

Official International Travel – Approval and Use of the Best Fare of the Day

Guide and Policy

November 2014

Contents

Audience.....	3
Key points	3
Resources	3
Policy.....	3
Guidance.....	3
Key Considerations	3
Booking considerations	4
International travel considerations	5
Booking Codes	6
Table 1 – The IBF Booking Codes.....	7
Table 2 – Purpose of Travel Codes	7
Monitoring compliance	8
Attachment A	9
Approval Requirements for Official International Travel:	9
Notes:	9
Attachment A	12
Attachment B.....	16
Choosing the International Best Fare:	16
Example 1 - Lowest fare	16
Example 2 - Timing.....	16
Example 3 – Fare Outside the IBF	17

Audience

This Guide applies to: all staff, AASB members, the AASB Audit Committee, contactors, and persons working in an honorary capacity within the Office of the AASB. These people are ‘officials’ for the purpose of this Guide.

Key points

This Guide:

- Sets out requirements for approving and achieving value for money when booking official international travel.
- Takes effect from 1 July 2014.

Resources

This Guide is available on the Office of the AASB Intranet.

For any queries regarding this Guide, please contact the Director, Finance and Administration.

Policy

1. When undertaking official international travel, officials:
 - must obtain approval for the travel in accordance with the approval requirements for international travel at Schedule A.
 - should select the International Best Fare (IBF), which is the lowest fare available on the day the travel is booked on a regular scheduled service (that is, not a charter flight) that suits the practical business needs of the traveller and maximises overall value for money for the total cost of the trip.

Guidance

Key Considerations

Necessity of Travel: International travel should only be undertaken where other communication tools, such as teleconferencing and videoconferencing, are an ineffective option.

2. **Approval of Travel:** In submitting a request for international travel in accordance with the thresholds (refer to Attachment A); officials must demonstrate a business need for the travel. Officials should also commence the approval process in a timely manner to allow the relevant approver sufficient time to consider the proposed travel and to avoid the loss of opportunities to book economical airfares.
3. **Value for Money:** Value for money is the overarching consideration when booking flights for international travel. Value for money requires the use of Commonwealth resources in an efficient, effective, economical and ethical manner that is not inconsistent with policies of the Commonwealth, and is enhanced through competition. Accordingly, when booking travel, officials must make decisions based on an impartial consideration of the fares available and not on a personal preference for a particular airline or aircraft type; access to airline lounges or accumulating airline reward and loyalty points (including status credits).
4. **Safety:** Under no circumstances should this Guide be read as requiring officials to use airlines with a poor industry reputation for safety.

5. To maximise value for money for the cost of international air travel, officials should consider:
 - for outbound flights, the cost of flights that would depart within a 24 hour window before the latest possible departure flight (that is, the latest flight that will enable the traveller to meet their overseas commitments);
 - for inbound flights, the cost of flights that leave within a 24 hour window after the earliest practical return flight;
 - any additional accommodation, meals, ground transport, incidental and baggage costs associated with the 24 hour window and include these in the calculation of the IBF. Officials may also take the employee cost of lost wages associated with lost work time into account where appropriate.
6. The 24 hour window is not intended to restrict or limit the use of fares outside this timeframe that may maximise value for money.
7. Where entities allow for rest periods, these should be incorporated within the 24 hour window to the extent possible.
8. In booking flights for inbound and outbound international travel and travel within an international country, officials should select a business or equivalent class or lower class airfare. Officials should not accept offers of complimentary upgrades to first class from airlines.
9. Travel within an international country or between international countries that are associated with a long-term posting, mission or deployment, is not considered international travel for the purposes of this policy.
10. Unless a limited number of airlines (i.e. one or two) service a particular route, officials should obtain three quotes from at least two different airlines for the same or equivalent fare class.
11. Where a domestic leg of travel is used for international travel, this domestic leg would be considered part of the overall international travel. However, the 24 hour window for calculating the IBF applies to the international legs and not the domestic leg of the trip. The domestic leg will also be subject to the AASB's policy on fare class and fare type for domestic travel.

