparent and officers should provide information as to the nature of the entertainment and /or hospitality, provided, the purpose for which it was provided and the expected outcomes for Ergon Energy.

6.3. Documentation

Sufficient documentation should be retained to provide a clear audit trail to allow judgements to be made about the appropriateness of the entertainment and hospitality provided and to support the approval process for the expenditure incurred.

This should include but is not limited to, a description of the event, the benefit of the event to Ergon Energy and the State, names and organisation of attendees, estimated cost / tax

invoice and a signed declaration by the authorising officer (as detailed in these Guidelines or in the Schedule of Delegated Financial Authorities) that the expenditure was for official purposes.

6.4. Expenditure Limits

When planning and approving entertainment and hospitality, managers should have due regard to the cost per head for those attending, the quantum of the expenditure and the frequency of the entertainment and hospitality.

The annual budgeting process will provide controls over the total spend on entertainment and hospitality for Ergon Energy.

The total budgeted spend will be built up from the approved budgets for each Business Unit.

Individual managers will be required to account for any over budget expenditure in their area of responsibility.

The acceptable expenditure on a cost per head basis will be influenced by the nature and purpose of the entertainment and hospitality being provided.

However, as a guide, general entertainment would not normally exceed the limit as approved from time to time by the **Chief Executive** which as at September 2008 is \$150 (inclusive of GST and venue hire) per head.

As a general rule the value of beverages should not exceed the value of meals.

The **Chief Executive** may provide approval to exceed these amounts for particular entertainment and hospitality activities or categories or type of activities where it is reasonable to do so. Eg entertainment provided interstate where it is acknowledged that costs may be higher than in Queensland.

For Corporate Events the cost per head may exceed the above levels. In these cases prior approval of the **Chief Executive** is required.

For all events for which the total cost will exceed \$5,000, prior approval of the **Chief Executive** is required.

Approval of various types of entertainment covered in these Guidelines has been delegated to **level 1 and 2 managers**.

However when exercising these delegations, the managers should ensure that they do not exceed the limits that require approval by the **Chief Executive** as detailed in this section.

6.5. Reporting

Annual budgeted expenditure for entertainment and hospitality is to be documented within the Statement of Corporate Intent.

Details should include total expenditure and individual commitments over \$ 5,000.

Quarterly reports to shareholding Ministers should include the actual expenditure incurred, details of any significant changes to commitments approved in the SCI and details of individual events which cost over \$ 5,000 and the benefits accruing from them.

7. CORPORATE HOSPITALITY STRATEGY

To introduce a structured and controlled approach for the provision of entertainment and hospitality events a Corporate Hospitality Strategy has been developed as the vehicle for the effective and efficient delivery of these events across the whole of the Ergon Energy Group.

The strategy has particular reference to the provision of entertainment and hospitality to customer, supplier and community groups.

The governance for this strategy is achieved through a steering committee of senior managers.

The role of the steering committee is to provide direction for the provision of entertainment and hospitality that aligns with the overall corporate strategies and to maintain budgetary control over expenditure in this area.

The implementation and management of the strategy in relation to events involving external stakeholders is provided by the **Community Partnerships Team**, and managers should seek their assistance and guidance when planning entertainment and hospitality events.

8. SEGMENTS

8.1. Customers and Stakeholders

The objectives of providing entertainment and hospitality to this segment are to cement and strengthen relationships with customers, suppliers and influential stakeholders.

Managers should follow the processes outlined in the Corporate Hospitality Strategy (See Section 3 above).

8.2. Community Groups

The objectives of providing entertainment and hospitality to this segment are to enhance Ergon Energy's standing as a responsible corporate citizen in the wider general community in which it operates.

Again managers should follow the processes outlined in the Corporate Hospitality Strategy (See Section 3 above).

8.3. Employees

8.3.1 Celebrating Success

Ergon Energy values the contributions that employees make towards the achievements of its goals.

Managers may reward employees for their contributions by providing a reasonable level of entertainment and hospitality when groups have achieved a significant result or completed a major project with well defined outcomes.

The results should be more than just achieving the key performance indicators for the group.

Entertainment and hospitality of this nature requires the approval of at least a **Level 2 Manager**.

8.3.2 Long Service

Ergon Energy recognises the contributions made by long-term employees and celebrates this when an employee has 25 years continuous service with the company and/ or its legacy entities.

Managers should follow the guidelines developed to manage these events.

Reference [BP000802R100](#). 25 Year Service Recognition Guideline

8.3.3 Farewell Functions

Ergon Energy will not normally contribute to an employee's farewell function except in the case of retirement after many years of service.

