



Hospitality and entertainment

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Policy Statement

The Department of Trade and Investment, Regional Infrastructure and Services implements NSW Government standards regarding the provision of official hospitality and entertainment and the expenditure of public funds for this business purpose. This policy has been developed in accordance with the requirements of whole-of-government policies, circulars, memoranda and legislation, for the purpose of guiding staff in implementing these standards.

Scope

This policy applies to all staff and contractors of the Department of Trade and Investment, Regional Infrastructure and Services (the department or NSW Trade & Investment). This includes temporary and casual staff, private contractors and consultants engaged by the department when performing the role of a public official.

This policy relates to situations in which staff provide official hospitality and/or entertainment to clients and others external to the department. In situations where staff participate in hospitality and/or entertainment provided to a client, the Australian Taxation Office (ATO) recognises this staff benefit as a liability for Fringe Benefits Tax (FBT).

Where staff receive benefits in the form of hospitality and/or entertainment, the department's gifts and benefits policy applies.

This policy applies to official hospitality and entertainment as described in the definition section below.

Requirements

1. *Acceptable Expenditure*

- a. Any expenditure by staff on official hospitality and/or entertainment must be in accordance with the following principles:
 - i. The expense must be for official purposes only.
 - ii. The expense must be properly documented.
 - iii. The expense must generate direct benefits. The hospitality and/or entertainment must result in, or be reasonably expected to contribute to, achieving the department's objectives as articulated in the [NSW Trade & Investment Strategic Plan 2012-2015](http://www.trade.nsw.gov.au/about/pubs/strategic-plan-2012-2015)¹, and should not be used merely for social occasions.
 - iv. The expense must be reasonable for the circumstances, and publicly defensible.
 - v. The expense must be approved by a Manager with appropriate delegation (refer to Delegations section) in writing (email is acceptable) or otherwise recorded through the reimbursement claim or p-card acquittal process. Where possible, approval should be obtained prior to incurring the expenditure. For incidental hospitality costs, such as coffee meetings, approval after the cost is incurred is acceptable. Staff and their Managers are jointly responsible for ensuring incidental hospitality costs are not used excessively.

¹ <http://www.trade.nsw.gov.au/about/pubs/strategic-plan-2012-2015>

- b. Expenditure on a working meal during a formal meeting at which official business is being conducted may be acceptable and charged against hospitality where the purpose of the meal is to provide refreshments to enable participants to continue working, and/or is attended by people outside of the department, again with the purpose of enabling official business to continue to be progressed.
- c. Staff travelling on official business must be familiar with the department's policies on travel, and corporate credit card use. These policies provide further guidance on managing and reconciling hospitality and/or entertainment expenses.
- d. Expenditure is acceptable on ceremonial gifts, gifts of gratitude or other formal gifts or benefits to be given by NSW Trade & Investment to clients and others external to the department, providing these are a direct part of an official departmental arrangement, such as a trade delegation, and are in accordance with the principles outlined in section 1a) of this policy.
- e. Staff are to exercise common sense at all times to ensure the cost and level of hospitality and/or entertainment is reasonable and not excessive.

2. *Inappropriate expenditure*

- a. Examples of expenditure NOT considered appropriate for funding from Government sources include, but are not limited to:
 - i. Non-official entertainment.
 - ii. Tea, coffee, lunches, morning and afternoon teas for departmental staff for social purposes, rather than in conjunction with a formal meeting in which official business is being conducted.
 - iii. Gratuities (tips/surcharges) over and above the charge levied by the provider. These are a personal choice and as such must be funded by the employee, except where the gratuity is included as a specified component of the bill or receipt.
 - iv. Purchase of alcohol not related to a meal (this may be approved in exceptional circumstances only by a Level 1 or 2 Manager).
 - v. Dinners/functions at a staff member's private residence (this may be approved in exceptional circumstances only by the Secretary or Minister).
 - vi. Hospitality and/or entertainment provided to any organisation involved with the department in formal tender or expression of interest proceedings.
- b. Expenditure should not provide a personal benefit to staff members or their family or friends (e.g. Christmas functions, birthday celebrations or work socials). In exceptional circumstances and only with prior approval of a Level 1 or 2 Manager, families of staff may be asked to attend official functions as their presence is clearly necessary for the success of the function or where the party to be entertained is to be accompanied by a family member. (e.g. functions on weekends, where guests/dignitaries are being entertained and families/partners are attending, significant corporate events sponsored or organised by the department where guests accompanied by their families/partners will be attending as guests of the department).
- c. In general, hospitality and/or entertainment should not be extended to contractors, consultants or other providers of goods and services (e.g. staff of audit or legal firms, computer service suppliers, advertising agencies, printers), unless authorised by the relevant Level 1 or 2 Manager prior to the event.

