



FIRST PUBLIC REPORT TEMPLATE

Controlling Corporation

Regional Express Holdings Ltd

Period to which this report relates

(See sub-section 22(2) of the Act and Regulation 7.1 of the *Energy Efficiency Opportunities Regulations (the Regulations) 2006*)

Start 1st July 07

End 30th June 08

Part 1 - Summary of assessments conducted thus far

Table 1.1 - Description of the way in which the corporation has carried out its assessments and over what period was each assessment taken. A statement saying that the intent and key requirements of the Energy Efficiency Opportunities legislation have been met must be made.

Rex group established an energy committee to identify energy savings opportunities. The main focus was on jet fuel usage by Regional express as this accounted for 83% of the group's energy consumption. A cross functional team of people from was assigned to simultaneously work on several initiatives. Six opportunities were identified and are in various stages of completion. The energy committee decided not to implement opportunity b) as payback period was too long and it was not commercially viable.

The following opportunities were identified:

- a) Reduction of aircraft weight
- b) Reducing flight frequencies in winter due to higher hourly fuel consumption in winter vs the other months
- c) Installing winglets to reduce drag
- d) Request for reduction in track miles from Air services Australia

The energy committee held several meetings throughout the yr and the management committee and the board was kept abreast with developments.

Rex is committed to preserving the environment to the measure of our capabilities. The intent and key requirements of the EEO legislation have been met.

Table 1.2 - Group member/business unit/key activity/site that have been assessed	Energy use per annum in the year the assessment is completed *	Energy data accuracy (if not within $\pm 5\%$) **	Reasons for not achieving data accuracy to within $\pm 5\%$ **
Regional Express Pty L:td	1,447,714 GJ		
Air Link Pty Ltd	73,153 GJ PJ		

AAPA	1,042 GJ PJ		
Pel Air Pty Ltd	224,909 GJ		
Total	1,746,818 GJ		
Total as a percentage of total energy use of the group covered by this report	100%		

* Energy Bandwidth may only be used if approved in the Assessment and Reporting Schedule

** Data accuracy not within $\pm 5\%$ can only be included if approved in the Assessment and Reporting Schedule

Part 2 - Outcomes of and business response to opportunities that have been identified and evaluated for each group member, business unit, key activity or site assessed

(See paragraphs 3-6 of Schedule 4 and Schedule 6 of the Regulations)

Group member/business unit/key activity/site >0.5 PJ name: Regional Express Pty Ltd

Table 1.3 Status of Opportunities		Number of Opportunities	Estimated energy savings per annum by payback period (GJ)		Total estimated energy savings per annum (GJ)	*Accuracy range (%)
			0 – < 2 years	2 – ≤4 years		
Outcomes of assessment	Identified (accuracy ≤±30%)	4		144,089	144,089	+ -5%
	Identified (accuracy > ±30%)					
	**Total Identified	4		144,089	144,089	+ -5%
***Business Response	Under Investigation	3		143,233	143,233	+ -5%
	To be Implemented					
	Implementation Commenced					
	Implemented					
	Not to be Implemented	1		857	857	+ -5%

*The accuracy range for projected or actual costs, benefits and energy savings.

**You must ensure that this row is the sum of the two rows above it.

*** The data contained in each row of the business response area must total to the data contained in the 'Total Identified' row.

Note: An opportunity is any potential change to a system, activity or piece of equipment that:

- is identified during an EEO assessment;
- is consistent with legal requirements such as OHS, and
- may result in energy savings projects with payback periods of 4 years or less.

Details of at least three significant opportunities found through EEO assessments

(See paragraph 7 of Schedule 4 of the Regulations)

Details must include a brief description of the opportunity and may optionally include details of the costs of implementation, energy/dollar savings and any other benefits (such as greenhouse reductions).

