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Regional Express rejects Minister's criticism

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Irked by a succession of criticisms emanating from Minister Albanese, regional operator Rex has struck back with venom.

Rex chairman Lim Kim Hai said that "The Minister has publicly levelled several false accusations against Rex and it behoves the Rex board to set the public record straight for the benefit of its stakeholders and the public".

The main point of disagreement has been the Government's attack on the en-route scheme which has provided subsidies to support routes - but there are other issues.

Rex says that it has engaged more than once with the Minister's office to try for constructive dialogue, but has been frustrated at every attempt.

The most powerful part of Rex's rebuttal is a summary of the threat scenario:

Rex says that, "Regional aviation in Australia is already extremely fragile with 8 regional airlines going out of business since 2003.

"In addition the Government's own Aviation White Paper quotes the number of regional airlines falling from 53 to 27 between 1984 and 2008.

"Rex has given the Minister a complete briefing on the 6 major threats to regional aviation, 5 of which emanate from government policy.

"The cumulative impost of these 6 threats could amount to \$6m a year for Rex alone (equivalent to Qantas having an additional annual expense of \$400m).

"Qantas, Jetstar and Virgin would all be heavily loss making if they had to face an additional burden proportionally equivalent to that which the Federal Government is threatening to impose on regional aviation.

"The withdrawal of the en-route scheme will result in over \$2m additional cost per year for Rex and the most marginal routes will have to be dropped to preserve the Company's viability.

"Similarly when the government proceeds with other cost incurring measures like the carbon tax more routes may need to be exited."

There can be no doubt that regional airlines such as Rex will be particularly vulnerable to any carbon tax imposition; and a loss of subsidies will inevitably lead to cutting routes.

Is this the vision we expected from the White Paper?