

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Finance and Deregulation Portfolio

Department of Finance and Deregulation

Supplementary Estimates Hearing – October 2010

Outcome 2, Program 2.1

Topic: Coordinated procurement arrangements for travel and related services

Question reference number: F79

Type of Question: Written

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Senator Bernardi asked:

The 2009-10 Mid Year Economic and Fiscal Outlook detailed a whole-of-government coordinated procurement arrangements for travel and related services.

- a) How has the roll out of this progressed? Please explain.
- b) Have savings been realised? Please explain. Can you give a figure amount? How do you know savings have been realised?
- c) In the 2010-11 Budget details were announced about the new whole-of-government procurement arrangements (the Government appointed 4 domestic airliners, 13 international airliners and 5 Travel Management Service providers).
- d) How have these new arrangements gone? Please provide details.
- e) Have savings been realised? Please explain. Can you give a figure amount? How do you know savings have been realised?
- f) Has feedback been received on these new arrangements? Please provide details.

Answer:

- a) The new whole-of-government airline prices came into effect on 1 July 2010. Departments and Agencies are progressively testing the market for the provision of Travel Management services, from the five successful Travel Management Companies.
- b) Yes, savings have been realised. Budgets were adjusted for all agencies with expenditure greater than \$1 million. For Agencies with less than \$1 million, budgets were not adjusted as the changes were not viewed as material. The total savings returned to the Budget over the next four years was \$160.8 million.
- c) That is correct.

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- d) The new arrangements are progressing well. The new whole-of-government airline prices came into effect on 1 July 2010. Departments and agencies are progressively testing the market for the provision of Travel Management services, from the five successful Travel Management Companies.
- e) Refer to answer (b) above. Also, based on a sample of the top five routes in respect of economy class travel, savings of about 30 per cent were achieved in the first quarter of operations of the new arrangement.
- f) Feedback has been received, with agreement that savings have been achieved.