Booking considerations

12. **Airlines:** Highly competitive airfares have been negotiated with a range of international airlines under the Whole of Australian Government (WOAG) Travel Arrangements (the Arrangements) that commenced on 1 July 2010.
13. **Airfares:** Strategies that can be considered to maximise value for money in booking airfares include booking as far in advance as possible, being flexible with times, using less flexible tickets, and looking at different routes to the final destination. Officials should advise their Travel Management Company (TMC) of key business needs, for example direct routing or excess baggage requirements.

14. **Accommodation:** Officials should book, where possible, any accommodation associated with international travel through their TMC using the Diners Club payment facility, (the virtual account and/or the in-hand Diners card or MasterCard). The most cost effective accommodation should be selected i.e. a room rather than a suite.
15. **TMC transaction fees:** TMC transaction fees and WOAG administration fees are not to be included in the estimated cost of travel submitted for approval or the IBF calculation.
16. **Unused credits:** Where travel is not taken and unused credits exist, officials should always select the IBF for any subsequent bookings and then apply any unused credits to reduce the fare price.
17. **Lounge memberships:** Airline lounge membership is not to be considered in applying the IBF.
18. **Reward and loyalty points (including status credits):** The implementation of the Arrangements on 1 July 2010 ceased the accrual of reward and loyalty points (such as frequent flyer points). However, status credits may still be accrued. Where officials have retained previously accrued reward and loyalty points, these should be used to reduce the cost of future flights required for official travel. It is Government policy that such points, where awarded for official travel, are not to be used for private purposes or to upgrade the class of official air travel.

Other considerations

19. **Other travel expenses:** The entity is to meet expenses incurred, as distinct from a per day allowance being paid for travel expenses and/or accommodation. Meals, transfers and other incidental expenses will be paid for. Reasonableness of cost must be considered when incurring these expenses.

Receipts for all expenses are required to support cash transactions, credit card accounts or foreign currency reconciliations the traveller must make every attempt to obtain a receipt or some other form of proof-of-expense for all items

20. **Foreign currency advances:** The entity will provide an advance of foreign currency for international travel to meet incidental expenses. The traveller must provide a full reconciliation of the amount advanced, the expenditure and amount returned within 2 weeks of returning from the trip. Unused foreign currency must be returned to the Accounts Officer with the reconciliation. Note that such currency is public money and must not be used for personal purposes. Reimbursement does not mitigate a breach.
21. **Accompanying persons:** Where anyone accompanies the traveller on international travel, all expenses incurred for the accompanying person are regarded as personal expenses to the traveller and will be paid by the traveller.

Where accommodation and/or transfer expense is the same regardless of the number of persons, it is not necessary to allocate a personal portion of the cost, as the cost to the entity is not greater than it otherwise would have been. Meals and any other additional costs incurred by the accompanying person are at the personal expense of the traveller.

22. **Personal portion of international travel:** Where a traveller adds private travel to an official related international trip (e.g. a stopover on the way back to Australia) all expenses incurred, which would otherwise not have been an entity expense, are at the personal expense of the traveller. For example, any insurance, accommodation, transfers, meals and incidental expenses at the stopover location and any visa or entry or exit taxes for the stopover, are all at

the personal expense of the traveller. Transfers back in Australia however are not personal as they would have been incurred by the entity, whether or not a stopover had occurred

International travel considerations

23. **Health and safety:** Where considered necessary, officials should seek personal medical advice before undertaking international travel. Vaccinations may be necessary for some destinations.
24. **Register the trip:** Prior to leaving Australia, officials should register the details of their official international travel with DFAT at www.smarttraveller.gov.au

Booking Codes

25. When booking official international air travel, officials must identify the reason a fare is selected using the IBF Booking Codes at Table 1, and from 1 October 2014, the purpose of travel using the Purpose of Travel Codes at Table 2 below.

