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## MEDIA RELEASE

### REX GROUP DEPLORES TRANSPORT FOR NSW'S STATEMENT

The Regional Express (Rex) Group has today castigated statements made by Transport for NSW that relate to Rex's wholly owned subsidiary, Air Link not proceeding with the interim route licences (expiring 21 March 2014) for the Cobar to Sydney and Mudgee to Sydney routes due to a one-month delay by Transport for NSW in awarding the non-exclusive interim licences.

On 19 December 2013, Transport for NSW revoked the exclusive NSW intrastate route licences that were previously held by Brindabella Airlines for the Moree, Narrabri, Cobar, Cooma and Mudgee to Sydney routes. The next day it announced that it was opening up applications for interim non-exclusive licences, the same day that it announced that QantasLink was awarded the interim licence for Moree. The timing of the announcements strongly suggest irregularities and favouritism in the awarding of the licence for Moree and is reminiscent of the 2007 tender process for the Moree licensed route when Rex's confidential submission to Transport for NSW was leaked by someone to QantasLink and made use of by the latter.

Air Link submitted an application to provide interim services to Cobar and Mudgee on 2 January 2014. As part of this application, Air Link nominated a commencement date of 24 February 2014 on the strength of the public comments of Transport for NSW that it would make a quick decision. Where it took less than a day to award the interim licence to QantasLink, it took Transport for NSW four weeks (30 January 2014) to award Air Link. There does not appear to be any other applicant for these two routes.

General Manager Network Strategy & Sales for the Rex Group Mr Warrick Lodge said, "I can see no good reason why the non-exclusive interim licences for Cobar and Mudgee could not have been granted to Air Link within a day of Air Link's application. This should have been a straight forward process given the non-exclusivity of the licence, the short tenure of the licence, the Rex Group being a publicly listed company, and the fact that Rex made more money than the entire Qantas group for the past two financial years."

"Having taken over a month for a simple decision, Transport for NSW has the gall to criticise Rex for no longer wanting to proceed with the interim services to commence on 24 February 2014. Just the pilot rosters alone require six weeks' advance notice, not to mention the myriad of issues to be confirmed, such as ground handling contracts, distribution networks and regulatory clearances, as well as needing an adequate ticket sales window" Mr Lodge said.

"Transport for NSW is largely responsible to a major portion of the creditors and ticket holders of Brindabella Airlines for their collective loss of \$37 million. This is because thorough due diligence and risk assessment had evidently not been conducted prior to awarding Brindabella the licensed routes only a year before its collapse. A loss of such a magnitude for such a small airline clearly shows that the airline must have been in serious financial difficulties more than a year prior to its collapse."

"We could understand the need for bureaucrats to divert attention from the consequences of their decisions. However, as a publicly-listed company we cannot allow such aspersions to go unanswered; neither can we allow irregularities and favouritism to be practised."

# Regional Express

Given the unreasonable expectations and practices of Transport for NSW, the Rex Group is now reconsidering whether Air Link will apply for the longer term route licences for Cobar and Mudgee beyond 22 March 2014.

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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