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MEDIA RELEASE

REX ANNOUNCES A REDUCTION IN SERVICES BETWEEN MT GAMBIER AND ADELAIDE

Regional Express (Rex) has today announced that it will be reducing services between Mt Gambier and Adelaide in a bid to better utilise scarce resources amid a global pilot shortage causing widespread disruption across all levels of the aviation industry.

In an earlier detailed response to an article in ABC on Friday 11 May 2018 (reproduced below) Rex outlined its reasons why it felt the criticisms by local officials of its performance were unfounded, unjustified and unfair.

Rex will be cancelling with immediate effect 5 return weekly services between Mt Gambier and Adelaide until further notice:

Monday and Thursday

-) ZL4613 Depart Adelaide 6.55am, Arrive Mt Gambier 8.05am
-) ZL4614 Depart Mt Gambier 8.25am, Arrive Adelaide 9.35am

Wednesday, Thursday and Friday

-) ZL4633 Depart Adelaide 5.10pm, Arrive Mt Gambier 6.20pm
-) ZL4364 Depart Mt Gambier 6.40pm, Arrive Adelaide 7.50pm

The remaining 36 flights per week operated between Mt Gambier and Adelaide will provide approximately 61,000 seats per year which will be more than sufficient to cater to the 47,000 annual passengers on the route.

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 50 Saab 340 aircraft on some 1,500 weekly flights to 58 destinations throughout all states in Australia. In addition to the regional airline Regional Express, the **Rex Group** comprises wholly owned subsidiaries **Pel-Air Aviation** (air freight and charter operator), **Air Link** (Dubbo-based regional airline) and the **Australian Airline Pilot Academy**.

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NEWS

Mt Gambier's health care suffering due to unaffordability and unreliability of flights, experts say

The World Today By Caroline Winter

Updated Fri 11 May 2018, 4:24pm

Unreliable and unaffordable air services are adversely affecting health care in the Mt Gambier area, experts in South Australia's largest regional city say.

The concerns have been raised by locals as part of a Senate inquiry into flight prices in regional, rural and remote locations.

A one-way REX flight, the only airline to service the area between Adelaide and Mt Gambier, ranges from \$175 to \$487.

Maureen Klintberg, presiding member of the Mt Gambier district health and advisory council, said it was essential they had a reliable air service for the regional area, which services a population of "some 66,000".

She estimated there were 60 doctors at the local hospital in the state's south-east, which included fly-in-fly-out locums, as well as 40 visiting specialists.

But Ms Klintberg said health care in South Australia's largest regional city was suffering because of the unaffordability and unreliability of flights.

"We know of specialists who now, instead of flying the morning of, fly the night before because too many times they've had the flights cancelled," she said.

Patients with serious illnesses have been affected, especially anyone waiting to see a specialist in Mt Gambier or trying to get to Adelaide or Melbourne for vital appointments — both a five-hour drive away.

Ms Klintberg said it also did not bode well for luring medical professionals to the region.

"One of those aspects we were looking at was attraction and retention of staff and other professional workers within this region to attract those job positions," she said.

"In relation to access to training, upskilling, that we have an air service which allows people to travel, maybe, back and forwards in one day."

Second airline 'needed'

Business owner and president of the Mt Gambier Chamber of Commerce Lynette Martin said health, tourism and business were all being affected.

"Price, reliability and scheduling were the key factors in businesses making decisions about travelling by air," she said.

"And we found that was consistent with all sizes of business and that's limiting air travel to and from Mt Gambier."

Ms Martin said they would "obviously" need to increase passenger numbers to make it more commercially viable for other airlines to think of offering flights to and from the area.



PHOTO: REX is the only airline servicing Mt Gambier — a ticket to Adelaide ranges from \$175 to \$487. (Rex)

RELATED STORY: Regional Australians outraged over exorbitant airfares

Key points:

- Locals raised concerns in Senate inquiry into flight prices in regional, rural, remote areas
- Patients waiting long times to see specialists, getting to Adelaide or Melbourne for vital appointments
- Many respondents to a survey called for a second airline to drive competition

Is it cheaper to fly overseas than get out of Alice Springs?

"Some years ago, we had two airlines operating out of MG [and] passenger numbers were higher than they are today, so it's interesting to contemplate," she said.

In a survey by the chamber, many people called for a second airline to drive competition.

"It's been my experience that services operated by Regional Express have become more consistently delayed or cancelled," one person said.



An ABC Fact Check investigation finds this claim is a fair call.

"It makes business travel extremely testing and has even prompted thoughts of relocating the business to Adelaide."

Another survey respondent called the current scheduling of early flights to Melbourne "disgraceful."

"On at least three occasions we missed or were late for important meetings," they said.

"As a matter of course we'll drive to Melbourne to get connecting flights"

All those concerns have been outlined in more than 170 submissions to a Senate inquiry into air service delivery to rural, regional and remote communities across Australia.

In its submission, REX said a rise in ticket prices was, among other things, due to higher airport charges by local councils and that competition in regional areas can drive prices up, not down.

Submissions have now closed and public inquiries wrapped up, with the committee due to report in September.

Topics: health, sa

First posted Fri 11 May 2018, 4:12pm



14 May 2018

Dear Sir/Madam,

REX RESPONDS TO COMMENTS ON MOUNT GAMBIER AIR SERVICES

Regional Express (Rex) is responding to the ABC article published 11 May 2018 regarding the importance of Mt Gambier air services to the provision of Health Services.