Table 1 – The IBF Booking Codes

No	Booking Code	Map to IBF Guidance
1	Lowest fare	This is the cheapest available fare taking into account the 24 Hour booking window (refer to paragraph 6).
2	Timing, routing, connection or baggage charges	Where the fare selected is not the lowest fare because it: <ul style="list-style-type: none"> • is the most direct route; • ensures connections for further flights are met; or • takes into account excess baggage fees.
3	Approval / Entitlement to travel at higher fare class	All air travel should be at the international best fare in the appropriate class (having regard to internal travel policy) unless there is a business case or entitlement to travel outside these guidelines. In these circumstances, officials are still required to obtain the international best fare within the entitlement.
4	Health issues	Health issues for officials requiring certain facilities. A medical certificate should support use of this code.
5	Personal responsibilities	Impact on personal responsibilities such as family.
6	Require flexibility to change booking	Where flexibility is required for air travel, travel bookers should consider selecting a semi-flexible fare type instead of a fully flexible fare.
7	Outside of IBF policy	Preference for particular aircraft or airlines, availability of access to airline lounges, accumulation of airline benefits such as reward or loyalty points (including status credits).

Table 2 – Purpose of Travel Codes

Code	Purpose
A	Domestic Travel - <i>for TMC use and online bookings only</i>
B	National security operations and investigations
C	Immigration and border protection activities
D	Emergency and humanitarian responses
E	Defence, peace keeping and law enforcement deployments and operations
F	Posting, missions and deployments
G	Trade negotiations
H	Accompanying ministerial or parliamentary travel
I	Conference, convention, summit or meeting
J	Training or educational activity
K	Industrial, scientific or regulatory inspection, examination or assessment activity
X	Other

Monitoring compliance

26. The Director, Finance and Administration is responsible for managing compliance with this policy in accordance with internal processes.
27. Each instance of non-compliance with the approval requirements for international travel will be documented and reported on the Certificate of Compliance.
28. To assist the AASB in reporting against use of the IBF internally, the TMCs contracted under the Arrangements use a 24 hour window applied to the booked flight time to monitor whether the international best fare has been selected. This reporting is available to the AASB through their TMC.
29. For outbound flights, the window commences 24 hours prior to the flight booked to enable the traveller to meet their overseas commitments.
30. For inbound flights, the window commences 24 hours after the flight booked to return to Australia.
31. The 24 hour window applies to the international legs and not the domestic legs of the trip. Accordingly, once the appropriate international flights have been booked on the basis of the IBF, then having regard to connectivity, the most appropriate domestic leg should be added to the trip.
32. Please see Attachment B for examples of using the IBF.

Schedule A

Approval Requirements for Official International Travel:

Official international travel must be approved in accordance with the following requirements.

Where the total estimated cost (GST inclusive) of international travel, either individually or for a delegation or group activity, is:

- a) \$20,000 or less, the travel must be approved by the Chair
- b) more than \$20,000 and less than \$50,000, the travel must be approved by the relevant Cabinet Minister
- c) \$50,000 or more, the relevant Cabinet Minister must consult with the Prime Minister in writing before approving the travel.

If officials from more than one entity are part of the same delegation or group activity, the lead entity should obtain approval in accordance with these requirements for the total estimated cost of the travel on behalf of all entities involved.

Notes:

