



**THE HON LINDSAY TANNER MP
MINISTER FOR FINANCE AND DEREGULATION**

MEDIA RELEASE

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New travel deal for Government saves \$160 million

The Rudd Government today announced new arrangements for the provision of domestic and international air services and Travel Management Services to the Australian Government which will deliver more than \$160 million in savings to the Budget over the next four years.

The Government has now appointed four domestic airlines, thirteen international airlines and five Travel Management Service providers to supply travel services across the Commonwealth Government to public service agencies as well as Parliamentarians and their staff.

The newly appointed carriers are:

Domestic – Jetstar Airways, Regional Express (REX), Qantas Airways and Virgin Blue.

International – Air New Zealand, Cathay Pacific Airways, Emirates Airlines, Etihad Airways, Jetstar Airways, Pacific Blue, Qantas Airways, Qatar Airways, Singapore Airlines, Thai Airways, United Air Lines, Virgin Atlantic Airways and Virgin Blue International (V Australia).

Travel Management Companies – American Express International, Carlson Wagonlit Australia, Flight Centre (FcM), Hogg Robinson Australia and QBT.

The new contractual arrangements, which take effect from 1 July 2010, will continue to meet the business needs of agencies and will optimise value for money through cost reductions, more efficient practices and the promotion of behavioural change.

Importantly, in addition to reducing costs to agencies, a core objective in this process was to improve competition and ensure that a viable industry was maintained.

Lindsay Tanner, Minister for Finance and Deregulation said: “The Commonwealth Government spends more than \$500 million a year on travel services.

“Today’s announcement delivers on our election commitment to review the decentralised arrangements put in place by the previous government which were not providing value for taxpayers’ money.

“We are now using the Australian Government’s collective buying power to put in place a new travel deal for the Government and this is another step towards reducing waste and continuously improving government operations.

“These new arrangements further strengthen the Rudd Government’s record of reform and show that we remain committed to delivering better value for money to taxpayers.”

In addition to the \$160 million of savings returned to the Budget over the next four years, agencies will also retain significant savings that they can redirect to high priority areas.

Further savings may also be generated as a result of behavioural change within agencies, such as encouraging travellers to utilise online booking tools, to book tickets early or simply change the type of fare class travelled on short haul trips.

In addition to the substantial efficiencies and savings delivered as part of these new arrangements, all domestic and international airlines now contracted to the Australian Government have agreed to turn off frequent flyer and equivalent loyalty reward points for business related travel.

Lindsay Tanner said: “This has been an issue of particular importance to me as the Government has previously been unable to extract full value from such programs, with loyalty reward points acting as an incentive to travel.

“I congratulate all the successful tenderers for the new contracts. The new price schedules deliver value. The operational arrangements, such as better information and online booking tools, introduce a contemporary management model for air travel services that not only benefits their clients but promotes competition and a viable industry into the future.”

The Department of Finance and Deregulation and its advisers on this project, Deloitte Touche Tohmatsu (business adviser), Grosvenor Management Consulting (specialist travel industry consultant), Clayton Utz (legal adviser) and Blake Dawson (process and probity advisers) are commended for the way in which the tender process has been conducted and the excellent outcome it has delivered to taxpayers.

Lindsay Tanner said: “The Australian Government will continue examining other areas where we can better utilise combined purchasing power to deliver better value for taxpayers.”

A feasibility study has commenced into a whole of government approach to travel cards, accommodation and hire cars, with industry consultation expected to commence shortly.

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