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Official business

Grab a pile of requisition forms, itineraries and invoices. Lay them end-to-end down an office corridor – and take a look at a ready-made paper trail. While physical paper trails are easy to build, travel industry professionals say they're time-consuming, and consequently expensive, to maintain.

By Chris Pritchard

MANY GOVERNMENT DEPARTMENTS and official agencies across the Asia-Pacific region still insist on paper. It's still common for bureaucrats to behave like stamp collectors as they trawl for the treasured signatures of senior personnel who control travel.

"Some departments need four people to sign," notes Darryl Laverty, Carlson Wagonlit's general manager for Australia.

But times are changing. Formerly fusty departments are gob-smacked by their discovery of how easy it is to use online booking tools and corporate credit cards. Record-keeping is automated, cheaper and faster. What's more, it's more detailed and easily analysed. Panic along the learning curve can be cured by simply clicking "print".

Although slower to embrace new technology than the pioneering private sector, government departments are slowly shaking off outdated procedures. But, as bureaucrats nervously dip their toes in the water, their travel accounts still require more time to service than those in the private sector. Volume nonetheless ensures they're highly prized. TMCs know the problem won't always be with them. Like missionaries, they are trumpeting the

new way, coaxing increasingly cost-driven officialdom toward innovation – and reporting success.

"Saving money on travel has become a hot topic in Australian government departments and agencies," says Scott Mitchell, group sales manager of Sydney-based Lido Accommodation which operates as a TMC for small and medium-sized corporates but focuses on its core accommodation role in winning government contracts. Clients include the Australian Customs Service and the Health Insurance Commission. "The public sector didn't think about this as much as the private sector – but there's a strong trend away from old-style thinking and towards best business practice."

According to Mitchell, Australia's goods and services tax (GST) has driven this. "Travel allowances, while still common, are on the way out," he maintains. "Instead of paying allowances permitted by the tax office into travellers' accounts, they're going for card-based systems with high-quality reporting and record-keeping. They want to have the documentation to claim back GST.

"They've come to realise money saved in this way can be used for other purposes. In times of tight budgets, that's important," he adds. Mitchell

concedes staff may grumble about loss of per-diems or allowances "but we've found in the end they accept greater efficiencies and like not having to hunt hotels by themselves".

Industry sources around the region agree Hong Kong, Kuala Lumpur and Bangkok-based government entities – although operating in highly computer-savvy environments – are less likely than their Australian and New Zealand counterparts to place almost all travel arrangements with one internationally-known TMC and instead often prefer using several small local travel agents with decisions dictated by best-fare-of-the-day. Big TMCs remain optimistic, saying this attitude is slowly eroding.

Singapore is different. Government departments, agencies and state-linked companies are required to book travel through a handful of designated service providers, explains Michael Burger, Singapore-based vice-president and general manager of corporate travel for South East Asia for American Express, one of these approved providers.

"For Singapore government travel," says Burger, "both price and the level of service provided are important." The Singapore government had traditionally used local TMCs and agencies

for travel needs. "However, in the current economic environment, the government is keenly interested in looking at the added value being offered, over and above the competitive price. More and more, we have found that governments are looking for full service including government cards, purchasing cards and travel services."

Travel professionals say Singaporean bureaucrats are mostly happy to comply with official travel policies because government departments tend to take good care of their travellers, for instance by demanding good hotels. (The bulk of travel by Singaporean officials is international to nearby countries,



compared with Australian public sector travel bookings which most commonly are eastern seaboard domestic flights.)

New Zealand-based travel consultant Craig Purdy of Continuum Consulting Group has noticed an altered mindset on both sides of the Tasman. "Certainly," he concedes, "governments and their agencies are very rigid in terms of approvals and processing. Officials must be robust and be seen to be squeaky clean – any perceived shortcomings can be raised in Parliament. By definition, it's a bureaucracy. Their TMCs know they can't go ahead until all necessary signed approvals are received. Mind you, there are still a few private-sector companies like this."

Purdy asserts that New Zealand government departments vary greatly. "Some have very complex structures because it's ingrained in their culture,

but others are quite simple. Many are now striving to reduce the number of steps and free up time that should be spent on their main activity. They'll still be stringent, insisting on a paper trail with no missing pieces – but they are increasingly going for simplified, automated procedures."