It is worth reminding all levels of Government, senior health officials and the broader local community of the following facts:

1. **Worldwide pilot shortage.** Australia, together with the rest of the world, is in the throes of a crippling pilot shortage. All carriers are forced to resort to reductions/cancellations to cope with the shortage. Here is a sample of the public announcements commenting on nation-wide pilot shortage challenges:

<https://www.theaustralian.com.au/business/aviation/qantaslink-in-plea-for-foreign-pilots-to-stay-for-five-years/news-story/555a80b35b1b6d836f20ddf261622602?login=1>

<http://www.couriermail.com.au/business/companies/acc-looks-for-answers-from-qantas-jetstar-virgin-australia-and-tigerair-over-cancellation-surge/news-story/aa76dbd0620ff39f8f4db54779e76d07>

<http://www.abc.net.au/news/2017-11-24/qantaslink-cuts-flight-numbers-to-fix-reliability/9185290>

<http://www.abc.net.au/news/2018-01-16/airnorth-cancels-flights-amid-global-pilot-shortage/9332260>

<https://www.thechronicle.com.au/news/airnorth-pickle-over-pilots/3312583/>

<http://www.northerndailyleader.com.au/story/5182145/almost-50-sydney-flights-cancelled-in-three-months/>

<https://www.theguardian.com/australia-news/2017/dec/28/pilot-shortage-australia-to-relax-visa-laws-to-attract-foreign-flyers>

<https://www.reuters.com/article/us-australia-airlines-pilots/outback-australians-grounded-as-pilot-crisis-worsens-idUSKBN1F73AM>

<http://www.dailyadvertiser.com.au/story/5144132/rex-calls-for-urgent-visa-reform-to-stem-critical-pilot-shortage/>

<http://www.sunraysiaadaily.com.au/story/5147348/rex-sounds-pilot-shortage-warning/>

<http://www.news.com.au/finance/business/breaking-news/qantas-plans-academy-amid-pilot-shortage/news-story/33e432d1e926d846e9d9fa53e842b30c>

<https://www.theherald.com.au/story/5386534/pilot-shortage-hits-rfcs-in-outback-qld/>

<http://australianaviation.com.au/2018/04/pilot-training-in-the-spotlight/>

<https://www.9news.com.au/national/2018/04/24/15/15/aussie-pilots-shortage-australian-aviation-industry-destroyed-dick-smith>

<https://www.frasercoastchronicle.com.au/news/passenger-numbers-dwindle-at-fraser-coasts-airport/3410668/>

<http://www.abc.net.au/news/2018-03-29/qantas-calls-for-visa-extensions-critical-pilot-shortage/9600408>

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2. Reliability of services. As a direct consequence of the severe pilot shortage, the reliability of all carriers has deteriorated significantly. As we can see from the following comparative table of the On Time Departures and Cancellation rates (based on statistics published by the Bureau of Infrastructure, Transport and Regional Economics) Rex is the most reliable regional carrier and its cancellation rate is almost half of the other major regional carriers.

Airline	On Time Departure (%) YTD & Rankings		Cancellation Rate (%) YTD & Rankings	
	2017/18 %	2017/18 YTD	2017/18 %	2017/18 YTD
Rex Regional Express	84.25	1	1.4	1
QANTASLINK	83.74	2	2.67	2
Virgin australia regional	82.70	3	2.73	3

3. Need for competition. Contrary to popular folklore, competition in regional aviation can be particularly detrimental for all the smaller routes of less than 100,000 passengers a year. Rex's vast experience has shown that in fact competition in smaller routes can destroy efficiencies and result in higher airfares and lower profits (or bigger losses) for all concerned as well as a reduction of real frequencies. A case in point is the Port Lincoln to Adelaide route, the largest intrastate passenger route in South Australia. Prior to the entry of QantasLink (QL), Rex was servicing the port with up to 10 return flights per day. After QL's entry, Rex now has only 6-7 returns a day and the average Rex airfare is 30% higher (although still significantly below the QL level) than what it was before QL's entry 8 years ago. This is because the excess capacity thrown in the route has resulted in lower load factor for both carriers and higher average fares are required to compensate for this. The end result is negative for everyone – the community has fewer real schedule choices (QL's 3-4 returns essentially mirrors Rex's schedules), the passenger has to pay higher ticket price while the carriers see their profit margins at barely sustainable levels. The Adelaide to Port Lincoln route has around 175,000 total annual passengers.

As an airline that is solely dedicated to the provision of regional air services to 60 ports across all States of Australia, Rex understands that it is never pleasant to have travel plans disrupted. However local Mt Gambier community needs to understand that Mt Gambier cannot be sheltered from a phenomenon that affects all regional ports in Australia. Rex is the only major Australian carrier that has invested heavily in its future pilot needs by establishing the Australian Airline Pilot Academy (AAPA) at a cost of nearly \$30 M and training its own pilots. We believe that we have been very unfairly criticised for an outcome that has been caused by the lack of foresight and commitment by both Qantas and Virgin Australia to responsibly manage the pilot demand. They simply resort to pillaging the stock of regional pilots whenever they face a crunch and Rex gets the brunt of it as our pilots are one of the best trained.





Rex is undeniably the best regional carrier in Australia with its network average fare rising by only 1.1% per year over the past 15 years and with its reliability being consistently one of the best – even during challenging periods like what we are experiencing right now. In spite of this, local officials continue to target Rex whenever they feel the need for political grandstanding.

Given the amount of unfair criticisms levelled at Rex by local officials, Rex has decided to scale back its services between Mt Gambier and Adelaide to better utilise the very scarce resources. Details of the changes will be announced shortly.

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