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MEDIA RELEASE

REX CALLS ON FEDERAL GOVERNMENT TO CEASE ALL FUNDING FOR QANTAS

Rex has grave concerns that Qantas is embarking on an opportunistic strategy of flooding the regional airline market with additional excess capacity to eliminate weaker regional competitors, which will have devastating long term impacts on regional aviation. History has shown that once regional airlines are squeezed out, the loss is permanent and regional and rural communities suffer the consequences.

Qantas is choosing to incur huge losses on these routes, using Commonwealth government subsidies to finance a strategy that will destroy incumbent regional operators. A case in point is its foray into the Sydney – Orange market, which is barely big enough for one operator, with a pre-Covid patronage of 65,000 annual passengers. Since its start of operations on 20 July 2020, at the height of the pandemic in Australia, it managed an average of only 10 passengers per flight, even for only 2 return services a week!

Some of the other thin regional routes that Qantas has started or has announced that it intends to start are:

Routes	Annual Passengers (pre-Covid)
Adelaide – Kangaroo island	41,000
Sydney – Merimbula	36,000
Melbourne – Mount Gambier	36,000
Adelaide - Mildura	5,500

It is clear that Qantas is very worried about Rex's entry into the domestic market as it is well aware of Rex's superior efficiencies and on-time performance. Qantas is trying to weaken Rex by attacking its profitable regional operations even at the cost of heavy losses for itself.

Rex believes these actions are clearly anti-competitive and particularly unconscionable at a time when Qantas is receiving almost one billion dollars of Federal assistance, while laying off thousands of workers under the pretext of reducing losses.

Rex calls on the Federal Government to cease all grants to Qantas if it persists with this opportunistic behaviour. The ACCC has been alerted to these actions and we now call on the Federal Government to issue a second Direction to the ACCC to provide it with more specific powers that will protect new entry and expansion, and that will bring greater competition to the domestic market at a time when the aviation industry is particularly vulnerable to aggressive behaviour that entrenches the market power of the dominant carrier.

The Federal Government should be aware that Qantas' actions will have a long-term negative impact on regional aviation. Unlike Rex, which has a long track record of providing a sustainable air service to regional and remote communities around Australia, Qantas is well known for quickly dropping a route once it no longer serves its strategic objectives. If Qantas succeeds in driving Rex away from these routes, there is every possibility they will never have a regional service again when they are no longer relevant to Qantas.

Rex is Australia's largest independent regional and domestic airline operating a fleet of 60 Saab 340 aircraft (pre-COVID) on 1,500 weekly flights to 59 destinations throughout all states in Australia. Rex will begin its domestic services with six 737-800 aircraft in March 2021. In addition to the airline **Rex**, the **Rex Group** comprises wholly owned subsidiaries **Pel-Air Aviation** (air



freight, aeromedical and charter operator) and the two pilot academies **Australian Airline Pilot Academy** in Wagga Wagga and Ballarat.

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