

Business travel: Caution remains in public sector

By Kathy Ombler

As the new year unfolds, government departments are remaining more cautious than the corporate sector about travel, meetings and larger conferences. They have also become smarter about travel procurement.

Andrew Dale, chief executive officer Atlantic Travel American Express (APX), says there has been a fundamental shift in the way government departments handle travel business.

'The travel we now see is well thought out and well purchased, there is very little waste in procurement practises. The message is government is watching every travel dollar.

'I think with the negative press in some government areas with regards to overseas junkets there is even more caution out there. They expect a certain level of scrutiny that would not happen in the corporate world'



Andrew Dale

(NZHC) chair and Novotel general manager, says government meeting business is traditionally short lead and it is early in the year yet to predict what might occur in 2010.

'From a NZHC perspective the feeling has been the mid-scale sector has continued to perform slightly better than the upscale and luxury markets. Government and the private sector are continuing to shop for greater value, not solely price driven however and the quality/value propositions continue to influence purchasing motivation.'

Complex

Government business is complex and hard to read, says James Cowan at the Duxton Wellington

'The major government department business is mid-range; normally they'll go for the three star hotels and meeting venues. Now, this high volume business is really price driven, they're staying low to mid range and won't pay more than \$140/night for accommodation. Bookings for meetings at this level are very short lead.'

'The high end component of government business, encompassing embassies, consulates and the university and education sectors, remains but in low volume,' he adds.

At the Holiday Inn, general manager Heather Idoine-Riley is optimistic. 'It is too early to pick a trend in conferencing - but my feeling is that this is a busy action year of National Government policy changes for key areas of government

departments. While everyone continues to watch costs there will definitely be more demand to meet, as the wheels turn, and change takes place there will be an increase in meeting requirements.'

Maximise

Andrew Dale urges travel and meeting managers to use their existing preferred hotel supplier and maximise that to their advantage,

'As far as meetings are concerned, we are finding government clients are using our services more to extract good value from our supplier partners. A lot of government departments have good direct relationships with hotels who are also meeting providers so we use that relationship to leverage good rates for meetings.'

Looking at larger events and conferences, government bookers remain tentative, says Wellington Convention Centre manager, business development, Gillian Officer.

'There has been no appreciable increase in Government related enquiries so far in the new year, and conference budgets remain a significant factor in decision making.

'However that said, we held a good number of government events in 2009 and already hold bookings for a number this year. The trend is definitely short-lead bookings with no more than two or three months lead time especially for smaller meetings. We are seeing a gradual increase in enquiries from the commercial and association sectors however, and believe we will see a corresponding increase over time with government business as government departments settle into 2010.'

At the Convention Bureau, Martin Boland says government departments looking for cost effective options are turning to in-house meeting space before going external. He warns this might not achieve goals and can cost more, indirectly.

'Sometimes having a meeting in-house doesn't achieve goals because staff members are too close to their work. They can get interrupted and lose the focus.'

Complicated co-ordination of audio visual equipment and catering can also make the meetings less effective and prove more time consuming for departmental staff, he adds.

Compliance

Dale says the level of reporting and compliance to policy has increased.

'When the seniority of people travelling gives them entitlements to a certain level of comfort, say flying business class long haul because they are going straight into a meeting, the government traveller now will go to great lengths to ensure their entitlement gives good value in return.

'I don't see the frivolous spending across the government portfolios that may have been the case a few years ago. I think, for the tax payer, it's a good news story.'

Dale says government is significantly more cautious than the corporate world.

'We have seen earlier recovery from our multi-national corporate accounts. That really follows the trend that government was the last to radically change travel plans last year, whereas the commercial market responded quickly and has recovered better. The commercial market recognised if they didn't get in front of their customers to drum up business then their competitors would, so there is that motivation which is not so much there for government.'

Short lead

From a hotel and meetings point of view, Lee Pearce, New Zealand Hotel Council Wellington