



QR Governance & Management Framework

General Management System

Standard

QR CORPORATE ENTERTAINMENT AND HOSPITALITY

Note: Group Business Instructions may contain additional requirements.

Revisions to Previous Version
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Section 5.1.6
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1. About Corporate Entertainment and Hospitality

Corporate entertainment and hospitality opportunities usually occur in conjunction with events and/or sponsorships and is provided to:

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

Corporate entertainment and hospitality is considered to be an accepted and standard business practice which supports the fostering of strong relationships with the organisation's customers and stakeholders in order to achieve beneficial commercial outcomes.

Corporate Hospitality is a commercially oriented event or activity to which an invitation is extended to an external client, stakeholder, shareholder (or their representative), supplier or community group that involves provision of catering and/or entertainment.

It is provided on the basis that it will deliver commercial benefit through networking opportunities and the development of new or strengthening of existing relationships with the invited guests.

It is the coming together of QR staff and external customers, stakeholders or suppliers at a particular event usually conducted in a social environment.

Corporate Hospitality can be provided at events initiated by QR or at events, functions, sporting fixtures and performances run by any external party.

Events can include national days and celebrations, important civic occasions, unique cultural performances, major sporting fixtures, corporate functions, festivals, community days, trade promotions and product launches.

Corporate entertainment and hospitality is often included as a component of the benefits package offered for a sponsorship. Therefore this **standard shall** apply to any **corporate entertainment and hospitality** conducted in relation to, or as part of, a sponsorship.

This **standard shall** also be applied in planning staff focused events including business planning sessions, staff briefings, team building activity or professional development programs and particularly to activities undertaken outside of the normal working environment and designed for acknowledgement of service (eg Annual Family Days).

2. Purpose

Each Government Owned Corporation is required to have in place a Board approved policy relating to corporate hospitality and entertainment. This includes ensuring that reasonable community standards are applied to hospitality and entertainment.

This **standard** ensures QR complies with the Government Owned Corporations Corporate Entertainment and Hospitality Guidelines, as issued by the Treasurer in 2008.

This **standard** supports POL 01 Commercial Policy, POL 02 Risk Policy, and POL 03 Ethics Policy.

3. Scope

This is the national standard for the QR Group and applies to the QR Board and all QR employees of businesses and subsidiaries when hosting or receiving **corporate entertainment and hospitality**.

4. Responsibilities

4.1 Executive General Managers

Executive General Managers are responsible for discharging the requirements of this **standard**, and where necessary implementing **business instructions** within their areas of responsibility.

4.2 General Manager Brand and Marketing Communications

The General Manager Brand and Marketing Communications **shall** ensure that this **standard** is **monitored** and formally **reviewed** each year.

4.3 Corporate Events and Sponsorships Team

The Corporate Events and Sponsorships Team **shall** provide assistance to businesses in understanding and implementing the **standard** if required.

5. Requirements

5.1 Corporate Entertainment and Hospitality

When considering **corporate entertainment and hospitality** expenditure in order to facilitate **QR business** the relevant employee should, by complying with these Guidelines, ensure that the event has clear demonstrable benefits for the business and involves expenditure that is reasonable and appropriate and would withstand public scrutiny.

Management in exercising judgement **shall** ensure employees are able to provide clearly identifiable commercial and reputational benefits for QR resulting from **corporate entertainment and hospitality** expenditure.

All FBT requirements **shall** be completed by the business either using the online FBT Entertainment Form and forwarded to the Corporate Events and Sponsorships Team, or if paid by a QR Corporate (Gold) Card, reconciled on a monthly basis to the correct account using the online Expense Management System.

5.1.1 Partnership Opportunities

Strategic partnerships (where QR has an ongoing and substantial relationship intended to produce significant commercial benefit beyond individual transactions or the real potential to develop such a relationship) may involve **corporate entertainment and hospitality**. In a strategic partnership, both parties contribute to outcomes that might not otherwise be achieved without combining their skill, knowledge, experience or expertise. Partnership outcomes **shall** be linked to QR's business priorities.

