

Entertainment and Hospitality Policy

Responsible Manager	Chief Financial Officer
Head of power	<i>Local Government Act 2009</i> <i>Local Government Regulation 2012</i>
Authorised by	Council
Authorised on	23 June 2020
Implemented from	1 July 2020
Last reviewed	2020
Review history	2008, 2009, 2014, 2015, 2016, 2017, 2018, 2019
To be reviewed on	June 2021
Corporate Plan	People, Sustainability and Prosperity

1. Purpose

The purpose of this policy is to provide clarity as to what is considered reasonable entertainment.

2. Application

This policy applies to the Torres Strait Island Regional Council and associated Enterprises and applies to all entertainment and hospitality expenses.

3. Definitions

Charter means a contracted flight outside of scheduled RPT movements.

Civic Duty means the responsibility to attend (within Queensland) Sad News, Funerals and/or Tombstone Unveiling, by the Mayor or Deputy Mayor (deputised by the Mayor) and the Divisional Councillor for the Division / Island that the past Leader represented.

Chief Executive Officer means Chief Executive Officer of Council

Council means the Torres Strait Island Regional Council (TSIRC) and its Councillor(s)

Deputy Mayor means Deputy Mayor of TSIRC

Ferry means a local operating ferry service with scheduled movements for transport

Funeral means ceremony for a deceased person prior to burial / cremation

Mayor means Mayor of TSIRC

Regular Passenger Transport (RPT) means a Government Contracted transporter for passengers operating in the Torres Strait.

Sad News means terminology referring to the passing of a person

Tombstone means a cultural event where the headstone is unveiled and the spirit of the deceased has joined other ancestors and marks the end of the mourning period

4. Legislation/Policies

This policy is established with reference to obligations specified in the *Local Government Regulation 2012*.

5. Principles

Council understands that part of its role is to engage in entertainment activity at local, national and international levels and that the engagement is to further the economic, social and cultural development of the Torres Strait.

The provision of support further strengthens the cultural and social fabric of Torres Strait Communities.

As a publicly funded body, however, it must ensure that public sector standards of accountability are maintained, and that practice is consistent across the organisation. The guiding principles are that expenditure must be reasonable, able to be justified as of benefit to the Torres Strait Communities, and properly documented.

5.1 Roles

The Council, Councillors or Council Officers may undertake the following roles:

- (a) Building relationships with dignitaries (both local and international) that will benefit the Torres Strait in terms of access to people, services, goods and resources;
- (b) Forming regional links to ensure the continued economic development of the Torres Strait region;
- (c) Working within the Torres Strait community to further develop the social and cultural fabric binding the region;
- (d) Working with employees to recognise service and performance; and
- (e) Attendance at Council hosted events e.g., Australia Day Awards.

Additionally;

- (f) The Mayor or Deputy Mayor (deputised by the Mayor) and an individual Councillor may undertake the Civic Duty role of attendance (within Queensland) at Sad News, Funerals and/or Tombstone Unveilings

Attendance is restricted to events associated with past leaders, parent(s) of existing Councillor, elder statesmen or others generally recognised as contributing to the advancement of the Torres Strait.

In performing any of the aforementioned roles, it may be necessary from time to time for Council and its Officers to engage in entertainment activities.

Table 1 lists the types of entertainment considered appropriate for Council business.

Table 1 Types of Roles

Type of Function	Authorising Officer	Administration Roles
Mayoral Reception	Mayor / CEO	Budget Monitoring - CEO Budget to be expressly stated at Original Budget adoption Documentation required: <ul style="list-style-type: none"> • Purpose • Number of Invitees • Breakdown of Cost
Council Hosted Function	Mayor / CEO	Budget Monitoring - CEO Budget to be expressly stated at Original Budget adoption Documentation required: <ul style="list-style-type: none"> • Purpose • Number of Invitees / Council Officers • Breakdown of Cost • Appropriate FBT form required • Tax Invoices from Suppliers
Civic Duty	Council (or quorum of Council by Email / Fax)	Budget Monitoring - CEO Budget to be expressly stated at Original Budget adoption Documentation required: <ul style="list-style-type: none"> • Purpose • Number of Travel Attendees • Breakdown of Cost • Payment in Advance or Arrears • (Payment to maximum of RPT Flight costs where Charters are utilised) • Council staff to make bookings where required for Mayor / Deputy Mayor / Councillor • Tax Invoices from Suppliers

Only Entertainment associated with afore mentioned roles will be allowed. Entertainment is taken to be the provision of meals and beverages as part of official business.