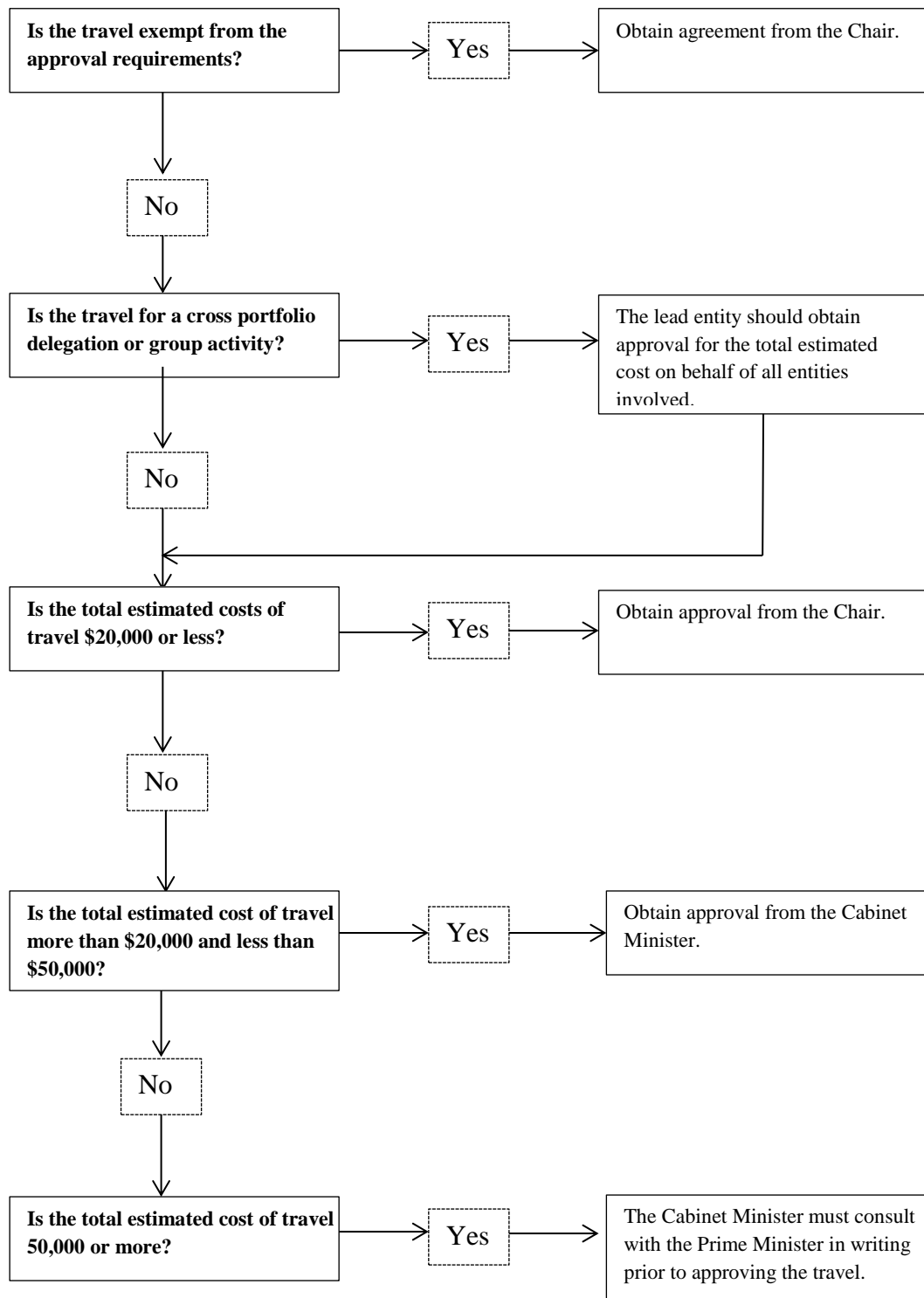
- i. The above approval requirements relate to the approval of the need for international travel not the approval of expenditure for international travel. Officials should continue to follow the Accountable Authority Instructions to obtain approval for the expenditure.
- ii. All proposals for international travel whether submitted to the Chair, Cabinet Minister or the Prime Minister, must include the following information:
 - a detailed itinerary
 - a comprehensive breakdown of costs, including flight, accommodation and other travel costs (such as motor vehicle or train transport)
 - the purpose of the visit and programme of events, including details of meeting and activities being undertaken.

The preferred templates for providing this information are at pages 11 to 13.

- iii. The authority to approve international travel cannot be delegated by the Chair.
- iv. Official travel for the purposes of this policy is any travel by Australian Government officials where the Commonwealth is responsible for any costs associated with that travel. This includes travel by entity staff and where an entity pays for the travel of contractors or consultants.
- v. A contractor or consultant is an individual engaged by an entity on a temporary basis to provide specialist services or expertise. The requirements of this policy must be applied where an entity is meeting the cost of international travel by contractors or consultants.
- vi. The total estimated cost of international travel includes airfares, accommodation, meals, ground transport, and other travel related expenses such as baggage fees.
- vii. A delegation or group activity is a co-ordinated activity where more than one official (including contractors or consultants) from an entity or entities attends the same event e.g. conferences, conventions, summits, inspections, meetings or training courses.
- viii. A series of related meetings in the same location over the same or overlapping period is considered an event under this policy.