3. *Approval of hospitality and/or entertainment expenditure*

- a. Authority to approve expenditure on official hospitality and/or entertainment is consistent with the department's Administrative and Financial Delegations. Managers are authorised to approve expenditure on official hospitality and/or entertainment up to the limit of their delegation.
- b. Approval for any official hospitality and/or entertainment expenditure should be obtained prior to the cost being incurred. In exceptional cases, it may be necessary to seek approval as soon as possible after the expenditure has occurred, if prior approval was not possible.

However, Managers and staff are jointly responsible for ensuring this is not a regular occurrence.

4. Documentation

- a. All official departmental hospitality and/or entertainment expenditure requires sufficient documentation to record and justify the expenditure claim, in accordance with minimum substantiation requirements of the ATO for FBT and GST purposes. This may include copies of receipts/tax invoices and details of staff, clients and others in attendance and referencing the original approval.
- b. Hospitality and/or entertainment expenditure is to be charged against the relevant Division/Branch/Unit cost centre and the appropriate account code recorded.

5. Fringe Benefits Tax (FBT)

- a. Fringe Benefits Tax (FBT) may apply to the staff component of hospitality and/or entertainment expenditure. Staff are to refer to the department's FBT policy for guidance and to ensure compliance with relevant legislation.

Procedures

- N/a

Roles and responsibilities

- Managers
 - Determine whether or not proposed departmental expenditure on hospitality and/or entertainment is approved, consistent with Delegations below.
 - Ensure the amount, nature and frequency of incidental hospitality and/or entertainment expenditure is not excessive.
 - Promote best conduct.
 - Take appropriate action in relation to any reported corrupt conduct.
- Corporate Strategy & Communications Branch
 - Review and maintain policy.
 - Provide guidance to staff as required.
- People, Learning & Culture Branch
 - Ensure awareness of hospitality and entertainment policy is incorporated into the department's induction program.
- All staff
 - Adhere to this policy when involved with official hospitality and/or entertainment.
 - Maintain awareness of their responsibility for probity.

Safety considerations

- Wellbeing

This policy will enhance the wellbeing of staff by providing a clear framework by which to manage official hospitality and/or entertainment expenditure. This serves to protect staff from possible stress resulting from the risk of perceived improper conduct or loss of reputation in the absence of this policy.

Delegations

Activity or Function	Policy Reference	Delegated Officer
Determine whether or not the purchase of alcohol not related to a meal is approved.	Section 2(a)(iv)	Secretary, NSW Trade & Investment; Level 2 Managers.

Determine whether or not departmental expenditure on hospitality and/or entertainment to be provided at a staff member's private residence is approved.	Section 2(a)(v)	Secretary, NSW Trade & Investment; Minister.
Determine whether or not hospitality and/or entertainment expenditure on contractors, consultants or other providers of goods and services to the department (e.g. staff of audit or legal firms, computer service suppliers, advertising agencies, printers) is approved.	Section 2(c)	Secretary, NSW Trade & Investment; Level 2 Managers.
Determine whether or not departmental expenditure on hospitality and/or entertainment is approved, up to the limit of their financial delegation.	Section 3(a)	Managers.

Definitions

- **Benefit:** A benefit is of value to the recipient, but less tangible than a gift. For example meals, seats at sporting events, access to corporate boxes at sporting venues, upgrades on flights, new job or promotion, preferential treatment, or access to confidential information.
- **Ceremonial gift:** A ceremonial gift is an official gift from one organisation to another organisation. Such gifts are often provided to a host agency when conducting official business with delegates from another organisation. Although these gifts may sometimes be offered to express gratitude, the gratitude usually extends to the work of several people in the agency and therefore the gift is considered to be for the organisation, not a particular individual.
- **Corrupt conduct:** Deliberate or intentional wrongdoing, not negligence or a mistake. Corrupt conduct has to involve or affect a NSW public official or public sector organisation. While it can take many forms, corrupt conduct occurs when:
 - a public official improperly uses, or tries to improperly use, the knowledge, power or resources of their position for personal gain or the advantage of others
 - a public official acts dishonestly or unfairly, or breaches public trust
 - a member of the public influences, or tries to influence, a public official to use his or her position in a way that is dishonest, biased or breaches public trust.

