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MEDIA RELEASE

REX CALLS ON ACCC TO REOPEN INVESTIGATIONS ON QANTAS

Qantas' announcements on 20 and 22 July about its intention to suspend and cancel operations on both the Melbourne-Wagga Wagga and Melbourne-Mount Gambier routes respectively due to a lack of aircraft and patronage clearly demonstrate Qantas' true intentions when it entered into these and other uneconomical regional routes to compete with Rex.

As early as December 2020, Rex had already warned the public and the regulators:

"Rex has grave concerns that Qantas is embarking on an opportunistic strategy of flooding the regional airline market with additional excess capacity to eliminate weaker regional competitors, which will have devastating long term impacts on regional aviation. History has shown that once regional airlines are squeezed out, the loss is permanent and regional and rural communities suffer the consequences."

The Rex Board had to decide if it should retreat from regional services since they were no longer commercially viable due to Qantas actions. The Rex Board decided to meet Qantas' predatory actions with resolute determination. Instead of retreating, Rex [increased services significantly](#) on regional routes with larger passenger numbers in competition with Qantas. Rex has also [taken delivery of more aircraft](#) to compete on new routes against Qantas.

Seeing that its predatory behaviour was not having the desired effect, Qantas now realises that its massive losses compounded by startling operational incompetence make it no longer sustainable to continue bleeding cash on these marginal regional routes. Rex predicts that the two recent exits will be followed by more exits from other marginal routes that Qantas entered purely with the intention of destabilising Rex in its traditional regional market as a punishment for entering the domestic market.

The ACCC spent several months investigating Qantas' predatory behaviour but did not take further action in light of the complication of COVID-related border closures at that time. Now that the complication of border closures no longer provides a convenient excuse for Qantas and that its true intentions have been exposed, Rex calls on the ACCC to reopen its enforcement actions on Qantas.

Large corporations should not be allowed to get away with breaking the law and callously causing colossal collateral damage to regional communities. Many regional towns and cities that used to enjoy impeccable services from Rex, many for 20 years and longer through Rex's founding airlines Kendell and Hazelton, were pawns sacrificed to Qantas' predatory moves. It is truly unconscionable that Qantas, having received close to \$2 billion in government assistance to save it from collapse, could embark on these money-losing predatory actions using taxpayers' money that end up destroying the lifeline of so many regional towns and cities.

Rex is Australia's largest independent regional and domestic airline operating a fleet of 61 Saab 340 and six Boeing 737-800NG aircraft to 58 destinations throughout all states in Australia. In addition to the airline Rex, the Rex Group comprises wholly owned subsidiaries Pel-Air Aviation (air freight, aeromedical and charter operator), the Australian Airline Pilot Academy with campuses in Wagga Wagga and Ballarat, and propeller maintenance organisation, Australian Aerospace Propeller Maintenance.

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