- ix. When obtaining the approval of the Chair, the document used should be consistent for every event and must include the information at Note ii above.
- x. Where the proposed travel is \$50,000 or more, the relevant Cabinet Minister must consult with the Prime Minister in writing prior to approving the travel. The letter must include the information at Note ii above and be provided to the Prime Minister's Office at least five weeks prior to the proposed date of departure. A template for the letter is provided.

FOR ALL INTERNATIONAL TRAVEL



FLIGHT ITINERARY
VISIT BY 2 OFFICIALS TO THE UNITED STATES OF AMERICA
5 MAY 2014 TO 9 MAY 2014

Local Time 5 MAY 2014

MORNING Depart CANBERRA on QANTAS QF156
MS JANE SMITH, MR JOHN SMITH

MORNING Arrive SYDNEY on QANTAS QF156
MS JANE SMITH, MR JOHN SMITH

MORNING Depart SYDNEY on UNITED AIRLINES UA567
MS JANE SMITH, MR JOHN SMITH

AFTERNOON Arrive LOS ANGELES on UNITED AIRLINES UA567
MS JANE SMITH, MR JOHN SMITH

EVENING Depart LOS ANGELES on UNITED AIRLINES UA45
MS JANE SMITH, MR JOHN SMITH

EVENING Arrive NEW YORK on UNITED AIRLINES UA45
MS JANE SMITH, MR JOHN SMITH
UNITED NATIONSS COMMITTEE MEETINGS

9 MAY 2014

EVENING Depart NEW YORK on UNITED AIRLINES UA17
MS JANE SMITH, MR JOHN SMITH

10 MAY 2014

MORNING Arrive LOS ANGELES on UNITED AIRLINES UA17
MS JANE SMITH, MR JOHN SMITH

MORNING Depart LOS ANGELES on UNITED AIRLINES UA768
MS JANE SMITH, MR JOHN SMITH

AFTERNOON Arrive SYDNEY on UNITED AIRLINES UA768
MS JANE SMITH, MR JOHN SMITH

AFTERNOON Depart SYDNEY on VIRGIN AUSTRALIA VA123
MS JANE SMITH, MR JOHN SMITH

AFTERNOON Arrive CANBERRA on VIRGIN AUSTRALIA VA123
MS JANE SMITH, MR JOHN SMITH

COST ESTIMATES

VISIT BY 2 OFFICIALS TO THE UNITED STATES OF AMERICA

5 MAY 2014 TO 9 MAY 2014

ITEM	ESTIMATE (AUD)
Air Fares - Commercial	
Ms Jane Smith (Business class)	\$6,511
Mr John Smith (Business class)	\$6,511
Accommodation*	
New York	
Central Plaza	
Ms Jane Smith (4 nights at \$300 per night)	\$1,200 Standard room
Mr John Smith (4 nights at \$300 per night)	\$1,200 Standard room
*Accommodation quotes provided by post	
Meals and incidentals	
Ms Jane Smith	\$500
Mr John Smith	\$500
Ground transport	\$160
TOTAL	\$16,582

DELEGATION PROGRAMME
VISIT BY 2 OFFICIALS TO THE UNITED STATES OF AMERICA
5 MAY 2014 TO 9 MAY 2014

Delegate	Arrival and Departure Dates	Meeting, date	Role of delegate (n.b. each delegate's role should be clearly linked to government priorities for each meeting/event).
Ms Jane Smith Assistant Secretary Department of Foreign Affairs and Trade Chief Negotiator \$8,291	5 May – 9 May	International Law Commission, Sixty-sixth session, second part, 6 May 2014	Ms Smith will lead the negotiation on [issue]. The Australian Government has made [issue] a priority for 2014.
		Sub-Committee on Investor State Relations meeting, 7 May 2014	Ms Smith will lead the negotiation on [issue]. The Australian Government has made [issue] a priority for 2014.
		Sub-Committee on Law of the Sea, 8 May 2014	Ms Smith will lead the negotiation on [issue]. The Australian Government has made [issue] a priority for 2014.
Mr John Smith Assistant Secretary Department of Foreign Affairs and Trade Deputy Chief Negotiator \$8,291	5 May – 9 May	International Law Commission, Sixty-sixth session, second part, 6 May 2014	Mr Smith will support Ms Smith including drafting agreements, media statements, and communiqués regarding the outcome of the meeting. These documents need to be prepared while the meeting is taking place for consideration out of session.
		Sub-Committee on Investor State Relations meeting, 7 May 2014	Mr Smith will support Ms Smith including drafting agreements, media statements, and communiqués regarding the outcome of the meeting. These documents need to be prepared while the meeting is taking place for consideration out of session.
		Sub-Committee on Law of the Sea, 8 May 2014	Mr Smith will support Ms Smith including drafting agreements, media statements, and communiqués regarding the outcome of the meeting. These documents need to be prepared while the meeting is taking place for consideration out of session.