The NSW community expects public officials to perform their duties with honesty and in the best interests of the public. Corrupt conduct by a public official involves a breach of public trust that can lead to inequality, wasted resources or public money and reputational damage *Source: Independent Commission Against Corruption Act (NSW) 1988.*

- **Entertainment:** Entertainment is defined by the ATO as official expenditure by way of food, drink or recreation, and includes:
 - accommodation or travel to facilitate such entertainment;
 - business lunches, staff social functions and sporting or theatre tickets; or
 - hospitality.
Recreation includes amusement, sport and theatre, show, movie tickets and similar leisure-time pursuits. Generally the provision of alcohol at a meeting or during a meal will indicate that entertainment is being provided and a tax liability for the department is likely.
- **Fringe benefit:** A fringe benefit is defined by the ATO as a benefit provided to an employee (or their associate, such as a family member) because that person is an employee. Such benefits can be provided by an employer, an associate of the employer, or by a third party under an arrangement with the employer. An employee can be a current, future or former employee.
- **Fringe Benefits Tax:** Fringe Benefits Tax (FBT) is a tax paid on certain benefits employers provide to their employees, or to their employees' associates (typically family members). FBT is separate from income tax and is based on the taxable value of the various fringe benefits provided. The department's FBT policy provides further information and guidance to staff.
- **Gift:** A gift is an item of value (for example a gift voucher, entertainment, hospitality, travel, commodity or property) which one person or organisation presents to another. Gifts may be offered as an expression of gratitude with no obligation to repay in kind, or given to create a

feeling of obligation. In the business context, gifts can have different meanings and purposes. The purpose of the gift, to a certain extent, affects how it should be managed.

- **Gift of gratitude:** A gift of gratitude is a gift that is offered to an individual or an agency in appreciation of performing specific tasks or for exemplary performance of duties. Gifts to staff who speak at official functions would be considered gifts of gratitude.
- **Hospitality:** An event that is funded by the department to help foster the conduct of public business. The key features that define an event as official hospitality are:
 - the people attending the event are predominantly from organisations other than those within the New South Wales public sector (for example, diplomatic or foreign government officials, or people from business or industry sectors); and
 - the primary purpose of the event is for the department to establish or maintain a business relationship or partnership arrangement with those people and/or their organisations, in order to progress departmental priorities.

Official hospitality may occur in the workplace, at seminars/conferences, or in restaurants and is associated with acts of a welcoming, hosting or generous nature. This can include the provision of meals, beverages, entertainment (including tickets to sporting and cultural events) and minor gifts of a protocol or public relations nature.

- **Level 1 Manager:** Secretary, NSW Trade & Investment.
- **Level 2 Managers:** Director General, Department of Primary Industries; Deputy Secretary, Industry, Innovation, Hospitality & the Arts; Deputy Secretary, Resources & Energy; Deputy Secretary, Finance, Strategy & Operations.
- **Public official:** An individual who carries out public official functions or acts in the capacity of a public official. Temporary employees, and in some circumstances private contractors and consultants, are also considered public officials when performing the role of a public official.

Tax invoice: Tax invoices must contain certain information to be valid. A valid tax invoice is a

- document that meets all of the following requirements:
 - it is issued by the supplier
 - it contains enough information to enable the following to be clearly ascertained
 - the supplier's identity and Australian business number (ABN)
 - a brief description of what is sold, including the quantity (if applicable) and the price of what is sold
 - the extent to which each sale is a taxable sale – this can be shown separately or, if the GST to be paid is exactly one-eleventh of the total price, as a statement such as 'total price includes GST'
 - the date the document is issued
 - the amount of GST (if any) payable for each sale

Legislation

- Crown Employees (Public Service Conditions of Employment) Reviewed Award 2006
- Fringe Benefits Tax Assessment Act 1986 (Clth)
- A New Tax System (Goods and Services Tax) Act 1999
- Independent Commission Against Corruption Act 1988
- Public Finance and Audit Act 1983
- Government Sector Employment Act 2013

Related policies

- [Code of conduct](#)²
- [Code of conduct for members of committees/advisory boards, contractors and consultants](#)³
- [Conflicts of interest](#)⁴
- Corporate credit card

² <http://intranet.trade.nsw.gov.au/working/conduct>

³ http://www.trade.nsw.gov.au/__data/assets/pdf_file/0008/427643/Code-of-Conduct-Schedule-1-externals.pdf

⁴ http://www.trade.nsw.gov.au/__data/assets/pdf_file/0010/449587/Conflicts-of-interests-policy.pdf