Entertainment and hospitality of this nature requires the approval of at least a **Level 2 Manager**.

In other circumstances where it is considered appropriate to provide entertainment and hospitality of this nature, the approval of a **Level 1 Manager** is required.

8.3.4 Business Planning and Team Building

When developing business plans or undertaking team building exercises to increase the effectiveness of their teams, managers may conduct these activities away from the normal work environment.

While these events are not entertainment or hospitality, details are added here for clarity.

Managers should apply the same rigour when planning and approving these events as that required for entertainment and hospitality and have clearly defined objectives and outcomes.

Undertaking these activities away from the normal work environment requires the approval of at least a **Level 2 Manager**.

8.3.5 Christmas Celebrations

No standing approval exists for the provision of entertainment and hospitality for Christmas celebrations.

Practice has been for **Executive General Manager Employee & Shared Services** to seek approval from the **Chief Executive** on an annual basis for the provision of this type of entertainment and hospitality.

Should approval be received from the **Chief Executive**, managers must follow the guidelines issued by the **Executive General Manager Employee & Shared Services** for conducting this event.

8.3.6 Provision of Alcohol

When the entertainment and hospitality involves the provision of alcohol, managers and employees must adhere to Ergon Energy's policy on this matter as detailed in EP101 Drug and Alcohol Policy.

In addition, when conducting events, Ergon Energy will:

- Maintain its right to prohibit possession or consumption of alcohol in the workplace, the supply or sale of alcohol to others in the workplace, except in those cases of approved employee and customer entertainment.
- Always provide a clear and definite separation between those attending a workplace for purposes of entertainment, and those whose presence is required by work, standby or other requirements. No employee is to participate in any entertainment function if they are directed to maintain the performance of their usual accountabilities and tasks.

- Ensure that where employees may be engaged in high risk activities or rostered for such activities or on standby are advised of the need to report for work in line with the Drug and Alcohol Policy Business Rules ([HS000700R101](#)).
- Not encourage or require staff and guests to consume alcohol when attending social activities.
- Provide adequate food, non-alcoholic beverages and light and mid-strength alcohol.
- Not serve alcohol to any minor at any employee or customer social activity.
- Actively discourage drink driving and drinking to excess. Where possible, those organising such functions are to encourage responsible strategies such as organising designated drivers who commit to remain alcohol-free, taxis or buses and transfers to public transport at the close of the function.
- Take steps to ensure that when our premises are used for any entertainment activities that they remain safe for that purpose. This may require the reassessment of potential hazards, bearing in mind that on occasions the premises may be used by people under the influence of alcohol and by children.
- Stipulate a definite time frame for work-related social functions. All employee functions at workplaces will be held for a maximum of two (2) hours only and any further activities should be held elsewhere. In exceptional circumstances e.g. children's Christmas parties, prior approval can be requested from the **Chief Executive or approved delegate** to extend the function duration.
- Advise staff that any function organised by Ergon Energy is deemed to be held on 'company premises' and all workplace standards still apply. This means behaviours such as bullying, discrimination and sexual harassment will not be tolerated at any work or customer-related function.
- Select any external groups or parties involved in the event (i.e. club, hotel, catering etc) based on responsible conduct and request that they brief their staff attending any Ergon Energy functions of our responsible drinking policy.
- Have in attendance a responsible employee to supervise any work-related social activities.

8.3.7 Fringe Benefits Tax (FBT) Implication

Entertainment and hospitality provided to employees may be subject to FBT.

8.3.7.1 Reportable Fringe Benefits Tax Measures

Under the FBT Act, Ergon Energy is required to allocate the fringe benefits it provides to the individual employees who are the recipients of the those fringe benefits.

Where the total taxable value of fringe benefits provided to an employee exceeds \$1,000 in a year, Ergon Energy is required to record the grossed up amount of those fringe benefits on the employee's payment summary.

Certain limited fringe benefits are, however, exempt from the reportable fringe benefits measures, including meal entertainment and corporate boxes.

Full details of the reportable fringe benefits measures can be obtained by use of the following link

[http://intranet/Business_Units/FSS/Taxation/ Report Fringe.asp](http://intranet/Business_Units/FSS/Taxation/Report_Fringe.asp)

8.3.7.2 Entertainment and Hospitality Events that are Reportable Fringe Benefits

Details of entertainment and hospitality events that are reportable fringe benefits are contained in the Entertainment Checklists.

Refer [P89Q01R09](#). Entertainment Events and Other Fringe Benefits Checklists and [P89Q01R10](#). Meals and Alcohol Checklist.