Table 1.4

Opportunity 1

Reduction of aircraft weight

The following initiatives are at various stages of completion:

- 1) Catering – 1 drawer per bar instead of 2. Reduction of 8Kg per aircraft. Made possible by removing spirits from the bar. Initiative completed.
- 2) First aid kit – currently sourcing plastic container to replace metal container. Reduction of 1Kg per aircraft
- 3) Sheepskin seat covers – convert to leather. 5 aircraft have been converted. 1 aircraft left to convert. Conversion cost approx AUD40K per aircraft. Reduction of 5kg per aircraft. Also removes the need to dryclean sheep skin which is energy intensive
- 4) Water in toilets – blocking of taps and provide antiseptic swipes. All new leased aircraft are also being blocked off. 7 litres or 7kg reduction per aircraft due water weight. Cost for this initiative is minimal -placard and ongoing cost of antiseptic wipes.
- 5) Chocks – removed from aircraft. Ground staff bringing to aircraft upon arrival. Reduction of 12kg per aircraft.
- 6) Ladders – removing ladders from aircraft. Initiative will be completed in 2 weeks time. Removing 14 steel ladders (7.5kg each) and 26 aluminium ladders (5.5kg each).

The above initiatives can reduce aircraft weight by approx 33kg per aircraft. Fuel savings are estimated at about 0.03 litres/kg/hr. Based on annual flight hrs of 57,119hrs, this equates to yearly savings of 56,547 litres of fuel. Estimated cost is AUD250K with yearly savings of AUD57K. 4.3yr payback period expected.

Opportunity 2 *

Installing winglets to reduce drag

Currently exploring this opportunity with Aeronautical Engineers Australia. Fuel consumption savings are estimated at 5%. Estimated installation cost of AUD 8 million over 40 aircraft with yearly savings of AUD 1.99 million. 4yr Payback period expected.

Opportunity 3 ****Reducing flight frequencies in winter due to higher fuel uplift in winter vs summer months**

Due to the specific gravity of fuel in winter, it is observed that fuel consumption per hr in winter months is higher than the average for the rest of the year. The consumption differential between winter and non winter months is approx 16 litres/hr. We examined the possibility of reducing flight frequencies by 10% in winter months (approx 1,455 hrs) which would result in 23,000 litres of fuel savings. At the same time, the revenue loss stemming from the reduced frequencies is expected to be AUD 2.9 million assuming 65% load factor and conservative average fare. This results in negative net financial benefit of approx AUD 703,000 per yr over a 4 yr period.

The energy committee and Rex management decided not to implement this opportunity.

Opportunity 4 ****Request for reduction in track miles from Air services Australia**

The current Air Services process for arrival and departure manoeuvre the aircraft up to 20 nautical miles further than the direct flight path. If the aircraft flight path was able to be streamlined to the more direct route REX would be able to reduce the sector length by approximately 5 minutes resulting in a fuel saving of 1.8 million litres per year.

We have formally requested Air Services Australia to consider providing Rex with reduced track miles wherever possible.

*If there are less than three significant opportunities, provide details of those identified.

**If no significant opportunities have been identified in the assessment, a statement to this effect.

Part 3 - Voluntary Contextual Information

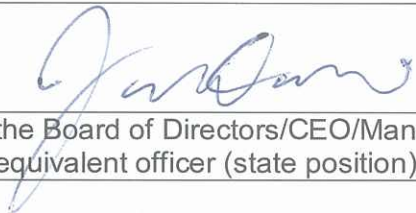
Reporting corporations may supply additional information that provides more context to the public report. Such information may include:

- Energy use and energy saved by energy type, as greenhouse gas emissions, as an indicator, or as an index;
- Energy savings achieved in the period 2000-2005;
- Opportunities with a greater than four year payback and the business response;
- Changes in total energy use/energy use indicator broken down to include causes of increase or decrease;
- Energy use and energy efficiency opportunities presented in dollars; and
- Other contextual information about the corporation's energy use and management.

Part 4 - Declaration

(See paragraph 8 of Schedule 4 of the Regulations and paragraph 22(4)(c) of the Act)

The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*.


Chair of the Board of Directors/CEO/Managing Director/equivalent officer (state position)