- [Domestic travel](#)⁵
- [Enterprise risk management](#)⁶
- [Fringe benefits tax](#)
- [Gifts and benefits](#)⁷
- [Overseas travel](#)⁸
- [Public interest disclosures](#)⁹

Other related documents

- [Australian Taxation Office – Fringe Benefits Tax and Entertainment for Government](#)¹⁰
- [Bribery, Corrupt Commissions and Rewards \(ICAC\) 2009](#)
- [Department of Premier and Cabinet \(DPC\) Memorandum \(M\)2009-04 Official Travel within Australia and Overseas](#)¹¹
- [DPC C2010-42 New South Wales Government Expenses Policy](#)¹²
- [DPC M2008-24 Out of Pocket Expenses and Christmas Season Parties](#)¹³
- [DPC Circular \(C\)2002-29 Frequent Flyer Points](#)¹⁴
- [DPC C2005-46 Air Travel Bookings](#)¹⁵
- [NSW 2021 Plan](#)¹⁶
- [NSW Trade & Investment Strategic Plan 2012-2015](#)¹⁷
- [NSW Treasury Policy Paper \(TPP\) 05-1 – Credit Card Use: Best Practice Guide](#)¹⁸
- [NSW Treasurer’s Directions \(TD\) 205.01 to 205.08, especially TD 205.03 – Credit card facilities for entertainment expenses](#)¹⁹
- [NSW Treasurer’s Circular \(NSW TC\) 11/08 – Agency compliance with goods and services tax \(GST\) and fringe benefits tax \(FBT\)](#)²⁰
- [NSW TC 11/13 – Machinery of Government changes: Goods and Services Tax, Fringe Benefits Tax and income tax issues](#)²¹
- [Public Service Commission \(PSC\) Circular 2012-08 Australian and Overseas Travelling Allowances for Official Travel for Senior Officials](#)²²

Superseded documents

This policy replaces:

- [Guidelines for Official Hospitality and Entertainment \(DSRD 2009\)](#);
- all other policies relating to hospitality/entertainment which were in existence for any of the divisions of NSW Trade & Investment at the date of this policy.

Revision history

Version	Date issued	Notes	By
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⁵ <http://intranet.trade.nsw.gov.au/policies/all/ti-a132>

⁶ <http://intranet.trade.nsw.gov.au/policies/all/ti-a-135>

⁷ <http://www.trade.nsw.gov.au/policy/ti-a-122>

⁸ <http://intranet.trade.nsw.gov.au/policies/all/ti-a133>

⁹ <http://www.trade.nsw.gov.au/policy/ti-a-123>

¹⁰ <http://www.ato.gov.au/government/content.aspx?doc=/content/00108251.htm>

¹¹ http://www.dpc.nsw.gov.au/announcements/ministerial_memoranda/2009/m2009-04_official_travel_within_australia_and_overseas

¹² http://www.dpc.nsw.gov.au/announcements/circulars/2010/c2010-42_new_south_wales_government_expenses_policy

¹³ http://www.dpc.nsw.gov.au/announcements/ministerial_memoranda/2008/m2008-24_out_of_pocket_expenses_and_christmas_season_parties

¹⁴ <http://www.dpc.nsw.gov.au/announcements/circulars/2002/c2002-29>

¹⁵ <http://www.dpc.nsw.gov.au/announcements/circulars/2005/c2005-46>

¹⁶ <http://www.2021.nsw.gov.au/about-nsw-2021>

¹⁷ http://www.trade.nsw.gov.au/_data/assets/pdf_file/0018/437220/NSW-Trade-and-Investment-Strategic-Plan-2012-2015.pdf

¹⁸ http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0020/3962/tpp05-1.pdf

¹⁹ http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0007/6559/treasurer_directions.pdf

²⁰ http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0011/19847/TC11-08_dnd.pdf

²¹ http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0019/20773/TC11-13_dnd.pdf

²² http://www.dpc.nsw.gov.au/_data/assets/pdf_file/0006/144798/D2012_003_Australian_and_Overseas_Travelling_Allowances_for_Official_Travel_by_Senior_Officials.pdf

1.0	07/ 04 / 2014	Policy developed as a result of amalgamation of formerly separate agencies.	Project Officer, Corporate Customer Service
1.1	03/03/2015	Delete reference to superseded Personnel Handbook.	Project Officer Corporate Governance

Review date

07/ 04 /2016

Contact

Corporate Strategy & Communications Branch