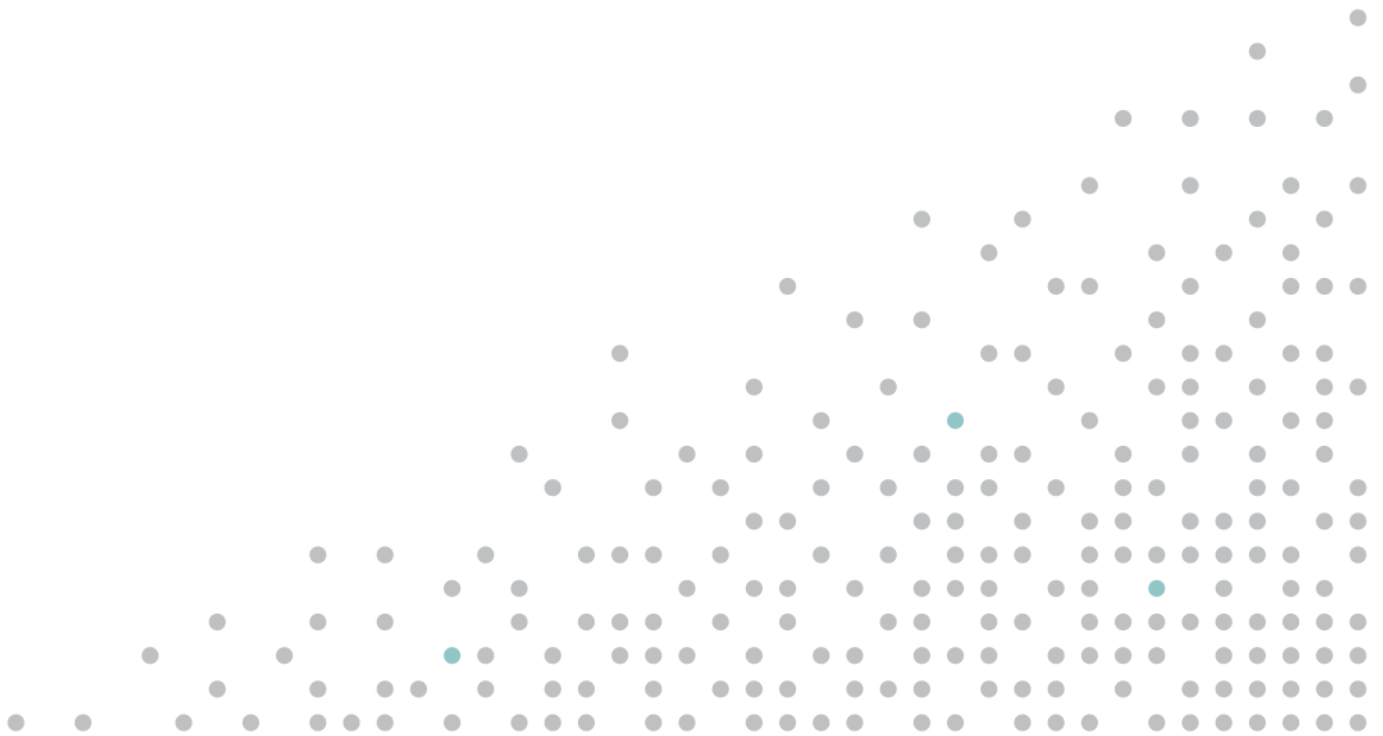




**Australian Government**  
**Department of Finance**



**Official Domestic Travel – Use of  
the lowest practical fare**  
Resource Management Guide No. 404

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# Audience

This guide applies to officials of:

- all non-corporate Commonwealth entities; and
- corporate Commonwealth entities participating in the Whole of Australian Government (WoAG) Travel Arrangements.

# Key points

This guide:

- sets out requirements for achieving value for money when selecting, booking and approving official domestic air travel
- takes effect from 1 October 2016
- replaces Resource Management Guide No. 404: Official Domestic Air Travel – Use of the Lowest Practical Fare (July 2014).

# Resources

This guide is available on the Department of Finance website at: [www.finance.gov.au](http://www.finance.gov.au).

For any queries, please contact WoAG Travel at: [woagtravel@finance.gov.au](mailto:woagtravel@finance.gov.au).

Other relevant publications include:

- Resource Management Guide No. 405: Official International Travel – Use of the best fare of the day
- Resource Management Guide No. 418: Payment terms for Australian Government Travel Arrangements – card services
- Commonwealth Procurement Rules 2014.

## Part 1 – Policy

1. When undertaking official domestic air travel, officials must select the Lowest Practical Fare (LPF), which is the lowest fare available at the time the travel is booked on a regular service (not a charter flight), that suits the practical business needs of the traveller.

## Part 2 – Guidance

### Key considerations

2. **Value for Money:** Value for money is the overarching consideration when booking flights for domestic air travel. Value for money requires the use of Commonwealth resources in an efficient, effective, economical and ethical manner that is not inconsistent with the 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).