Government travel buyers "need to watch their backs", explains Keith Hardy, former chairman of the Australasian Business Travel Association (ABTA) who has been deeply involved for many years in arranging bureaucrats' wanderings. "They have to do this because of public accountability. There's tremendous aversion to risk. People will ask 'Why did he go?' and 'Why was he away so long?' A private company may say 'He's worked hard – so upgrade him' but it's not that simple in government: there's acute awareness that public money is being spent – and the public won't accept evidence of waste or conspicuous consumption." He recalls episodes of outrage over unauthorised use of a ministerial telephone account and unwarranted travel.

"More and more private companies no longer require pre-travel approval," says Hardy. "This was very rare a couple of years ago, but has become reasonably common. They say: 'Spend what you like within your budget – but you're accountable at the end of the financial year in terms of business generated'. I can't imagine government departments doing this."

"However, one area where officialdom has taken the initiative is in clustering, where small agencies can piggy-back on the travel deals of big departments which then gain even more by increasing their buying power."

"Growing use of online tools and credit cards is apparent to anyone looking at government travel. Until this trend spreads further across the public sector, government travel will continue to consume more time than private

sector work – but the situation is improving," adds Hardy, who sees the same phenomenon across the region.

"The key to government travel is that taxpayers must be seen to be getting good value," asserts Kyle Davis, American Express vice-president and general manager of corporate travel for Australia and New Zealand. "Public accountability is always in the picture. If someone travels first class, that could be a scandal for a public agency – but in the private sector, it's the company's own business."

"A major difference between government departments and the private sector is that the former all tend to be very much the same, whereas in the private sector there's more variation. One company may be incredibly strict about processing and price, another may be relatively loose, thinking less about savings and more about its executives' comfort, convenience and choice."

"Company travel spend fluctuates greatly according to the business cycle and state of the economy," says Davis. "But with governments it's more stable – and in hard times you may even see an increase in travel as more is spent on infrastructure and other projects to kick-start the economy, with a need for trips to the relevant locations."

"Over the past five years, there's been an increased focus in the private sector on efficiency – savings on processing and the like – and now government departments are starting to embrace this. Some private sector clients do 90% of bookings online, so there's still a lot of catching up to do. But bureaucrats are beginning to ask, 'I'm saving on the ticket but what are the other costs?' They're wanting to streamline their processes, save money and are looking closely at interactive solutions. Of course, you still get some saying 'We don't want our executives wasting time online'. All of this is as true in New Zealand as it is in Australia."

One more difference highlighted by Davis: "Government travel is more diversified. Private-sector itineraries are, in the main, between a pair of cities – between branches and head offices, with perhaps a circle including a visit to a factory. But with, say, the Department of Foreign Affairs and Trade (DFAT) or Austrade, there's often a string of cities – often in out-of-the-way places.

"It's easier to keep private enterprise on one airline or within one alliance," he says.

"Further, government departments often place restrictions on frequent-flyer points, insisting they be used for official travel. Or, their deals with airlines eliminate accrual of points in exchange for bottom-line savings." But Davis says government work is worthwhile – particularly because of the volumes.

Carlson Wagonlit's Lavery identifies

differences in Australia between federal and state governments, saying federal departments tend to work with one travel provider such as Qantas Business Travel (for example, the Australian Tax Office and Department of Defence) or one TMC (as with DFAT and American Express). But state-level departments, which formerly used one TMC, now commonly want a panel with two or three TMCs. "When you get on these panels, you then have to convince them again that you're the best in a particular circumstance," says Lavery. "They do this to achieve best-pricing and also to ensure they're perceived as supporters of a number of suppliers creating employment in their area." For federal business, clusters are important – "say a Centrelink cluster that gets other governmental organisations to hook in to maximise benefits."

Lavery finds government departments demand more paperwork and sign-off controls. "They're far stricter than the private sector and absolutely insistent that the auditable paper trail is there. In the private sector, in the majority of companies, it's not unusual to allow domestic travel without senior management approval – even though international trips require an okay – but government departments don't just want people taking off on a trip and explaining later.

Chris Pritchard's journalism appears in British and US newspapers and magazines as well as in Australian and Asia-based regional publications.



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