The FBT implications associated with the provision of entertainment and hospitality are particularly complex and the checklists are provided as a guide only.

Assistance in this area can be obtained from Group Taxation.

Access to the Entertainment Checklists [P89Q01R09](#). and [P89Q01R10](#). can be obtained by use of the following links

9. OTHER CONSIDERATIONS

9.1. Attendance

When planning Ergon Energy corporate hospitality activities, managers should be sensitive to the appropriateness of inviting the partners of guests to participate in these activities.

It is important that hosts consider that for certain activities, inviting partners is desirable and appropriate while on other occasions less so.

Where there are guidelines for specific events (eg. 25 year service recognition), these should be followed in relation to extending invitations to partners.

The appropriate ratio of Ergon Energy representatives to external guests is one Ergon Energy representative to four external guests. While there are exceptions to this rule, it is designed to be a guide only to determine the appropriate mix of guests and Ergon Energy representatives.

9.1.1 Consistency

Central to Ergon Energy's policy in terms of when it is or is not appropriate to invite partners to participate is the issue of consistency.

Should the determination be made that partners are to be invited to an activity, the partners of all guests, both Ergon Energy and external must be invited to the activity.

For instance, it is inappropriate to invite Ergon Energy participants to bring their partners while not offering the same opportunity to guests from other organisations and vice versa.

It is also inappropriate to invite higher-tier guests to bring partners while excluding lower-tier guests who will be attending the same activity.

For instance, for appropriate events, it is recommended that when engaging Tier 1 (Directors/Board members, Ministers, CEO's) and Tier 2 (CEO's, Executive Managers, political representatives ie mayors, ministerial advisers, senior public servants) target

guests in Ergon Energy corporate hospitality activities, that partners should be consistently invited to participate.

9.1.2 How to determine when it is appropriate to invite partners

There are a number of key criteria upon which decisions regarding the appropriateness of including partners in corporate hospitality activities can be determined.

These include:

- 1) Objective of the corporate hospitality activity
 - a) If the purpose of the activity is relationship development in a general sense, it may be appropriate to consider inviting partners to participate
 - b) If however there is a more specific, issue-related, or business development objective for the activity, it may be less appropriate for partners to be involved.
- 2) Benefits
 - a) A host should be able to define the benefits gained through inviting partners to participate. This is particularly important when a limited budget for the planned activity is available.
- 3) Available budget and target guest numbers:
 - a) Budget needs to be considered when determining whether to invite partners. The decision is also affected by how many key targets the host wants to invite to a particular event.
 - b) In addition, hosts should remember that inviting partners effectively halves the number of key targets from other organisations that could be invited to the event.
 - c) On some occasions, a host may determine that inviting partners of key targets will deliver more value than only inviting the targeted guests. This can only be determined on a case by case basis.
- 4) Timing: Day of the week and time of day
 - a) If an event is scheduled for Saturday or Sunday, it is generally considered appropriate to invite partners, subject to available budget. Weekend events held during the day are also good opportunities to include families of guests (eg: Netball Queensland training), so consideration may be given to the event being a “family” event. Children are to be excluded from events when alcohol is served.
 - b) However, for mid-week events, particularly those held within work hours, it is generally not necessary to include partners.
 - c) For mid-week evening events, the decision to invite partners often relates to the objective and style of activity (please see below for further discussion around style).
- 5) Style of activity

- a) When planning an intimate, small group corporate hospitality activity, inviting partners would be desirable.
 - b) However in planning a larger group activity, such as an end of year business function, it would be less appropriate to invite partners.
- 6) Key guest preferences
- a) A further point that a host should consider is whether a key target guest generally only attends corporate hospitality activities with their partner.
 - b) If this is the case, this preference may necessitate broadening the invitation list to include all partners.

9.1.3 Approval to invite partners

On all occasions, should the host wish to invite partners to an Ergon Energy corporate hospitality activity, approval is required from a **Level 1 Manager**.

When seeking approval the host should include details of the expected benefits to be gained by Ergon Energy from inviting partners to participate.

9.1.4 Guest List Approval

Guest lists for Ergon Energy events/functions should be approved by the appropriate **Level 1 or 2 Manager**. The Community Partnerships Team in Marketing can provide assistance and clarification on approval of guest lists.

9.1.5 Participation of the Ergon Energy Board

Special events initiated by Ergon Energy management may benefit from the involvement of directors. In addition the Board or individual Directors may initiate hospitality events in consultation with the **Chief Executive**. In any case, the engagement/attendance of directors at these events should align with the tiered framework of the corporate hospitality strategy.

Directors will be notified of significant upcoming events relating to the Ergon Energy business, and following consultation with the Chairman, will be included in appropriate events.