3. **Necessity of Travel:** Air travel must only be undertaken where other communication tools, such as teleconferencing and videoconferencing, are ineffective. In approving travel, the delegate (the official approving domestic air travel) must be satisfied that there is a demonstrated business need for the travel.
4. **Diligence:** Officials must act in accordance with the internal travel policies of their entity and with the Australian Public Service Code of Conduct. This includes acting reasonably in scheduling meetings or other events for which travel is considered necessary (e.g. minimising unnecessary travel time).

### Applying the Lowest Practical Fare policy

5. Officials must make two key decisions when selecting a fare for travel:
  - **Fare class:** All air travel must be the lowest practical fare in economy class unless there is a business case or entitlement to travel business class. If the relevant delegate approves business class travel where there is no entitlement, the reasons for travel in that class must be documented in each instance.
  - **Fare type:** Where there is a high degree of certainty for required arrival or departure times, officials must assess all fares and consider restricted fare types. Where there is a possibility that a scheduled meeting will not proceed, or there is uncertainty around the time that a scheduled meeting may conclude, officials must consider whether the additional cost of flexible fares outweighs the cost of possible changes or cancellation fees.
6. Officials are encouraged to compare fare classes and types across airlines servicing the particular route required. Each leg (outbound and inbound) is to be considered separately.

## Lowest Practical Fare Booking Codes

7. When booking official domestic air travel, officials must identify the reason a fare is selected using the LPF Booking Codes at **Table 1 – The LPF Booking Codes** below.
8. LPF Booking Codes 1 to 6 are compliant with the LPF policy.

**Table 1 – The LPF Booking Codes**

No	Booking Code	Map to LPF guidance
1	Lowest fare	This is the cheapest available fare taking into account the one-hour window (refer to paragraphs 14 to 16).
2	Timing, routing, connection or baggage charges	Where the fare selected is not the lowest fare because it: <ul style="list-style-type: none"> <li>• is the most direct route;</li> <li>• ensures connections for further flights are met; or</li> <li>• takes into account excess baggage fees.</li> </ul>
3	Approval / Entitlement to travel at higher fare class (e.g. business class or premium economy)	All air travel is to be at the lowest practical fare in economy class unless there is a business case or entitlement to travel outside these guidelines.  In these circumstances, officials are still required to obtain the lowest practical fare within the entitlement.
4	Health issues	Health issues for officials requiring certain facilities. A medical certificate is required to 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 must consider selecting a semi-flexible fare type instead of a fully flexible fare.
7	Outside of LPF 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).

## Booking considerations

9. **Unused credits:** Where airfare credits exist, these need to be used for subsequent travel bookings to help reduce the fare cost where possible.
10. **Lounge memberships:** The ability to access an airline lounge is not to be considered in applying the LPF policy.
11. **Reward and loyalty points (including status credits):** Implementation of the WoAG Travel Arrangements on 1 July 2010 ceased the accrual of reward and loyalty points (such as frequent flyer points) and this requirement continues. However, status credits may still be accrued. Where officials have retained previously accrued reward and loyalty points, these are to be used to reduce the cost of future flights required for official travel, are not to be used for private purposes or to upgrade the class of official air travel.
12. **Personal Travel:** The WoAG Travel Arrangements must not be used for stand-alone personal or leisure travel. Where personal or leisure travel is attached to official travel, officials are to refer to their entity's internal controls (e.g., Accountable Authority Instructions) for the requirements that apply.

## Monitoring compliance

13. Officials must manage compliance with this LPF policy in accordance with their entity's internal processes.
14. To assist entity officials in internal reporting against the LPF policy, the Travel Management Company (TMC) contracted under the WoAG Travel Arrangements uses a one-hour 'time window' to monitor whether the lowest practical fare has been selected, and assess potential missed savings. This reporting is available to entities through the TMC.
15. For outbound flights, the window commences one-hour prior to the booked flight time.
  - E.g., an official based in Canberra is required to attend a meeting in Sydney at 10.30am. The official books a flight at 8.50am. The one-hour window the TMC uses to compare flights starts at 7.50am and ends at 8.50am.

Therefore, if the flight to Sydney at 8.50am on airline A cost \$200 and a flight to Sydney at 8.30am on airline B cost \$150, the lowest practical fare is on airline B at 8.30am and the TMC will report missed savings of \$50 to the official's entity.
16. For inbound flights, the window commences one-hour after to the booked flight time.
  - E.g., an official returning to Canberra after a meeting in Sydney that is scheduled to conclude at 2.00pm. The official determines that the earliest possible departure time is 3.30pm and books a flight at 3.40pm. The one-hour window the TMC uses to compare flights starts at 3.40pm and ends at 4.40pm.

Therefore, if the flight to Canberra at 3.40pm on airline A cost \$200 and a flight to Canberra at 4.10pm on airline B cost \$150, the lowest practical fare is on airline B at 4.10pm and the TMC will report missed savings of \$50 to the official's entity.