



# Air Travel

## All-of-Government Contract Buyers' Guide

## Acknowledgements and thanks – development of this guide:

- Members of the Travel Client Advisory Group
- Members of the Procurement Reform Group

## Feedback on this guide:

We want to ensure that this guide provides you with all the information you need to use the Air Travel All-of-Government (AoG) contract. We're interested in your views on what works well and what we could improve – so please take a couple of minutes to complete our online feedback form, which you can find under the 'AoG Contracts' section at [www.procurement.govt.nz](http://www.procurement.govt.nz).

## Travel Centre of Expertise (CoE) contact details:

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If you have any questions in relation to the operation of this contract, please contact: Neville Johnson, Category Leader, Travel CoE - [coe@med.govt.nz](mailto:coe@med.govt.nz)



### Commercial in Confidence

Please note that contract details are commercial and in confidence and that pricing arrangements must not be discussed or disclosed with third parties outside the Participating Agency (see note on confidentiality below)

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This guide is one in a series of guides that has been developed under the New Zealand Government Procurement Reform Programme. Individual Buyers' Guides have been developed for each All-of-Government Contract and for the Government e-Marketplace.

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## Eligible Agencies

The government agencies that are eligible to buy from the AoG contracts are:

- Public Service departments
- State Services agencies
- organisations in the wider State sector
- organisations in the wider Public sector

## Participating Agencies

An Eligible Agency becomes a Participating Agency when it signs up to using the AoG panel contracts. This involves signing a Letter of Accession to the Memorandum of Understanding with the Centre of Expertise.

## Introduction

This guide provides customers in Eligible Agencies with the information they need to buy from the AoG contract for the supply of Air Travel. See also the *Buyers Guide to AoG Contracts* on the [www.procurement.govt.nz](http://www.procurement.govt.nz) website.

A dedicated team in the procurement Centre of Expertise (CoE) at the Ministry of Economic Development (MED) has negotiated, and will manage, this contract on behalf of the Crown, as part of the Government Procurement Reform Programme (Reform).

This Guide provides government agencies with an overview of:

- the key benefits of buying off this AoG contract
- what you can buy off the contract, and how
- how agencies will transition to the contract
- how the contract relationships will work
- contract summary

For generic background information, who can use the contracts, detail on roles and responsibilities (buyers, suppliers and the CoE) and a glossary/list of terminology, please read: All-of-Government Contracts, Buyers Guide.

A similar guide has been developed for suppliers. All AoG-related guides are available under the Government Contracts section of the government procurement web pages: [www.procurement.govt.nz](http://www.procurement.govt.nz).

## Overview of the Contract

- This contract covers Air Travel and runs for an initial term of five years, expiring on 1 December 2016. It includes two rights of renewal, for 12 months each.
- The contract has been awarded to a panel of five suppliers who, between them, will provide comprehensive route coverage domestically, across the Tasman and Internationally.
- The negotiated prices provide 6% average savings overall. See below for more details.
- Participating Agencies can buy from any contracted supplier, selecting the flight / airfare that best meets their business requirements.
- Agencies using a Travel Management Company (TMC) can continue using these services and enjoy the benefits of the new All-of-Government prices.

## Benefits

The new contracts offer a range of benefits:

- We've used the collective buying power of the whole State sector to negotiate a 'best price contract' for outbound and inbound Air Travel – and all customers pay the same, reduced price.
- 6% average savings overall (based on known agency pricing) – up to an 8% point of sale discount on all Air New Zealand domestic fares (including on 'Grab a Seat' deals) and up to a 25% point of sale discount on international flights on various fare classes.
- Agencies can still deal directly with TMCs for complex (Trans-Tasman and International) travel itineraries, but have the opportunity to save on travel management costs through purchasing directly from Airlines.
- You'll still have an extensive range of airlines to choose from (just at discounted prices).
- Discounts will be at point of sale – no more administering rebates.
- You'll have choice.
- Full Global Route Coverage – up to five airlines offering comprehensive global scheduling.
- You'll have access to detailed reporting from suppliers and benchmarking data from the Travel CoE. You can request reports from suppliers that will provide valuable information on expenditure levels and patterns giving you the opportunity to realise further cost savings.



This contract summary provides a description of key aspects of the contract. For further information on the contract, agency buyers should contact the Travel CoE.

