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Secretary:.....	

Dr John Carter  
Secretary  
Foreign Affairs Sub-Committee  
Joint Standing Committee on  
Foreign Affairs, Defence and  
Trade  
Parliament House  
CANBERRA ACT 2600

RVPSWP 2234

8 December 2008

Dear Dr Carter,

Thank you for your letter of 19 November 2008 enclosing a copy of the proof transcript of the public hearing given to the Foreign Affairs Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade on Thursday, 6 November 2008.

As requested, please find attached pages 34 and 45 of the proof, which require correction. I would also be grateful if you could seek an amendment to the list of witnesses on page 5 of the transcript to ensure our appearance before the Sub-Committee is noted. At present both my name and Ms Diana Stainlay's name is missing.

As requested, please find enclosed a copy of the report 'Analysis of the Trans-Pacific Flight Route' prepared for Singapore Airlines by Econtech Pty Ltd in which Econtech estimated that liberalisation of the trans-Pacific route would lead to an increase in the number of passengers travelling between the two countries of 4 - 8 per cent. The estimated associated gain in spending by US visitors in Australia of up to \$114 million annually would benefit the Australian tourism industry.

The Econtech Report also highlights that the wider and improved choices from greater competition would also benefit Australians wanting to travel to the US. As the report notes, in 2006 Qantas quoted average fares that translated to 9.4 cents per kilometre to Los Angeles compared with 6.8 cents to London. It can be anticipated that more effective competition on the route would serve the public interest by narrowing this gap.



I would also like to take this opportunity to refute claims made during the hearing that Singapore Airlines has the ability to borrow funds at sovereign risk rates. I have confirmed that Singapore Airlines has no such access. Singapore Airlines is a listed company and is accorded its own individual credit rating on the basis of risk. The fact that SIA carries virtually no debt on its balance sheet is what provides us a high credit rating, not that a sovereign institution, namely Temasek, holds a majority shareholding. I can also confirm that Singapore Airlines receives no financial or in-kind benefit from our ownership by Temasek. Indeed, it is the other way around where the Company pays dividends to Temasek from its profits, as we do all our shareholders.

Should you or the Committee require any further information please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Subhas Menon', with a long horizontal stroke extending to the right.

Subhas Menon  
Regional Vice President  
South West Pacific

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