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## MEDIA RELEASE

### REX STATES POSITION ON COMPETITION

In response to media requests to respond to speculation that a small local airline is intending to mount regional services to Griffith, Mildura, Broken Hill, Dubbo etc, Rex puts on record its position with regard to competition:

1. Several studies and a decade of experience have demonstrated that only routes with over 100,000 annual passengers can viably sustain competition with aircraft type of around 30 seats. In our network we have seen numerous cases of competition for smaller routes like Adelaide - Mount Gambier (70,000 passengers), Melbourne - Burnie (90,000 passengers), Sydney - Armidale (90,000 passengers) where eventually after a period of intense competition one of the carriers withdraws often at a high cost to both carriers during the period of head-to-head competition.
2. None of the intended routes mentioned in the articles and currently serviced by Rex have close to 100,000 passengers per annum.
3. Competition is good only if it is sustainable. Where the market is too small for competition, then competition will only lead to losses for all competitors and has no long-term benefit for the community. In extreme cases, both carriers are mortally wounded by the competition and both may collapse.
4. The use of small jets (70 seats and below) for thin regional routes in Australia has ended in massive losses for the operators concerned. We think today's environment is even more hostile with the high cost of fuel and the added burden of security screening charges.

In conclusion, Rex welcomes competition that is well-founded on economic viability and will benefit the long-term interests of the community. However Rex will not allow itself to be forced out of communities it has served well with sustainable pricing and long term commitment. Rex has faced such challenges before from the main carriers and has stood its ground to this day.

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 40 Saab 340 aircraft on some 1,300 weekly flights to 35 destinations throughout New South Wales, Victoria, Tasmania, South Australia and Queensland. The Rex Group comprises Regional Express, air freight and charter operator Pel-Air Aviation and Dubbo-based regional airline Air Link, as well as the pilot academy Australian Airline Pilot Academy.

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