

16 SEPTEMBER 2019

MEDIA RELEASE

REX REBUKES THE AAA FOR ITS HYPOCRITICAL ACCUSATIONS

Responding to the Australian Airports Association's (AAA) call for an end to airline secrecy to high regional airfares, Regional Express (Rex) says that the AAA is being hypocritical as its own members have never disclosed its basis for the astronomical head taxes they impose which in some cases can amount to over \$50 for a one-hour flight.

Rex, as the carrier with the largest network of regional and rural routes in Australia, is proud of its record on fare affordability and has been singled out and praised repeatedly on this front both by the Federal Government Senate Committee report of 7 June 2019, as well as by the Western Australian State Government Standing Committee report into Regional Airfares in November 2017. In fact, Rex's Community Fare Scheme, an initiative invented by Rex over three years ago, was highly commended by the Senate Committee and was recommended by this Committee for other airlines to emulate.

On 30 July 2019, Rex added 23 Queensland regional and rural communities to its Community Fare Scheme, making a total of 38 regional communities nationwide that now have access to very affordable fares which are readily accessible to all.

Since Rex's inception in 2002, its average ticket price has only increased at a rate of 1.2% per year, much lower than inflation, which means that its fares have been decreasing in real terms. Rex's average net profit per passenger for a 400km flight of around one hour is less than \$14 which is lower than a cab driver's profit for a one-hour ride.

On the other hand, the AAA would do well to examine itself to see if its members are gouging the local community by their exorbitant airport head taxes. Many regional airports are reaping in between \$1 million to \$3 million of head tax revenue when the efficient cost of maintaining a regional airport is about \$600,000 per year (which is already more than what 75% of the airports on Rex's network are receiving each year). This means that regional passengers to some of the communities like Dubbo are paying millions of dollars extra every year for their air tickets.

Attached are two Media Releases relevant to the subject matter.

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, aeromedical and charter operator) and the **Australian Airline Pilot Academy**.

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30 JULY 2019

MEDIA RELEASE

REX ANNOUNCES COMMUNITY FARE FOR REMOTE AND OUTBACK QUEENSLAND

Regional Express (Rex) has today announced the introduction of the highly successful Rex Community Fare scheme throughout remote and outback Queensland. The Rex Community Fare scheme will be made available to 23 Queensland (QLD) communities across the Rex operated Western 1 and 2 routes from Brisbane, the Northern 1 and 2 routes from Townsville and the Gulf route from Cairns.

In addition to the Community Fare linking remote and outback QLD with Brisbane, Townsville and Cairns, the discounted fare will also be offered between the regional communities resulting in more than 70 different fare combinations throughout the State. The Community Fare will be available outside of 60 days prior to departure subject to Community Fare availability in addition to all remaining unsold seats within 24 hours prior to departure being made available as Community Fares. The QLD Community Fare will initially be operated under a six month trial for sales and travel from August 2019 until January 2020. *Please refer to Annex A for the fare levels to/from Brisbane, Townsville, Cairns and Mount Isa.*

The Federal Senate report that was released on the 7th of June 2019 into the operation, regulation and funding of air route service delivery to rural and remote communities gave high praise to the Rex Community Fare scheme. The Rural and Regional Affairs and Transport References Committee made nine recommendations in the report, with the ninth recommendation calling for the community fare approach to be generalised across more regional air services to make last-minute travel more affordable.

Warrick Lodge, Rex General Manager Network Strategy & Sales said, "Rex pioneered the revolutionary Community-Fare scheme for regional air services, and we are very pleased to be expanding the scheme throughout remote and outback QLD with many communities doing it tough due to the prolonged drought conditions".

"I would like to thank Brisbane Airport Corporation, Toowoomba Wellcamp Airport and a number of the smaller regional airports for supporting the introduction of the Rex Community Fare throughout remote and outback QLD with varied incentive type arrangements that are designed to mutually benefit the airport, the airline and the communities. Without this partnership approach between the airline and the airports, the introduction of the Rex Community Fare throughout QLD would not be possible".

Transport and Main Roads Minister, Mark Bailey, welcomed the announcement, saying it was another boost for regional communities during the Year of Outback Tourism.

"The Palaszczuk Government already works closely with operators like Rex to offer affordable travel options for regional Queenslanders through our local fare scheme and regulated air routes," Mr Bailey said.

"Programs like this by the business community, add to the \$14.5 billion we're delivering in roads and transport for regional Queensland, supporting communities by connecting them."

The Rex Community Fare (Rex Promo) is available for purchase via www.rex.com.au.

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Annex A

Rex Community Fare Levels to/from Brisbane, Townsville, Cairns and Mount Isa

Between Brisbane and:	Previous Best Fare	Rex Community Fare
Wellcamp	\$152.00	\$119.00
St George	\$213.00	\$155.00
Cunnamulla	\$255.00	\$185.00
Thargomindah	\$279.00	\$199.00
Charleville	\$242.00	\$179.00
Quilpie	\$256.00	\$185.00
Windorah	\$299.00	\$219.00
Birdsville	\$350.00	\$249.00
Bedourie	\$355.00	\$255.00
Boulia	\$366.00	\$260.00
Mount Isa	\$399.00	\$299.00

Between Townsville and:	Previous Best Fare	Community Fare
Winton	\$207.00	\$149.00
Longreach	\$231.00	\$179.00
Hughenden	\$161.00	\$119.00
Richmond	\$186.00	\$135.00
Julia Creek	\$225.00	\$163.00
Mount Isa	\$309.00	\$199.00