9.2. Major Events

Participation in major events provides significant exposure and publicity for Ergon Energy.

Managers should be sensitive to this exposure and how this could be viewed in a negative light by members of the public and the media.

Because of this sensitivity, even though the expenditure involved may be within a manager's delegated authority, prior approval should be sought from the **Chief Executive** before participating in a major event.

9.3. Other Events

Level 1 Managers may entertain their management teams and partners once a year, be that at a year-end or some other function.

Partners and other family members may be entertained by Ergon Energy to mark a significant event or achievement in the life of the company. Events of this nature would normally require the approval of a **Level 1 Manager**.

Ergon Energy should not pay for a partners domestic or overseas air travel fares and expenses (refer section 9.7 Travel).

Payment for other travel expenses for partners and family members to attend these events requires approval by a **Level 1 Manager**.

The payment of travel and accommodation expenses for partners and family members if approved is subject to FBT and generally reportable on the employee's payment summary.

Conducting or participation in any other significant or unusual events will require the approval of the **Chief Executive**.

9.4. 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 Ergon Energy is hosting a conference or official meeting, costs associated with receptions would be considered as part of the overall expenditure for the event.

9.5. Entertaining Suppliers

The provision of entertainment to suppliers during all phases of a tender process and while evaluating and awarding significant contracts should be avoided.

Activities of this nature could raise issues in relation to probity and fairness in the tender process.

9.6. Sharing of Costs with Customers and Suppliers

The sharing of the costs of providing entertainment and hospitality with customers and suppliers also raises issues in relation to probity and fairness.

Managers should take care that these events and transactions are conducted in a transparent nature and that there can be no basis for allegations of preference towards the customer or supplier and/or benefits flowing to them.

9.7. Travel

Overseas and domestic Employee Travel should only be undertaken by Ergon Energy employees where there is a demonstrated business case for the travel. The travel should

contribute to the performance of Ergon Energy's objectives as specified in its Statement of Corporate Intent. Directors may only undertake Overseas Employee Travel if they represent the Chair or hold expertise in a particular field relevant to the purpose of the travel.

Ergon Energy should not pay for an Accompanying Persons' domestic or overseas travel fares and expenses.

Only in exceptional circumstances specifically approved in writing by the portfolio Minister and where the attendance of the Accompanying Person is of demonstrated benefit to the State should Ergon Energy pay for domestic or overseas travel expenses of Accompanying Persons.

9.8. "Grey Areas"

If doubt exists as to whether expenditure is for official purposes or is of a private nature (eg hire of formal wear to attend a function), this should be referred to a senior manager for a ruling.

The ruling provided by the manager should be able to withstand scrutiny.

10. PAYMENT

10.1. Coding

Expenditure should be correctly coded to reflect the nature of entertainment and hospitality provided based on the account codes and descriptions provided in the Chart of Accounts.

This is required to maintain control over this type of expenditure and to allow Ergon Energy to correctly discharge its obligations for the payment of Fringe Benefits Tax and reporting requirements to the Shareholding Ministers.

Entertainment Checklists for Reportable Fringe Benefits have been prepared to assist employees to correctly code entertainment and hospitality expenses.

The entertainment checklists can be accessed through the following links:

[P89Q01R09](#).

10.2. Accounts Payable Process

Payment for entertainment and hospitality using the Ellipse accounts payable process will provide all of the necessary controls to ensure that the necessary supporting documentation is raised and maintained and the expenditure approvals are within the limits of the manager's delegated financial authority.

Refer [P89J01](#). Manage Accounts Payable and [P89G01R01](#). Schedule of Financial Delegations.

10.3. Corporate Card

When paying for entertainment and hospitality expenses using Ergon Energy Corporate Cards, managers must follow the detailed procedures for the use of these cards and observe the restrictions that apply for certain types of transactions.

The most senior officer in attendance at an event is the person responsible for payment of the account.

When the entertainment and hospitality involves Directors of the Company, the most senior officer is either the **Company Secretary** or **Chief Executive**.

Refer [P89J02](#). Manage Corporate Cards” Procedure, MP000606R100. Maintain Corporate Card Delegations” Procedure and [P89J03R01](#). Schedule of Corporate Card Restrictions.

11. REVIEW

Managers should introduce processes to regularly monitor and review the expenditure on entertainment and hospitality in their area of responsibility to ensure that it provided in line with approved policies and guidelines and is with acceptable limits.

The Community Partnerships Team will be responsible for ongoing monitoring, reporting and evaluation of events and hospitality activities in line with the overall hospitality strategy.