## Overview – airline route coverage

Through this contract, you can buy airline tickets from a total of five airlines. Combined, they offer complete coverage to every corner of the globe. Here's an overview of route coverage under this contract:

**The All-of-Government contract provides Air Travel across 13 regions:**

Region	Air New Zealand	Emirates	Lufthansa	Qantas	Singapore
New Zealand Domestic	YES				
Trans-Tasman & Pacific Islands	YES	YES		YES	
South East Asia	YES	YES		YES	YES
North Asia	YES	YES		YES	YES
Asia Central	YES	YES		YES	YES
South East Asia	YES	YES		YES	YES
Indian Sub-Continent	YES	YES		YES	YES
Middle East	YES	YES		YES	YES
Africa	YES	YES		YES	YES
Europe	YES	YES	YES	YES	YES
North America	YES			YES	
Central America	YES			YES	
South America	YES	YES		YES	

**Full details of each region are available from the Travel CoE.**

## How to buy off this contract?

**Once you've joined up, other than the airline options, you basically keep doing what you do now – with some exceptions:**

On a day-to-day basis, using the contract will feel pretty much like business-as-usual for buyers in agencies:

- You'll still deal directly with TMC for complex (Trans-Tasman and International) travel itineraries
- You'll still have an extensive range of airlines to choose from (just at discounted prices)
- You'll continue to make choices and trade-offs in terms of flight times, airline options and costs.

### Domestic

<b>Sole Preferred Airline</b>	<ul style="list-style-type: none"> <li>• Air New Zealand</li> </ul>
<b>How to Buy?</b>	<ul style="list-style-type: none"> <li>• <b>Initially via Global Distribution System (GDS)</b></li> </ul> <p>For the initial two years of the contract Air New Zealand domestic discounted fares (with the exception of grab-a-seat) will be available through the GDS.</p> <ul style="list-style-type: none"> <li>• <b>Via Direct Connect Portal (available February 2012)</b></li> </ul> <p>As soon as the Direct Connect Portal (DCP) is available, we recommend agencies use this as soon as is possible because it offers:</p> <ul style="list-style-type: none"> <li>• Access to Air New Zealand's maximum Domestic and Trans-Tasman offering, including discounts on grab-a-seat deals and smart saver fares, for the lifetime of the contract.</li> <li>• No booking fees for DCP online transactions.</li> <li>• Two years into the contract, all Air New Zealand domestic flights must be booked by the agency or their TMC via the Direct Connect Portal.</li> </ul>

### Trans-Tasman

<b>Panel of Airlines</b>	<ul style="list-style-type: none"> <li>• Air New Zealand</li> <li>• Emirates</li> <li>• Qantas</li> </ul>
<b>How to Buy?</b>	<ul style="list-style-type: none"> <li>• <b>Via GDS</b></li> </ul> <p>With the exception of Air New Zealand, whose discounted fares will only be available via the Direct Connect Portal after the second year of the contract, all negotiated Trans-Tasman fares will be available via the GDS for the duration of the contract.</p> <p>If you use a TMC, continue doing so until the new AoG contract for Travel Management Services is established (see note below).</p>

## International

### Panel of Airlines

NB: specific combinations of this panel are contracted across each of the International regions.

- Air New Zealand
- Qantas
- Emirates
- Singapore Airlines
- Lufthansa

### How to Buy?

- **Via GDS**

All negotiated international airfares (except Trans-Tasman above) will be available via the GDS for the duration of the contract.

If you use a TMC, continue doing so until the new AoG for Travel Management Services is established (see note below).

## Use a Travel Management Company?

- Your TMC can access these contracts on your behalf as soon as you have signed up and discounts have been loaded by airlines.
- From February 2012, the Direct Connect Portal can be accessed by your TMC.
- On a day-to-day basis, using the contract will feel pretty much like business-as-usual for buyers in agencies.

## The new All-of-Government contract for Travel Management Services

It's important to note that a panel of TMCs will be established via a new All-of-Government contract. We expect this new contract to be in place by April 2012.

We recommend participating Agencies continue to use their TMC up until they transition to an AoG TMC panel provider.

## Airpoints?

Airpoints have been removed from Domestic and Trans-Tasman travel in return for improved discounts. Agencies will have the opportunity to remove airpoints for international travel and receive a greater discount. However, this deal makes it more transparent for agencies and the taxpayer.

## The Air New Zealand Direct Connect Portal

This new online booking portal will be available from February 2012. It will enable agencies or their TMCs to book Air New Zealand flights directly and in return offers access to some enhanced fare discounts.

