



Accommodation Arrangements for the Australian Government

Discussion Paper – May 2016

The Australian Government's various travel arrangements are coordinated procurements established and managed by the Department of Finance (Finance). These arrangements service approximately 150 government departments and agencies, providing a range of services that include air travel, travel management services, accommodation and car rental. A brief background on the government's travel arrangements is at Attachment A.

The current accommodation program management arrangement, which is due to expire in June 2017, has delivered savings for government departments and agencies and provided detailed reporting that has allowed Finance to develop an in-depth knowledge of the government's travel needs and behaviours.

Under the current arrangement, the contracted accommodation program manager is responsible for:

- establishing and maintaining the accommodation program within Australia
- negotiating rates with accommodation providers
- making bookings for government travellers
- paying accommodation providers.

As the current arrangement is due to expire, Finance has commenced a comprehensive review to determine if an approach to market should be undertaken for a new accommodation arrangement.

A fundamental component of this review process is consultation with stakeholders, and this discussion paper aims to seek information from the accommodation industry including hotels, accommodation program managers, channel managers and other interested parties on innovative strategies that may provide further benefits, efficiencies and savings for the government.

This paper presents the government's current accommodation requirements in Part 1, with high level data on the government's current accommodation usage in Part 2.

We would like to invite you to respond to some questions that are set out in the following parts of this paper. Part 3 contains questions for both accommodation program managers and accommodation suppliers; Part 4 contains questions for accommodation program managers only and Part 5 has questions for accommodation suppliers only to respond to.

Submitting your comments

Responses to: hoteltender@finance.gov.au or the [Procurement Coordinator Blog](#)

Closing Time: 5:00pm on **Friday 27 May 2016**

Feedback and comments should be concise and refer to this paper where applicable. Please do not provide marketing material, or make any other representations with regards to the specific services of your organisation.

Finance may arrange a follow up meeting to discuss your response to this paper, so please provide contact details in your response.

Where appropriate, Finance may incorporate feedback into any subsequent arrangement, tender documentation, or otherwise use it to inform a proposed approach to market¹.

To assure your feedback is considered in the correct context, and to allow Finance to collate responses, please reference the relevant question number in your response.

Part 1 – Government’s Accommodation Requirements

The requirements for the accommodation arrangements are to provide a solution that:

- meets the current and future accommodation needs and requirements of the government
- provides transparent pricing that maximises value for money for the government
- actively contributes to, and supports innovation and continuous improvement in service delivery
- increases the use of technology to increase service efficiencies and reduce costs
- provides transparency of travel expenditure through accurate and timely travel data.

Finance expects any parties involved in a proposed solution will:

- develop a strategic partnership with Finance to provide exceptional levels of service to departments and agencies, where issues are quickly identified and resolved
- represent the government’s interests when dealing with relevant parties in delivering the services.

The components of the current program that are expected to be minimum requirements for any future arrangements are:

- comprehensive availability of accommodation in metropolitan, regional and remote locations throughout Australia
- the strategic yield management of allotments and room nights to maximise the effectiveness of the government’s buying power, whilst maintaining room availability for government travellers
- interaction with the government’s travel management service providers including integration with their nominated online booking tools
- the provision of accurate and reliable transaction data to support the government’s reporting requirements, and travel expense reconciliation
- the provision of highly competitive non-commissionable rates on behalf of the government, including both contracted and dynamic rates
- the payment of accommodation costs to suppliers and the subsequent charging of these costs to departments and agencies through the government’s travel card provider (currently Diners Club Australia).

Part 2 - Government Domestic Accommodation Use

In Financial Year 2014/15, government departments and agencies:

- spent approximately \$110 million (GST excl) on business related accommodation
- booked approximately 660,000 room nights, with around 23% of these bookings being in regional, rural and remote locations
- booked approximately 60% of room nights more than 7 days prior to travel
- had an average of 2.1 room nights per short stay booking (less than 7 nights).

