



13 July 2010

**Ms Anita Robinson**

Office Manager

International Air Services Commission

GPO Box 630,

Canberra City ACT 2601

**In-Strict-Confidence**

Dear Ms Robinson,

**Submission on Qantas' application to review code share arrangements with South African Airways**

This advice is provided to the International Air Services Commission on a strictly confidential basis and is not to be incorporated into other related documents.

I am writing to provide the Victorian Government's response on Qantas Airways' intention to extend code share arrangements with South African Airways (SAA).

The Victorian Government has no issue with the extension of the code share agreement between Qantas and SAA. However, we trust that this will not inhibit the future development of South African routes out of Melbourne by either Qantas or SAA.

**The case for direct SAA/Qantas services**

Australia has a strong relationship with South Africa with the countries sharing a history of British settlement and Commonwealth membership. Since the 1800s there has been movement of people between Victoria's goldfields and the mineral rich provinces of South Africa. This ongoing link is still evident today, with the world's largest mining company BHP Billiton having two of its four global head offices located in Melbourne and Johannesburg.

South Africans also travel to and from Melbourne for various other purposes such as visiting friends and relatives (VFR), exhibitions, attending sporting events and other leisure activities. In the year ending March 2010 there were 18,500 South African passengers that passed through the gates of Melbourne Airport either travelling to or from South Africa. According to the Department of Immigration and Citizenship (DIAC) this number would be much higher if there was not a 36% and 22% leakage of passengers through Sydney Airport and Perth Airport, respectively.

This market also has the potential to grow with continuing immigration. According to the Australian Bureau of Statistics, 19,300 South Africa-born people lived in Victoria (18.6% of Australia's total South African population) in 2006, increasing by 23.3% from 15,700 persons in 2001.

Victoria also has a strong trade relationship with South Africa, exporting \$163 million of exports to South Africa in 2009 (85% of airfreight travels in the cargo holds of passenger aircraft). There is also a strong educational link between Victoria and South Africa, highlighted by Melbourne-based Monash University establishing one of its two international campuses in the suburb of Ruimsig, 25km from the Johannesburg City Centre in 2001. This campus currently accommodates more than 2,000 students, underlining Victoria's competitive strength in being a provider of education services to South Africa.

Considering that Melbourne is Australia's second largest city and its population is growing faster than Sydney's it is important that Qantas and SAA do not overlook the importance of developing the South Africa – Melbourne route.

If you have any further questions, please do not hesitate to contact Chris Botha at Tourism Victoria on 03 9653 9819.

Yours Sincerely,

A handwritten signature in dark ink, appearing to read 'Rob O'Brien', with a long horizontal flourish extending to the right.

**Robert O'Brien**  
Director, Aviation and Tourism Investment Attraction  
Tourism Victoria