**THE HON [or] Senator the HON [insert name] MP [delete MP if Senator]
Minister for [insert]**

The Hon. Tony Abbott MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I am writing to consult you on a proposal for [insert number e.g. six] [insert entity] officials to travel to [insert destination e.g. Washington] as part of [insert purpose of travel e.g.]. It is proposed that the delegation would depart Australia on [insert day and date] and return on [insert day and date]. The total estimated cost for this travel is over \$50,000.

The proposed visit is to [insert reason(s) why travel is necessary, including anticipated outcomes].

The number of officials proposed for this trip has been kept to an efficient minimum. [where relevant insert the next sentence] At the last [insert event/reason for travel], Australia was represented by [insert number e.g. six] officials]. All travel will be at Business class or lower and the most cost effective accommodation has been sought. Details of the proposed travel are contained in the attached documents.

Yours sincerely

[insert name of Cabinet Minister]

Choosing the International Best Fare:

Below are three examples of how to choose the International Best Fare (IBF).

It is mandatory that an IBF Booking Code (refer to paragraph 21) be provided at the time of booking official international air travel.

Please note: Booking Codes 1 to 6 are for fares compliant with the IBF. Booking Code 7 is for fares outside the IBF.

Example 1 - Lowest fare

An official is travelling from City A in Australia to City B overseas. Three quotes have been obtained from the TMC with different airlines for the same or equivalent fare class and fare type and similar total travel time.

Airline A is selected because the fare is the lowest fare. The official therefore uses Booking Code 1.

Quote	Airline	City Pairing	Total Travel Time	Price	Fare Selected	Booking Code
1)	Airline A	City A – City B	20 hours	\$8,000	✓	1
2)	Airline B	City A – City B	19 hours	\$9,500		
3)	Airline C	City A – City B	21 hours	\$9,000		

Example 2 - Timing

An official is travelling from City C in Australia to City F overseas. Three quotes have been obtained from the TMC with different airlines for the same or equivalent fare class and fare type and similar total travel time.

Airline B is selected because the fare is the most direct route to City F and the lowest fare that meets the practical business needs of the official. The official therefore uses Booking Code 2.

Note: In this example, potential missed savings of \$500 would be reported by the TMC to reflect the difference between the lowest fare available and the fare selected.

Quote	Airline	City Pairing	Total Travel Time	Price	Fare Selected	Booking Code
1)	Airline A	City C – City D - City F	30 hours	\$9,500		
2)	Airline B	City C – City F	25 hours	\$10,000	✓	2
3)	Airline C	City C – City E – City F	29 hours	\$11,000		

Example 3 – Fare Outside the IBF

An official is travelling from City K in Australia to City L overseas. Three quotes have been obtained from the TMC with different airlines for the same or equivalent fare class and fare type and similar total travel time.

Airline C is selected because the official has a preference for Airline C regardless of whether the fare meets the official's practical business needs. The fare selected is not compliant with the IBF. The official therefore uses Booking Code 7.

Quote	Airline	City Pairing	Total Travel Time	Price	Fare Selected	Booking Code
1)	Airline A	City K – City L	25 hours	\$9,500		
2)	Airline B	City K –City L	24 hours	\$10,500		
3)	Airline C	City K – City L	27 hours	\$11,000	✓	7

Note: In this example, potential missed savings of \$1,500 would be reported by the TMC to reflect the difference between the lowest fare available and the fare selected.