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MEDIA RELEASE

REX STATES POSITION ON GOVERNMENT DEBT GUARANTEE FOR QANTAS

Regional Express (Rex) today stated its position on the proposed plan by the Treasurer, the Hon Joe Hockey MP, to provide a sovereign guarantee on Qantas' debts and on matters relating to Qantas' financial predicaments.

1. Providing a level playing field for Qantas

Rex shares the position of the Regional Aviation Association of Australia (RAAA) that a level playing field should be the rule in the private sector. Rex believes that the Qantas Sale Act no longer serves any practical purposes and should be repealed by Parliament.

2. Providing a debt guarantee prior to the repeal of the Act

A debt guarantee to Qantas would create an uneven playing field with regards to regional carriers. In fact, guaranteeing Qantas' debts would place regional airlines in exactly the same position as Qantas claims to be in now, only worse, as regionals would be facing two so-called "government-backed" airlines (using the Treasurer's term) as competitors. Regional carriers are suffering from little or no appetite from financial institutions to extend credit in today's toxic aviation environment, and do not have recourse to capital from foreign investors or State-owned enterprises. Rex has announced a \$50 million capital expenditure budget for this financial year and requires partial financing for this.

As such, for the same reasons that the Qantas Sale Act should be repealed, the debt guarantee should be extended to all regional carriers if extended to Qantas. It is worth pointing out that when the GFC struck, the then Labor Government provided debt guarantees across all financial institutions to avoid distorting the market and providing an unfair advantage to some at the expense of others.

3. Service to the nation

It has been put forward that Qantas should be given special consideration due to its contribution to the nation.

Rex finds this an insult to all other carriers. Qantas is not alone in supporting the nation. Rex has serviced the bush faithfully for the past decade since it was founded, with great distinction, reliability and safety in spite of very trying circumstances. The company has supported many worthy causes, community events and individuals in regional Australia, over that period. Qantas has always maintained that every one of its domestic/regional routes is profitable which means that Qantas has not gone out of its way to service the community, unless they can make money out of it.

4. Loss of essential regional services

Both Virgin Australia and Qantas have raised the spectre of withdrawal/reduction of regional services if they do not get their way.

The Federal Government should not be making decisions on the assumption that these two carriers are the only viable providers for regional air services. Rex, by virtue of its superior financial performance and operational efficiency, is consistently benchmarked internationally as one of the two best regional carriers worldwide and stands ready to do its best to fill the void if the major carriers leave a regional city without a service.

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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