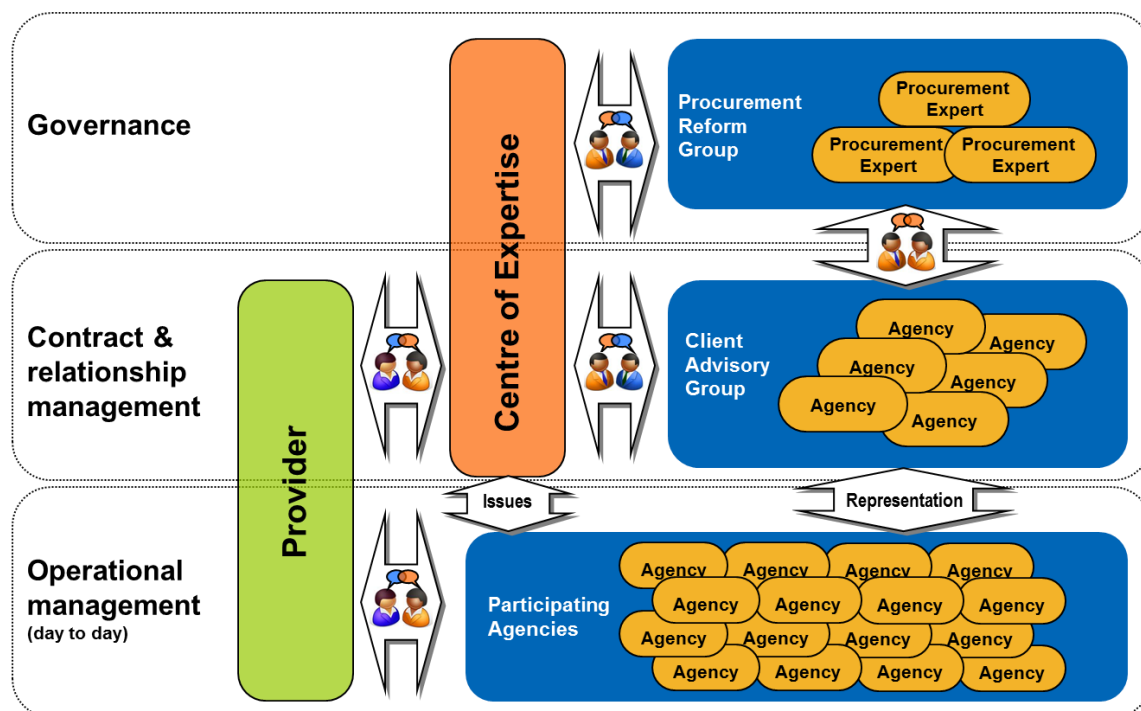
For the first two years of the contract, all Air New Zealand negotiated fares will be available via a GDS. After two years, Air New Zealand Domestic and Trans-Tasman fares will only be available through this portal. Air New Zealand international discounts will continue to be available through a GDS for the entirety of the contract.

## How to Transition to this Contract

1. Eligible agencies become Participating Agencies when they sign a Letter of Accession to the Memorandum of Understanding between the agency and the CoE.
2. The CoE will liaise with individual agencies who have signed up to participate in the AoG contracts at the earliest opportunity. The CoE, in conjunction with suppliers, will provide agencies with key timings and responsibilities during transition.
3. Agencies can begin to purchase discounted airfares and ancillary services via their TMC provider or directly through a Panel Supplier from February 2012.

## Relationship management

The diagram below sets out the overall governance structure and shows the various working relationships. Please see the All-of-Government Contract Buyer's Guide for more details on the roles and responsibilities.



## Key Contract Terms & Conditions

### Conditions of Carriage:

During the Term, Participating Agencies personnel must comply at all times with the airlines conditions of carriage.

### Insurance:

During the Term and for a period of two years following the effective date of expiry or termination of this Agreement the Supplier will, at its own expense, ensure that it maintains adequate insurance in respect of its potential liability for loss or damage under this Agreement.

### Payment:

Participating Agencies are required to make payment for goods/services received by the 20<sup>th</sup> of the month following the date of invoice.

### Confidentiality:

It is important to protect confidential information. This is information that is commercially sensitive or relates to a party's financial position, customer base, internal management, structure or personnel. Both the supplier and the buyer must safeguard confidential information and not disclose it to any third party or use it for their own benefit.

### Dispute resolution:

Both parties must use their best efforts to resolve a dispute or difference that arises. This means they must negotiate in good faith to find a solution. Under the Agreement there is a formal escalation process for disputes as follows:

Timeframe	Escalation
The day the dispute arises	Both parties attempt to resolve the dispute.
If not resolved within 10 business days	Buyer escalates to agency senior representative. Supplier escalates to supplier Lead Representative.
If not resolved within 10 business days	Buyer escalates to CoE Representative. Supplier stays with Lead Representative.
If not resolved within 10 business days	Buyer escalates to CoE's procurement manager. Supplier escalates to General Manager
If not resolved within 10 business days	Buyer escalates to Director, Government Procurement Solutions. Supplier escalates to supplier's Executive General Manager.

