



SENATOR THE HON. MATHIAS CORMANN
Minister for Finance and the Public Service
Leader of the Government in the Senate

Tuesday, 19 February 2019

COMPANY ERROR CORRECTED

In relation to the matters raised in the media today about my private travel in January 2018, I refer to the attached letter from Helloworld, which explains their administrative error.

I can also confirm that the travel booked through Helloworld back in July 2017 was on commercial terms and should have been charged to my credit card straight away as instructed by me at the time.

That is what I genuinely thought had happened.

At no point, until approached by the media yesterday, did I receive any reminders that the payment due remained outstanding, even though I now understand it appeared as outstanding and unresolved on the internal Helloworld system since that time.

The payment was processed immediately once it became apparent to me that it remained outstanding.

In relation to the Whole of Government Accommodation Program Management Services tender I can confirm that I had absolutely no involvement in either the selection of the preferred tenderer or the awarding of the contract.

When notified of the outcome of the tender, I was advised that the new contract was valued at \$21 million for the initial term to 30 June 2020 (and not \$1 billion as reported today).

AOT was first selected as the successful supplier of whole of government Accommodation Program Management Services in May 2012 – during the period of the previous Labor Government.

No doubt the tender process awarding this contract to AOT back in 2012 was conducted appropriately at arms-length from the government of the day, in the same way as it was on this occasion.

Senator the Hon Mathias Cormann, Minister for Finance and the Public Service, Perth

Over the five years of that initial agreement from 2012 to 2017, my advice is that this arrangement saved the Commonwealth an estimated \$63 million.

The subsequent tender process, also conducted at arms-length from government by the Department of Finance, further improved on those previous arrangements, delivering even better value for the Commonwealth, by securing a reduction in APM booking fees of 42 per cent, saving approximately \$4.5 million annually compared to the fees paid in 2015-16.

This tender process was conducted consistent with all of the appropriate probity protocols, including oversight by external probity and legal advisers, who I'm advised certified that the process complied with the requirements in the PGPA Act, the Commonwealth Procurement Rules, Commonwealth policies and was consistent with the probity plan, Request for Tender and Evaluation Plan.

At no point did I influence or seek to influence the outcome of that tender process.

I had absolutely no role in the awarding of this tender or during the subsequent contract negotiations with the preferred tenderer.

I was provided with some feedback by the preferred tenderer about aspects of the process.

Consistent with my standard practice, I refer anyone who raises issues with me in relation to these types of processes directly to the Department for their consideration of any issues if and as appropriate at arms-length from me. That's what happened on this occasion.

[ENDS]

Media Contact
Karen Wu

0428 350 139



19 February, 2019

The Hon. Mathias Cormann,
Minister for Finance,
Parliament House,
CANBERRA,
ACT 2600

Senate F&PA Committee

Tabled Document

Inquiry: Additional Estimates 18/19
Date/Time: 19/2/19 9:02am
Witness Name: Senator Cormann
Organisation:

Dear Minister,

In relation to the air travel that you booked through HelloWorld in July 2017, for travel in January 2018, I can confirm the following:

1. We held your credit card details and had been instructed by you to process payment for the full amount back in July 2017 when the original booking was made;
2. The four airfares were standard return economy airfares on normal commercial terms;
3. The fact that payment was not processed at the time was a regrettable administrative error within our Accounts Department; and
4. Because we held your credit card details at the time of the booking, payment reminders were not sent to you, even though the amount remained listed as "Outstanding" on our internal system.

We have now processed payment of the full outstanding amount of \$2780.82 from the credit card previously supplied to us.

The flights were never "free" and they were never intended to be free.

We apologise for any inconvenience or embarrassment this administrative error may have caused.

Yours sincerely,

Michael Burnett
Chief Financial Officer

Whole of Australian Government (WoAG) Accommodation Program Management (APM) services – Procurement