Corporate entertainment and hospitality expenses incurred in the course of facilitating **QR business shall** be reasonable and able to withstand public scrutiny.

5.1.2 Invitations

The Corporate Events and Sponsorships Team will coordinate invitations for enterprise-wide events and assist businesses with coordination of invitations for individual business events where required.

5.1.3 Guest Lists

- It is the responsibility of each **QR business** to ensure that guests offered **corporate entertainment and hospitality** understand and support the objective(s) of the event. Guest lists must reflect clearly identifiable commercial and organisational benefits.
- A copy of the confirmed attendees for each and every event undertaken across the QR Group is to be forwarded to the Corporate Events and Sponsorships Team for central recording and for audit purposes.
- If appropriate, partners or family of employees, directors and guests may be invited.
- The ratio of guests to QR employees (and their partners or family) for **corporate entertainment and hospitality** must be no less than 1:1. This means that no more than 50% of all attendees can be staff (and their partners or family). There must be sufficient QR staff to ensure that every guest is hosted appropriately. In special circumstances, this ratio may change and will require the approval of the Chief Executive Officer.
- For major events the participants **shall** be determined by the Chief Executive Officer or Chief Marketing Officer. A major event would include any activity that is likely to attract public attention due to the profile of guests attending, the level of expenditure, etc.

5.1.4 Corporate Gifts

- Within the context of **corporate entertainment and hospitality**, the maximum amount to be spent on a gift for guests excluding QR employees is \$100 per person.
- Corporate gifts not related to **corporate entertainment and hospitality** such as Christmas gifts for customers and international and/or VIP visitors, **shall** be a maximum of \$100 unless approved by the relevant Executive General Manager and/or the Chief Executive Officer.
- Corporate gifts can be organised upon request by the Corporate Events and Sponsorships Team.

5.1.5 Expenditure

The expenditure for **corporate entertainment and hospitality** activity **shall** not exceed \$150 per person unless authorised by the Chief Executive Officer (or delegate). This amount should cover all event related costs including but not limited to meals, beverages, venue hire, entertainment, theming and staging. Travel costs are not to be included in this amount.

Irrespective, QR must report all events and details of those events costing \$5,000 or more to Shareholding Ministers to ensure clear accountability and that those events demonstrate commercial or business benefit to QR.

Corporate entertainment and hospitality expenditure is to be approved by a Level 3 Manager or above and who has the appropriate financial delegation.

- | | |
|----|---------------------------------------|
| 1. | Level 1 – CEO |
| 2. | Level 2 – Executive Manager |
| 3. | Level 3 – General and Senior Managers |

The coordinating officer **shall** provide sufficient information to the approving manager on **QR business** benefits related to the expenditure for QR.

Officers planning and/or authorising events **shall** have sufficient experience and training to assess the reasonableness of the event; that is whether the event complies with accepted industry and community standards.

The expenditure, and the nature of the event, must be commensurate with the business purpose and not overly extravagant or flamboyant and consistent with a common sense approach.

5.1.6 FBT Implications

The Corporate Events and Sponsorships and Sponsorship Team **shall** complete a Fringe Benefits Tax Entertainment Expenses (L1 Eform) for all costs associated with **corporate entertainment and hospitality** such as venue, ticketing, corporate gifts etc.

However, if paid by a QR Corporate (Gold) Card, entertainment expenses are to be reconciled to the appropriate FBT account using the online Expense Management System. A FBT Entertainment Form (L1 Eform) should not be completed if the entertainment expenses are paid for by QR Corporate (Gold) Card, as this would result in duplicate FBT records.

The Fringe Benefits Tax Entertainment Expenses L1 Eform and the QR Corporate (Gold) Card reports are the methods by which entertainment costs are collected and allocated to the relevant General Ledger accounts. Refer to the FIN/RD/4707/TAX “Fringe Benefits Tax Quick Reference Guide” as page 11 provides an Identification of Hospitality Expenses and Property Benefits matrix that details common types of expenditure and the appropriate FBT and GST treatment.