### Administration expenses:

Participating Agencies will benefit from substantial cost savings negotiated through the AoG contracts. Cabinet has decided that Participating Agencies should retain those savings, but has agreed that a small administration charge be applied to each order placed as a means of funding the ongoing Reform. This will enable the development of additional AoG contracts that will save Participating Agencies even more money.

An administration charge of 1.5% will be applied to all bookings placed by Participating Agencies and collected initially by the supplier at point of sale. The supplier will then remit this to MED on a quarterly basis.

## Further information

### Frequently Asked Questions

#### **Where can I find the details of the negotiated rates?**

Full details are available to Eligible Agencies, which have signed and returned a non-disclosure agreement.

#### **What is the scope of the contract?**

The AoG contract for Air Travel covers Domestic, Trans-Tasman and International air travel. In addition, the AoG contract gives access to discounted rates for inbound travel and ancillary services. By signing the Memorandum of Understanding, Participating Agencies will have access to all negotiated point of sale discounts.

#### **Can I continue to use suppliers which are not on the panel?**

Participating Agencies are encouraged to use panel Providers as their preferred choice for Air Travel. In an instance where panel scheduling or availability does not meet the needs of the traveller then Participating Agencies have the ability to purchase from non-contracted suppliers.

#### **Can we still use our best fare of the day policy?**

For International and Trans-Tasman travel, Participating Agencies should purchase from the panel. For Domestic Air Travel, Air New Zealand is the sole preferred airline however agencies may still purchase domestic air travel with other suppliers i.e. under a best fare of the day policy.

#### **How should my TMC reflect the status of the contracted airlines?**

Nominated AoG TMCs will be instructed to reflect the AoG preferred panel list in their booking system.

#### **What if my agency does not have a UATP travel card?**

Air New Zealand negotiated discounted fares are only available for purchase via a UATP travel card. These are available directly from your Air New Zealand Account Manager. For further information please contact the Travel CoE.

#### **Are all Air New Zealand fares only available via their Direct Connect Portal?**

For the first two years of the contract, all Air New Zealand negotiated fares will be available via a GDS. After two years, Air New Zealand Domestic and Trans-Tasman fares will only be available through the this portal. Air New Zealand international discounts will be available through a GDS for the entirety of the contract.

#### **My agency has special requirements that are not covered under the scope of this agreement, how do I access these?**

All contracted Suppliers have committed to work with Participating Agencies to address special requirements including but not limited to: Excess Baggage Requirements, Dog Handling, Medical Transit, and Prisoner Travel.

#### **Can my agency still accrue air points for undertaken Air Travel?**

For Domestic and Trans-Tasman Air Travel Participating Agencies will no longer be able to accrue air points. For international Air Travel, Participating Agencies will have the option of accruing air points, this decision should be made at an agency rather than individual level. Note: Some Airlines offer preferential discounts for excluding air points. Status points are unaffected

## How does my agency go about purchasing Lounge/Club Membership?

Some Airlines have offered lounge/club passes at discounted rates under this contract. In addition, some Airlines have offered lounge access on a 'pay as you use basis'. For further information please contact the Travel CoE.

## Related publications, documents & links:

The following documents will be provided to Chief Executives of State sector agencies as they are ready to transition onto the Air Travel AoG contract:

- Letter including Benefits Statement
- Memorandum of Understanding and Letter of Accession (for CEs to sign)
- Copies of the Air Travel contracts with each airline is available from the Travel CoE upon request

### Buyers Guides:

- Guide to All-of-Government Contracts
- Guide to the Government e-Marketplace
- Buyers Guide, All-of-Government Contract for Office Consumables
- Buyers Guide, All-of-Government Contract for Laptop & Desktop Computers
- Buyers Guide, All-of-Government Contract for Single & Multi-function Print Devices
- Buyers Guide, All-of-Government Contract for Passenger Vehicles

### Important links:

[www.procurement.govt.nz](http://www.procurement.govt.nz) – the place to go for information on:

- Other government contracts (AoG and syndicated)
- Government Model Contracts for low value, low risk common goods and services
- Government procurement policy, mandatory rules and related guidance
- Best practice guidance
- Templates and tools for everyday use
- Building a professional procurement career: core competencies, training needs analysis, subsidised training and education opportunities
- The latest developments in the Government Procurement Reform
- And a whole lot more