Date	Event	Comment
4 November 2011	Strategy paper for phase two travel arrangements (including Accommodation arrangement) released on AusTender	
2 December 2011	Request for tender issued for the initial accommodation arrangement	
4 May 2012	Minister briefed on outcome of process AOT selected as successful supplier	Then Minister for Finance and Deregulation – Senator Wong
2 July 2012	Accommodation arrangement commenced	Initial term of three years to 30 Jun 2015 plus extension options to 31 Dec 2017
5 June 2016	Finance commenced review of arrangement to determine whether to establish a replacement arrangement	Included consultation with participating entities, industry providers, and other jurisdictions.
22 September 2016	Delegate approved the decision paper's recommendation to approach the market	First Assistant Secretary Technology and Procurement Division
18 October 2016	Draft statement of requirement released for comment on AusTender	Secretary letter to colleagues
1 December 2016 – 3 February 2017	RFT open on AusTender	Probity protocols in place for managing any questions through AusTender.
4 February 2017 – 31 March 2017	Evaluation. The Evaluation Team included representatives from the Department of the Environment and Energy, Department of Human Services, Department of Defence, Australian Bureau of Statistics, and then Department of Immigration and Border Protection	Strategic oversight was provided by a committee of SES Band 1 officials from the then Department of the Environment and Energy, Department of Human Services, and Department of Defence.
17 May 2017	Tender Evaluation Report completed	Maddocks (Probity) and King & Wood Mallesons (Legal) signed off that the process complied with the PGPA Act, CPRs, and Commonwealth policies and, was consistent with the probity plan, RFT and Evaluation Plan.
26 May 2017	Evaluation report approved by the delegate	AOT selected as preferred tenderer
5 - 28 June 2017	Negotiations with the preferred tender to improve value for money position	Delegate (FAS Technology and Procurement Division) approved the negotiation strategy and outcome
9 August 2017	Deed signed and Minister briefed	
16 October 2017	Arrangement commenced	Initial period expires 30 Jun 2020 plus extension options to 30 Jun 2023
August 2018	KPMG internal audit found <ul style="list-style-type: none"> No instances of non-compliance against the Department's internal procurement requirements, whole of government procurement policy or the Commonwealth Procurement Rules, and That the procurement appeared to be conducted in accordance with the relevant procurement plan / evaluation plan while arrangement outcomes appeared to be consistent with stated procurement objectives. 	

Senate F&PA Committee
 Tabled Document
 Inquiry: Additional Estimates 18/19
 Date/Time: 19/12/19 9:02am
 Witness Name: Senator Cormann
 Organisation:

PDR Number:
MS17-001217



Australian Government
Department of Finance



MINISTERIAL SUBMISSION

Copies to:
Secretary
Mr Jaggers
Mr Hirschfeld

Minister for Finance

28 July 2017

Outcome of the Australian Government Accommodation Program Management Services Tender
APMA Committee
Tabled Document

Timing: Routine.

Recommendation:

That you:

- i. **note** that AOT Group Limited (AOT) was selected as the successful tenderer for the Whole of Australian Government (WoAG) Accommodation Program Management (APM) services arrangement. The arrangement commences on 1 October 2017, for a term of up to six years.

NOTED / PLEASE DISCUSS

- ii. **approve** the media release at Attachment A. The timing of this media release will be managed with your office to coordinate with the requirements for AOT to make an announcement to the Australian Securities Exchange.

APPROVED / PLEASE DISCUSS

Key Issues:

The procurement process to establish a new APM arrangement for the Australian Government has concluded.

- The key function of the APM is to manage the Government's accommodation program which includes sourcing and negotiating rates and allotments, booking domestic and international accommodation, and paying accommodation providers. The new arrangement will integrate with the Government's appointed travel management company (QBT), further simplifying travel related bookings and booking management.
- The contract is valued at \$21 million for the initial term, which ends on 30 June 2020.
- The new arrangement has achieved a reduction in APM booking fees of 42 per cent, saving approximately \$4.5 million annually compared with the fees paid in 2015-16.
- The arrangement will continue to build on the estimated \$63 million of savings achieved on accommodation expenditure over the five-year term of the previous arrangement.
- Increased domestic accommodation content, discounted international accommodation, and volume discounts should provide further reductions in accommodation expenditure.
- The current arrangement is only accessible to departments and agencies that use the WoAG Diners Card arrangement. This restriction has been removed, opening the program up to more agencies.

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Financial Implications:

8. This arrangement operates on a cost recovery basis, with departments and agencies responsible for their own travel budgets, and for determining value for money when booking travel.

Background:

9. The current WoAG accommodation arrangement commenced in July 2012 as part of the coordinated procurement contracting framework, established to deliver efficiencies and savings from goods and services in common use by Australian Government agencies.

10. The AOT Group is the incumbent APM. It is an Australian owned company with 30 years' experience delivering specialist accommodation program management services to corporate and government clients.

Consultation:

11. The Finance tender evaluation team included representatives from the Department of the Environment and Energy, Department of Human Services, Department of Defence, Australian Bureau of Statistics, and Department of Immigration and Border Protection.

12. A Tender Process and Evaluation Committee (TPEC) comprised of Senior Executive Service Band 1 (or equivalent) officers from various entities provided executive oversight of the procurement process, providing advice on strategic aspects of the tender process.

13. King & Wood Mallesons (KWM) was engaged as the legal advisers for this procurement process, and provided sign off that the tender evaluation report was consistent with the request for tender and tender evaluation plan. KWM also provided sign off that the deed complies with Commonwealth procurement practice and applicable laws and policies.

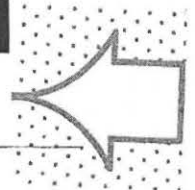
14. Maddocks was engaged as the probity advisers for this procurement process, and provided sign off on the conduct of the tender evaluation process.



Anne Collins
Assistant Secretary
Procurement Management Branch
Commercial and Government Services



Contact Officer:
Job Title/Level:
Telephone:
PDR Number



16/8/11

/ Mathias Cormann