5.1.7 Evaluation and Measuring Success

Regular monitoring and reporting is to be undertaken to ensure official entertainment and hospitality aligns with Board approved policy and shareholding Ministers’ expectations. Details are to be provided in a report to the Board on an annual basis.

QR **shall** also report on its planned **corporate entertainment and hospitality** in its Statement of Corporate Intent, including details of individual commitments over \$5,000. QR **shall** report any significant changes to its **corporate entertainment and hospitality** commitments, as specified in its Statement of Corporate Intent, and details of actual expenditure within reports to shareholding Ministers. QR's reports to shareholding Ministers **shall** also include reporting on individual events which cost over \$5,000 and the benefits accruing from them.

A post event evaluation for larger events is to be undertaken by the organising business and submitted to QR Corporate Events and Sponsorships to be used in reporting to the Board and shareholding Ministers.

5.1.8 Formal Record Keeping

It is important to keep formal records. These **shall** include details of event planning, links to organisational goals and priorities, event objectives and metrics for measurement (target audience, costs etc).

A post event report **shall** be submitted to the Corporate Events and Sponsorships Team for reporting and inclusion in a centralised Event Register.

5.2 Entertaining while Travelling or Living Away from Home

Employees who seek to build client relationships or entertain members of the public for promoting an initiative or project through corporate hospitality while travelling or living away from home in the course of carrying out their duties, **shall** ensure compliance with this **standard**.

All entertainment and hospitality expenditure must be incurred in the interest of QR and the public. This means that the employee authorising the expenditure must demonstrate that the expenditure will benefit the public generally or facilitate **QR business**.

Entertainment and hospitality expenditure must meet the following requirements:

- The type of entertainment or hospitality services **shall** be appropriate for the use of QR funds with clearly identifiable commercial or reputational benefits.
- The expenditure on entertainment or hospitality services **shall** only be undertaken if they are in the best interests of QR and the public.
- Entertainment or hospitality services include the provision of (a) food, or (b) food and beverages. It **shall** not include beverages only with no food.

Expenditure incurred by QR which is not reasonable and appropriate (private expenses) must be invoiced to the person who consumed and/or authorised the benefit.

Entertainment and hospitality expenses may only be charged to a QR Corporate (Gold) for accommodation and meals where the **procurement officer** is a booking officer or a Travelling Employee, as defined in HRS/STD/3700/ALL *Travelling and Living Away from Home Allowance within Australia*.

Entertainment and hospitality expenses may only be charged to a QR Corporate (Gold) Card where expenditure is approved in advance by a Level 3 Manager or above.

Employees undertaking QR paid corporate hospitality while travelling or living away from home will not be entitled to have the expenditure of the hospitality paid and also claim the daily rate for meal allowances.

5.2.1 Business Partnerships

Business partnerships both existing and prospective (where QR has an ongoing and substantial relationship intended to produce significant commercial benefit beyond individual transactions or the real potential to develop such a relationship) may involve ***corporate entertainment and hospitality***.

A business partnership would include both parties contributing to outcomes that might not otherwise be achieved without the collaboration of skill, knowledge, experience or expertise. Business partnerships ***shall*** be linked to QR's business priorities.

Where partnerships exist, management ***shall*** exercise judgement in deciding the appropriateness and regularity of ***corporate entertainment and hospitality***. Expenditure in order to facilitate ***QR business*** is only to be incurred in compliance with these Guidelines to ensure it is able to withstand public scrutiny. Expenditure must be appropriate and reasonable and in line with expenditure levels set out in Section 5.1.5.

5.3 Meetings, Incentive Travels, Conferences and Exhibitions (MICE)

Corporate entertainment and hospitality undertaken as part of Meetings, Incentive Travels, Conferences and Exhibitions ***shall*** comply with the overall requirements of this **standard**.

Expenditure on ***corporate entertainment and hospitality*** is subject to a high standard of accountability. The Queensland Government expect all Government Owned Corporations to act at all times in the best interests of the State.