Mayoral Receptions are hosted by the Council to demonstrate hospitality, courtesy or provide recognition for a milestone, for example, Cultural Ceremonies, Launch of New Initiatives or the Welcome for a Conference.

Council Hosted Function are those functions that improve the relationship and linkage within the region and internationally.

Civic Duty functions are functions of significance which brings Community together. It may be necessary from time-to-time for the Mayor or Deputy Mayor or Councillor's to access travel, accommodation and meals to attend such functions. The provision of such shall be at Council expense.

Should a Councillor travel for Civic Duty purposes it is an express requirement that the Councillor is the Divisional Councillor for the Division / Island that the past Leader represented in a public office capacity.

Civic Duty expenses shall be ratified by the whole Council. Where this is not possible due to timing, a quorum of Councillor(s) responses to the CEO shall provide the CEO with direction to proceed with expenditure or not – a quorum is taken to be eight (8) duly elected Councillors of the TSIRC. Eight positive responses from Councillors to the CEO are required before any travel is to be undertaken. Phone conversations are not considered a response.

Civic Duty travel is taken to be part of official business with the Mayor or Deputy Mayor or Councillor representing the Council at these significant events in the Community.

Civic Duty travel costs are to be recognised and kept to a reasonable limit. Payment by the Council shall occur at Council adopted travel rates.

Civic Duty payments made in advance shall require receipts to be furnished to justify expenditure. Should payment not be in advance, re-imburement of expense shall be made payable in the next available Creditor Payment run.

Civic Duty payments for travel will be paid via the following methods:

- Payments for travel within the Torres Strait region will be limited to Regular Passenger Transport (RPT) services and/or ferry runs. Should a charter be required the Council shall reimburse the Mayor or Deputy Mayor the value of the RPT flight and/or ferry run only.
- Travel outside of the Torres Strait region will be paid direct to the supplier by Council.

5.2 Hospitality

Council provides a \$750 per annum Hospitality Budget for each Councillor.

Council provides a \$2,500 per annum Hospitality Budget for the Mayor.

The Mayor and the Councillor's will provide evidence of the expenditure to the CEO or at an ordinary meeting. The Council or the CEO will deem the appropriateness of the expenditure, that being for the purpose of providing hospitality to a third party, not related to the Mayor or Councillor.

Hospitality is the provision of food, drinks or entertainment. Fundamentally the event must be directly related to Council activities.

5.3 Fringe Benefit Tax

A Fringe Benefit Tax (FBT) Declaration for Entertainment and Hospitality Expenditure Form is to be completed for all of functions, meals or entertainment and events provided by Council which is attended by Council employees.

“Entertainment” is defined in the Income Tax Assessment Act (ITAA) (1997) section 32-10 as below;

- (a) Entertainment by way of food, drink, or recreation or
- (b) Accommodation or travel to do with providing entertainment by way of food, drink or recreation

Table 2 gives examples of the types of expenditure that would be considered Entertainment and therefore attract FBT, along with some examples of expenditure that would not be considered entertainment.

Table 2 Types of Entertainment

Note: only entertainment provided to employees and their associates (spouse) is subject to FBT.

Type of Food and Drink Provided	Meal Entertainment
Friday drinks at the office	Y
Food and drink consumed at a social function held on or off business premises (i.e. Christmas Party, Melbourne Cup lunch)	Y
Food and drink consumed at a café or restaurant whilst working overtime	Y
A business lunch at a café or restaurant	Y
Tea / coffee provided for on-going consumption on business premises (i.e. for all employees and visitors)	N
Food and drink except for alcoholic drinks consumed during a work meeting or training session on business premises	N
Birthday cakes consumes on business premises during morning / afternoon tea	N
Food and drink consumed by an employee whilst travelling on business	N
Food and drink provided to employees at eligible seminar; Conference, workshop, meeting, training session course lasting at least four (4) hours.	N

Record Keeping and Costing

Entertainment can be provided to employees and their associates, customers, clients or suppliers. However, only entertainment provided to employees and their associates is subject to fringe benefit tax.

Employees are required to keep the following records when entertainment expenses occur:

- Total cost of food and drinks consumed
- Duration of the event (i.e. hours)
- Total number of employees and associates, and other parties participating in the event

All entertainment and hospitality expenditure is to be charged to natural account 63462 in order to capture accurate financial information.

Manager Responsible for Review:

Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'Bruce Ranga', is positioned above the printed name of the Chief Executive Officer.

Adopted: 23/06/2020

Due for revision: 30/06/2021

Bruce Ranga
Chief Executive Officer