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MEDIA RELEASE

REX CALLS ON FEDERAL AND STATE GOVERNMENTS TO BE DISCERNING IN FUNDING FOR REGIONAL AIRPORT REFURBISHMENTS

As Australia's largest independent Regional Airline operating a fleet of 57 Saab 340 aircraft to 60 destinations across all states of Australia, Regional Express (Rex) has a great deal of experience and knowledge in the economic dynamics required to make regional air services viable.

The majority of Rex's 1.2M passengers carried each year rely heavily upon the reliable and safe air service provided by Rex, offering a means to connect between regional Australia and the capital cities. With some 1500 flights operated each week, these air services form a critical part of the local infrastructure required to support the socio-economic needs of regional and remote communities.

Rex has always demonstrated a responsible and considered approach to operating within the challenging regional aviation sector by growing passenger numbers, keeping fares affordable, focusing on operating efficiencies, delivering strong reliability and providing a high quality service to its regional customers. Since 2002/03 the average Rex ticket price has only increased by 1.1% per annum, which is testament to Rex's commitment to provide affordable airfares.

Despite this modest increase in the average ticket price over the past 16 years, Rex has seen its operating costs increase significantly, particularly with the costs imposed by Local Government for the essential use of regional airports.

The most significant factor contributing to the escalating airport charges has come about by irresponsible and grandiose spending on regional airports to construct excessive facilities that provide no meaningful improvement to the air service, but add significantly to the operating costs as well as increasing significantly the annual depreciation expense which is then charged back to the airline through increased airport charges. Such regional airport upgrades are often facilitated using Federal or State Government funding and they result in the perverse effect of making regional air travel more expensive which directly threatens the viability of essential regional air services.

Rex calls on the Federal and State Governments to be discerning in its funding to regional airports and pay close consideration to the economic justification, including the impact of increased head tax that follows. It is indeed disappointing to see that the majority of the government subsidies for regional airport refurbishment are granted without any inputs from the only carrier which services the airport and this has often resulted in the carrier withdrawing all or part of its services when the airport charges become unviable economically. All disbursement of tax payer's money for subsidies should only be made with inputs from all the significant stakeholders and in the case of regional airports, this should include the regional carrier(s) servicing the airport.

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), **Air Link** (Dubbo-based regional airline) and the **Australian Airline Pilot Academy**.

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