Corporate entertainment and hospitality may occur in the course of meetings, conferences and exhibitions undertaken and attended by QR employees for the purpose of communicating business messages, increasing sales or business development.

If ***corporate entertainment and hospitality*** is provided by a ***QR business***, or included in the expenditure on meetings, incentive travels, conferences or exhibitions, there must be clearly identifiable commercial and organisational benefits and these must be set out in records of expenditure or travel.

Expenditure must be appropriate and reasonable and in line with the expenditure levels set out in Section 5.1.5.

5.4 Avoiding Conflict of Interest

When receiving ***corporate entertainment and hospitality***, care ***shall*** be taken to avoid any possible conflict of interest. Transparency, accountability and integrity are to be maintained.

To avoid conflict of interest, **employees** are required to disclose any **private interests** that may be perceived to conflict with the **performance** of their duties. This disclosure **shall** be made to their supervisor / manager immediately on becoming aware that a conflict has arisen or is likely to arise.

The supervisor / manager will determine the extent of any conflict of interest and the action required to resolve the conflict.

5.5 Non-Compliance

The **standard** ensures QR fulfils its statutory obligations of compliance with the Government Owned Corporations Corporate Entertainment and Hospitality Guidelines. Non-compliance of the **standard** will be brought to the immediate attention of the Executive General Manager of the offending business and the Chief Executive Officer to determine the appropriate course of action.

5.6 Implementation Date

Version 1.0 of this **standard** takes effect from 31 January 2009.

6. Associated Documents

- FIN/MAN/400G/ACC “Finance Manual Accounting Guidelines”
- FIN/MAN/400G/ACC “Finance Manual Accounting Guidelines” Appendix E – Entertainment and Hospitality - Type Expenditure Listing
- FIN/RD/4707/TAX “Fringe Benefits Tax Quick Reference Guide”
- Online FBT Entertainment Form at http://qr.internal.qr.com.au/home/QR_Finance/Corporate_Accounting_Solutions/Group_Tax_Services.aspx.
- HRS/STD/3700/ALL “Travelling, Living Away From Home and Camp Allowance”
- GEN/RD/1016/SUP “Purchasing Guidelines”
- FIN/RD/4707/TAX “Fringe Benefits Tax Quick Reference Guide”

7. Definitions

With the exception of the following definitions, which are specific to this **standard**, all terminology used within this **standard** is in accordance with GEN/STD/1002/ADM QR's Terminology and Definitions.

Corporate Entertainment and Hospitality

Corporate Entertainment and Hospitality can be an important element of any company's marketing strategy, aimed at forging and strengthening relationships with people who are important to the success of our business.

Fringe Benefits Tax (FBT)

FBT is the tax payable on a non-salary benefit provided to an employee or an associate of the employee.

RSVP	The French acronym for "repondez s'il vous plait," meaning "please respond".
Customer	A customer is a consumer of products or services in a commercial or non-commercial situation. A customer can be internal or external, a person, a company, an organisation, a government or another business element.
Stakeholder	<p>Stakeholders are people and/or organisations who may:</p> <ul style="list-style-type: none">• affect us as we pursue our objectives• be affected by us as we pursue our objectives• perceive themselves to be affected by us as we pursue our objectives <p>These include:</p> <ul style="list-style-type: none">• shareholding ministers• customers• employees and contract staff• communities• federal, state and local government• legislators (Opposition)• regulators• business partners• infrastructure owners• suppliers• unions• the media• industry groups• special interest groups
Supplier	A supplier is a person or organisation that sells goods and services to QR
Strategic Partner	A supplier may be considered a strategic partner of QR where there is an on-going and substantial relationship intended to produce significant commercial benefit beyond individual transactions. In a strategic partnership, both parties contribute to an outcome that might not otherwise be achieved without their combined skill, knowledge, experience or expertise. These outcomes shall be linked to QR's business priorities.

8. Guidelines

Any information offered in this section is to provide guidance on meeting the requirements of the **standard**. This **standard** is pursuant to the Guidelines for GOC's issued by the Treasurer in September 2008.

9. Appendices

There are no appendices applicable to this **standard**.