¹ Finance makes no representation that the information contained in this draft document is current or complete. Nothing in this document or arising from this document gives, or is intended to give rise to a contract; or any obligation on the part of the Australian Government, or expectation on the part of any recipient of this document in connection with any subsequent tender process.

Finance will not pay for any information requested nor is it liable for any costs incurred by respondents to this discussion paper.

Where appropriate, Finance may incorporate feedback into any subsequent tender documentation, or otherwise use it to inform an approach to market. Finance also reserves the right to respond, or not respond, to specific questions or submissions.

Organisations that do not respond to this paper will not be excluded from any subsequent procurement activities.

Part 3 - Questions for Accommodation Managers and Accommodation Suppliers

Finance would appreciate accommodation managers and accommodation suppliers' comments on the following questions.

- 3.1 Would incorporating a 'last room available' type arrangement be favourable for the government? If so, how would this type of arrangement work and would there be any cost implications?
- 3.2 How can contracted allotments and room nights be strategically managed to reduce room rates, while assuring room availability at contracted rates, especially during peak/black-out periods?
- 3.3 Do various booking channels (e.g. via travel management companies, and/or directly through the accommodation program manager, whether web or phone) affect pricing? If so, how?
- 3.4 How can rates negotiated by the accommodation program manager always be equal to or better than rates offered by the various online websites?
- 3.5 What would you describe as best practice/value for managing venue hire bookings (e.g. through a travel management company, hotel broker, direct with hotels, other arrangement)?
- 3.6 What would you describe as best practice/value for managing group bookings (e.g. through a travel management company, hotel broker, direct with hotels, other arrangement)?
- 3.7 What would be the most efficient and cost effective way to manage long stay (more than 7 nights) and group bookings (9 or more people)?
- 3.8 What strategies do you think will assist the government to achieve its accommodation requirements detailed in Part 1 of this discussion paper?

Part 4 - Questions for Accommodation Program Managers

Finance would appreciate accommodation program managers' comments on the following questions.

- 4.1 In any future arrangement Finance may adopt a different method for remunerating the accommodation program manager. Noting the government's accommodation requirements and spend profile, what do you consider to be an equitable and efficient remuneration model?
- 4.2 What are your views on a 'one stop shop' approach with inventory provided to the TMC, minimising contact between travellers and the accommodation program manager?

Part 5 - Questions for Accommodation Suppliers

Finance would appreciate accommodation suppliers' comments on the following questions.

- 5.1 Would you prefer to contract directly with the government, through a travel management company or through an accommodation manager? Please give reasons for your preference.
- 5.2 What sort of discount would you consider offering if the government consolidate the program and nominated you as a preferred supplier?
- 5.3 What sort of inclusions would you consider offering the Government as standard inclusions (e.g. WiFi, breakfast, car parking)?
- 5.4 How would volume discounts or tiered pricing for accommodation work, and what discounts or tiers would be realistic?
- 5.5 Do you have any feedback on the government's current accommodation program? Please include any constructive comments, with suggested improvements.

Attachment A: Background

Prior to the introduction of the Travel Arrangements, there was no consistent approach to travel procurement across Government departments and agencies.

A Scoping Study ('the Study') into the travel arrangements noted that this decentralised approach to travel procurement, with no overarching coordination and strategic management, had resulted in a fragmented and inconsistent practices, duplication of effort and different pricing levels across the government departments and agencies.

Phase 1 of the travel arrangements incorporated panel arrangements for travel management services; and domestic and international airlines.

Phase 2 of the travel arrangements incorporated a travel card provider, an accommodation program manager, and a panel of car rental providers. These Phase 2 arrangements came into effect on 2 July 2012.

The travel management services panel arrangement expired in June 2015 and after an RFT process, QBT was appointed as the government's travel management services provider from 1 July 2015 until 30 June 2019 (excluding extension periods).

Further information on the Travel Arrangements can be found at:
<http://www.finance.gov.au/procurement/travel-and-related-services/index.html>

Both phases of the travel arrangements have provided savings, addressed contractual efficiencies, increased transparency and provided greater value for money in the purchasing of travel services.