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MEDIA RELEASE

REX CALLS ON GOVERNMENT TO REGULATE REGIONAL AIRPORTS

Regional Express (Rex) today calls urgently on the Turnbull Government to regulate regional airports following many instances of local Government (council) attempts to increase regional airport charges by ridiculous amounts.

Rex's Chief Operating Officer, Mr Neville Howell said that many local councils treat their airport revenues as convenient cash cows to cover up for excesses and abuses in other parts of councils' finances. This is especially because air travel has traditionally been viewed as reserved for the privileged few.

He said, "In the most recent example, in August this year Wagga Wagga City Council tabled for public submission a proposal to raise the passenger head tax by 35%, thereby increasing the costs to the regional operators by \$760,000 in a year. This would bring their passenger head tax revenue from \$2.21 million a year to \$2.97 million a year. In its haste to get its hands on the extra money, the increase was to be imposed on the day following the public submission close date, making a complete mockery out of the public consultation process."

"Rex services more than 50 regional airports and 65% of these receive less than \$500,000 annual revenue. Our experience with regional airports shows that a regional airport typically requires \$500,000 - \$700,000 per year for its operational budget with another \$200,000 needed for the sinking fund."

"These numbers go to show the magnitude of either the greed or incompetence of Wagga Wagga City Council. Wagga Wagga airport's head tax revenue has increased by a compounded 5% a year for the past decade and the council still felt the need to make a grab for an additional \$760,000 a year in its August initiative. In comparison, Rex's average fare growth over the past 10 years is less than the CPI."

Mr Howell continued, "This is by no means an isolated incident. In June this year the King Island Council similarly notified Rex of a 77% increase in airport charges, and the District Council of Grant (who operate Mount Gambier airport) increased its head tax in 2010 by a whopping 46% a year. All these gouging attempts took place despite having annual revenue increases that are several multiples of the CPI."

"In their myopic approach, the local councils have forgotten the critical role that regional air services play in providing their constituents with easy access to medical, educational and government facilities only available in the capital cities. Without regional air services, professionals and industries will not relocate to regional cities and this will inevitably cause the cities to go into terminal economic downward spiral."

"In today's continued very difficult environment, local councils should be very grateful for their regular and reliable regional air services instead of trying to gouge the airlines and their passengers for more and more money. Rex itself has faced eight years (bar one) of continuous and steep declines of operating profits, and its profits today have fallen by 400% compared to 8 years ago. Most of the routes on its network are marginally profitable with a few that are not profitable."

Regional Express

“The irresponsible decisions of the local councils are threatening to kill the goose that lays its golden eggs and will inevitably lead to degraded air services or no air services in some cases.”

Mr Howell said, “Rex calls on the government to mandate the Australian Competition and Consumer Commission to enforce regulation on regional airports so that local councils are forced to be accountable for their management of their critical airport assets which were gifted by the Federal Government in the first place.”

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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