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## MEDIA RELEASE

### REX SUPPORTS SENATE REPORT INTO THE OPERATION, REGULATION AND FUNDING OF AIR ROUTE SERVICE DELIVERY TO RURAL AND REMOTE COMMUNITIES

Regional Express (Rex) supports the Senate report into the operation, regulation and funding of air route service delivery to rural and remote communities released on 7 June 2019. The Rural and Regional Affairs and Transport References Committee made nine recommendations (refer to Annex A) addressing the key issues faced by airlines in delivering sustainable, effective and affordable aviation services to rural, regional and remote communities.

Rex provided comprehensive feedback to the Committee in written submissions and to a public hearing held in Mount Gambier on 24 July 2018 and is pleased that the Senate Committee has adopted most of its recommendations and positions, inter alia:

- Competition on thin regional air routes could have a very negative impact on the sustainability of the air services and a properly constructed regulated environment could bring about the best economic outcome for the local community, the carrier and the airport owner (Recommendations 1 and 8);
- Airport taxes and charges imposed by greedy and myopic local councils could end up destroying the air service and there should be a regulated environment to reign in the excesses (Recommendation 2);
- The Commonwealth should not only fund the set-up costs for the new security equipment to be implemented at regional airports but should also fund the on-going costs of operating such equipment (Recommendations 4 and 5);
- Rex pioneered the revolutionary Community-Fare scheme for regional air services and is gratified that the Committee calls for this approach to be generalised across all services (Recommendation 9).

Since Rex's inception in 2002, over 20 regional carriers have collapsed. The recommendations of the Committee are both timely and sensible and Rex calls on the Federal Government to implement the recommended measures urgently before regional air services get further decimated.

**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 60 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) and the **Australian Airline Pilot Academy**.

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## List of recommendations

### Recommendation 1

**10.36** The committee recommends that the Australian Government direct the Productivity Commission to undertake a standalone, public inquiry into the determinants of domestic airfares on routes to and between regional centres in Australia. The inquiry should, via a detailed economic analysis, investigate the feasibility of increasing operational subsidies and introducing other price control alternatives to address the high cost of regional airfares. The inquiry should consult with regional communities to determine whether additional routes should be subject to regulation. The Productivity Commission should use its compulsory information-gathering powers to inform its investigations.

### Recommendation 2

**10.37** The committee recommends that the Australian Government direct the Productivity Commission to expand its terms of reference in all future reports into the economic regulation of airports, to include investigations into the social and economic impacts of air route supply and airfare pricing on rural, regional and remote Australia.

### Recommendation 3

**10.63** The committee recommends that the Australian Government, through the Council of Australian Governments, review the efficacy of Western Australia's Strategic Airport Asset and Financial Management Framework in 2022, in accordance with the suggestion of the Productivity Commission. The Government should assess the efficacy of the Framework and determine its suitability for application across all jurisdictions.

### Recommendation 4

**10.74** The committee recommends that the Australian Government complete, as a matter of priority, a financial analysis to determine the ongoing operational, maintenance and staffing costs of proposed passenger security screening enhancements at regional airports, as announced in the 2018–19 Budget. The analysis should further consider ongoing security costs at regional airports more broadly.

### Recommendation 5

**10.75** The committee recommends that following a financial analysis into the ongoing costs of the provision of security screening at regional airports, the Australian Government consider providing ongoing financial assistance to those regional airports which have been identified as requiring passenger security screening enhancements as part of the 2018–19 Budget, where required.

### Recommendation 6

**10.86** The committee recommends that over the forward estimates, the Australian Government ensure the ongoing operation and funding of the Regional Aviation Access Programme and its component programs (the Remote Airstrip Upgrade Programme, Remote Air Services Subsidy Scheme and the Remote Aerodrome Inspection Programme).

## Recommendation 7

**10.87** The committee recommends that the Australian Government undertake a review into the funding of regional and remote aerodrome infrastructure and maintenance, to ascertain whether financial support to such aerodromes should be increased, and whether the current grants programs are the best means of financial assistance. Local councils, as airport operators, should be consulted as part of the review to determine the annual financial impact on councils of aerodrome operation and maintenance.

## Recommendation 8

**10.96** The committee recommends the Transport Ministers of the Council of Australian Governments develop a nationally consistent framework for the tender process, implementation, operation and review of regulated routes in each jurisdiction. The framework should have a particular focus on improving the overall transparency of the operation of regulated routes. In developing the framework, affected communities should be consulted, particularly in jurisdictions where regulated routes are identified as being beneficial to the provision of regional air services.

## Recommendation 9

**10.105** The committee recommends the Transport Ministers of the Council of Australian Governments develop a nationally consistent framework which, by leveraging each state's purchasing power, aims to expand access for regional communities to initiatives such as community and compassionate fares, particularly for 'last minute' flights. The framework, which should be developed in consultation with airlines, should encourage greater transparency around the operation of such fares, and consider the feasibility of allowing residents in regional, rural and remote areas to access subsidised airfares through online purchasing.