Between Cairns and:	Previous Best Fare	Community Fare
Normanton	\$274.00	\$209.00
Karumba	\$274.00	\$209.00
Burketown	\$318.00	\$239.00
Doomadgee	\$341.00	\$249.00
Mount Isa	\$274.00	\$199.00*

Note * direct non-stop services only

Between Mount Isa and:	Previous Best Fare	Community Fare
Boulia	\$135.00	\$109.00
Bedourie	\$179.00	\$139.00
Birdsville	\$235.00	\$179.00
Julia Creek	\$125.00	\$109.00
Richmond	\$146.00	\$129.00
Hughenden	\$202.00	\$155.00
Doomadgee	\$213.00	\$165.00
Burketown	\$218.00	\$165.00

13 JUNE 2019

MEDIA RELEASE

REX SUPPORTS SENATE REPORT INTO THE OPERATION, REGULATION AND FUNDING OF AIR ROUTE SERVICE DELIVERY TO RURAL AND REMOTE COMMUNITIES

Regional Express (Rex) supports the Senate report into the operation, regulation and funding of air route service delivery to rural and remote communities released on 7 June 2019. The Rural and Regional Affairs and Transport References Committee made nine recommendations (refer to Annex A) addressing the key issues faced by airlines in delivering sustainable, effective and affordable aviation services to rural, regional and remote communities.

Rex provided comprehensive feedback to the Committee in written submissions and to a public hearing held in Mount Gambier on 24 July 2018 and is pleased that the Senate Committee has adopted most of its recommendations and positions, inter alia:

- Competition on thin regional air routes could have a very negative impact on the sustainability of the air services and a properly constructed regulated environment could bring about the best economic outcome for the local community, the carrier and the airport owner (Recommendations 1 and 8);
- Airport taxes and charges imposed by greedy and myopic local councils could end up destroying the air service and there should be a regulated environment to reign in the excesses (Recommendation 2);
- The Commonwealth should not only fund the set-up costs for the new security equipment to be implemented at regional airports but should also fund the on-going costs of operating such equipment (Recommendations 4 and 5);
- Rex pioneered the revolutionary Community-Fare scheme for regional air services and is gratified that the Committee calls for this approach to be generalised across all services (Recommendation 9).

Since Rex's inception in 2002, over 20 regional carriers have collapsed. The recommendations of the Committee are both timely and sensible and Rex calls on the Federal Government to implement the recommended measures urgently before regional air services get further decimated.

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List of recommendations

Recommendation 1

10.36 The committee recommends that the Australian Government direct the Productivity Commission to undertake a standalone, public inquiry into the determinants of domestic airfares on routes to and between regional centres in Australia. The inquiry should, via a detailed economic analysis, investigate the feasibility of increasing operational subsidies and introducing other price control alternatives to address the high cost of regional airfares. The inquiry should consult with regional communities to determine whether additional routes should be subject to regulation. The Productivity Commission should use its compulsory information-gathering powers to inform its investigations.

Recommendation 2

10.37 The committee recommends that the Australian Government direct the Productivity Commission to expand its terms of reference in all future reports into the economic regulation of airports, to include investigations into the social and economic impacts of air route supply and airfare pricing on rural, regional and remote Australia.

Recommendation 3

10.63 The committee recommends that the Australian Government, through the Council of Australian Governments, review the efficacy of Western Australia's Strategic Airport Asset and Financial Management Framework in 2022, in accordance with the suggestion of the Productivity Commission. The Government should assess the efficacy of the Framework and determine its suitability for application across all jurisdictions.

Recommendation 4

10.74 The committee recommends that the Australian Government complete, as a matter of priority, a financial analysis to determine the ongoing operational, maintenance and staffing costs of proposed passenger security screening enhancements at regional airports, as announced in the 2018–19 Budget. The analysis should further consider ongoing security costs at regional airports more broadly.

Recommendation 5

10.75 The committee recommends that following a financial analysis into the ongoing costs of the provision of security screening at regional airports, the Australian Government consider providing ongoing financial assistance to those regional airports which have been identified as requiring passenger security screening enhancements as part of the 2018–19 Budget, where required.

Recommendation 6

10.86 The committee recommends that over the forward estimates, the Australian Government ensure the ongoing operation and funding of the Regional Aviation Access Programme and its component programs (the Remote Airstrip Upgrade Programme, Remote Air Services Subsidy Scheme and the Remote Aerodrome Inspection Programme).

Recommendation 7

10.87 The committee recommends that the Australian Government undertake a review into the funding of regional and remote aerodrome infrastructure and maintenance, to ascertain whether financial support to such aerodromes should be increased, and whether the current grants programs are the best means of financial assistance. Local councils, as airport operators, should be consulted as part of the review to determine the annual financial impact on councils of aerodrome operation and maintenance.

Recommendation 8

10.96 The committee recommends the Transport Ministers of the Council of Australian Governments develop a nationally consistent framework for the tender process, implementation, operation and review of regulated routes in each jurisdiction. The framework should have a particular focus on improving the overall transparency of the operation of regulated routes. In developing the framework, affected communities should be consulted, particularly in jurisdictions where regulated routes are identified as being beneficial to the provision of regional air services.

Recommendation 9

10.105 The committee recommends the Transport Ministers of the Council of Australian Governments develop a nationally consistent framework which, by leveraging each state's purchasing power, aims to expand access for regional communities to initiatives such as community and compassionate fares, particularly for 'last minute' flights. The framework, which should be developed in consultation with airlines, should encourage greater transparency around the operation of such fares, and consider the feasibility of allowing residents in regional, rural and remote areas to access subsidised airfares through online purchasing.

