

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates 19-23 October 2015

Prime Minister and Cabinet Portfolio

Department/Agency: Department of the Prime Minister and Cabinet
Outcome/Program: Outcome 1: Prime Minister and Cabinet
Topic: Jardine Motel

Senator: Ms Catryna Bilyk

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Question:

It has been reported that the travelling party stayed at the Jardine Motel on Thursday Island. This was reported in an article published in The Guardian on 25 August 2015 entitled “Thursday Island firms ‘stiffed’ by late cancellations for Tony Abbott trip”.

This report states that “PM&C had asked in July for a large number of rooms to be held for mid-August, but cancelled most of those rooms within 72 hours of check-in when full payment was required”. That article goes on to say that Steven Mills, general manager of the Jardine, said the hotel “had to turn away prospective guests, including people from the outer islands who needed to come for medical treatment”.

The cost of the bookings that PM&C failed to honour was apparently \$53,500.

1. On what date did PM&C make the original booking for the Jardine Motel? How many rooms were originally booked?
2. What was the total anticipated cost of this booking, based on the number of rooms originally booked? How many nights were the rooms booked for?
3. Were these rooms for members of the former Prime Minister’s travelling party or for the Department or both? If both, can you please advise the split between the number of rooms for PM&C and the number of rooms for the PMO?
4. Was everybody booked into the same class of room, or were there different classes of room for different guests? If different classes, can you please advise the different classes of room? On what basis was the allocation of different classes of room to particular guests determined? Can you advise the cost per room?
5. How did the Department calculate the number of rooms that would be required, when you made the original booking? Who made this decision?
6. Was the former Prime Minister or his office briefed on these arrangements? If so, did the former Prime Minister sign off on these briefs? Can you please advise the date(s) on which brief(s) were provided to the former PMO and the date(s) they were signed by the former Prime Minister or his delegate?

7. How many rooms did the Department end up utilising? How many rooms did the Department end up cancelling? When did the Department realise these surplus rooms would not be required? How did the Department come to this realisation? Who made this decision? When did the Department advise the Jardine Motel that these rooms would not be required? Why did it take PM&C so long to advise the Motel the rooms were not needed?
8. The General Manager of the Motel, Mr Steven Mills, is reported to have said that the Department's cancellation cost this small business \$53,500 in lost revenue – why didn't the Department fully compensate the Motel for this loss? How was the ultimate settlement figure arrived at?
9. What remedial action has the Department taken to ensure this situation does not occur in the future?

Answer:

1. The Department of the Prime Minister and Cabinet (PM&C) was in contact with the Jardine Motel Thursday Island (JMTI) company from mid-June 2015 to determine availability of rooms in late August 2015 in their three motels (Jardine Motel, Federal Hotel and Thursday Island Motel). On 16 June 2015, PM&C made an initial booking with JMTI for 22 rooms from 23-28 August 2015.

On 15 July 2015, PM&C enquired about the availability of rooms for the two weeks 8-15 August and 16-22 August 2015. JMTI agreed to hold 42 rooms and two apartments across their motels. No official bookings were made at this time. There were a number of emails between the Department and JMTI after this date which reiterated that the Department was not yet booking these rooms but would confirm actual bookings when it could.

2. On 6-8 August 2015, the Department advised JMTI of the actual rooms it would be using and would now book. This booking was for just over 10 rooms for the week 8-15 August 2015.

While the Department had never actually booked these rooms it did acknowledge that it had asked for them to be held and that JMTI had responded to this by holding 42 rooms and two apartments across their three establishments. If all the released rooms had been used it would have cost approximately \$53,500.

3. The rooms held for this period were for officers from PM&C preparing for the visit.
4. PM&C did not request for different classes of rooms to be held, room allocations were made on the basis of what JMTI had available at the time.
5. The bulk holding arrangement was made in anticipation of potential peak needs for the visit and requisite preparation. It was a departmental decision.
6. Neither the former Prime Minister, the Hon Tony Abbott MP, or his Office were briefed on the holds placed on accommodation during this period as this was an internal administrative matter managed by PM&C.

7. On 6-8 August 2015, PM&C advised JMTI of the actual rooms it would be using and subsequently made a formal booking. This booking was for just over 10 rooms for the week beginning 8 August 2015 – approximately a quarter of the rooms held.

The Department is currently undertaking a review of the accommodation issue and does not wish to pre-empt the outcomes of this work.

8. \$53,500 was the total value for the released rooms held from 8-15 August 2015. The Department agreed with the JMTI manager to pay \$37,000 for the potential lost income. This amount was broadly based on the cost of the unused rooms over three days (the required notice period for cancellations) and the cost of the apartments for the full week as they were only available on a weekly rather than a daily basis.
9. The Department is undertaking an internal review of the accommodation issue to ensure such situations do not occur in the future.