

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**ADDITIONAL BUDGET ESTIMATES 2010-2011**

**Finance and Deregulation Portfolio**

**Department/Agency: Department of Finance and Deregulation**

**Outcome/Program 2/2.1**

**Topic: Airline Travel Savings**

**Senator: Senator Ronaldson**

**Question reference number: F1**

**Type of question: Hansard F&PA 63, 22 February 2011**

**Date set by the committee for the return of answer: Friday, 15 April 2011**

**Number of pages: 1**

**Question:**

‘I am sure this could not possibly be right, but I read somewhere that after all the hullabaloo about Frequent Flyer points and renegotiating airline agreements that there were actually no savings....From the deal done in relation to the abolition of Frequent Flyer points, which I understand was the rationale for it being done. I might be totally wrong, but I am sure I read somewhere that was the situation.’

**Answer:**

The new arrangements commenced on 1 July 2010, and will deliver \$160 million in savings over the 2010 – 2014 period. They were announced at page 193 of Budget Paper No. 2 in the 2010-11 Budget.

Four domestic airlines, thirteen international airlines and five travel management service providers were selected to supply travel services across the Commonwealth Government to Public Service agencies, as well as Parliamentarians and their staff.

The tender documents stated, among other things, that it was the Commonwealth's intention that “a Domestic Air Services provider will not itself award, nor provide any facility to award, points, benefits or credits under any Loyalty Reward Program to a Traveller, as a result of or in connection with official travel undertaken by the Traveller”.

As part of their offerings, the air services tenderers provided fare levels, but did not indicate how those fares were calculated. As such, any savings arising from airlines not awarding loyalty points were not specifically identified.