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MEDIA RELEASE

REX APPOINTS LEGAL TEAM TO PURSUE LEGAL REMEDIES FOR QANTAS ANTI COMPETITIVE BEHAVIOUR

Rex today announced the appointment of market-leading litigation law firm Clayton Utz to pursue all legal remedies in response to Qantas' predatory and anti-competitive behaviour. Mr Fred Prickett will be leading the Clayton Utz litigation team, joined by Rex's other competition advisors Ms Rachel Trindade and former Australian Competition and Consumer Commission (ACCC) Commissioner Dr Rhonda Smith.

Rex's legal team will explore all legal avenues to stop Qantas from abusing its market position in order to push its competitors out.

In addition, Rex will fully cooperate with the ACCC and provide it with all necessary assistance with a view to ensuring that Qantas is held to account and the interests of consumers across the country are protected.

Qantas has a long history of engaging in illegal anti-competitive activities all around the world. In November 2007, Qantas pleaded guilty in a US court to price fixing spanning several years and was ordered to pay "a US\$61 million criminal fine" according to the US Department of Justice media release. One of Qantas's senior executives was also sentenced to six months in a US jail for his role in the price fixing.

In December 2008, Qantas was ordered to pay A\$20M in pecuniary penalties after being found by the Australian Federal Court to have been part of a price fixing cartel. In May 2011, the High Court in Auckland ordered Qantas to pay a NZ\$6.5 million penalty for breaches of the Commerce Act, the highest penalty to date in New Zealand for price fixing.

Rex's Deputy Chairman, the Hon John Sharp AM said, "While these criminal activities took place more than 10 years ago, it does show what Qantas is capable of. Since then, its illegal anti-competitive activities continue unabated."

The ACCC told Parliament in March 2021 that it was continuing to investigate potential anti-competitive conduct by Qantas in relation to its acquisition of a stake in a close competitor in Queensland. The ACCC has also told Parliament that it is using its compulsory information powers to look at questions about whether Qantas's conduct on regional routes will lead to higher prices for consumers.

The ACCC investigation into Qantas' predatory actions follows Rex's complaints about Qantas' willingness to enter loss-making routes in competition with Rex in an effort to intimidate Rex into not commencing domestic operations.

The ACCC has also expressed on-going concerns over Qantas's compliance with consumer laws. In 2018 Qantas provided an enforceable undertaking in response to ACCC concerns, and in 2020 Qantas agreed to improve its communications following weeks of pressure from the ACCC.

The ACCC noted in a media release on 19 June 2020:

“Hundreds of complaints from passengers whose flights were either suspended or cancelled due to travel restrictions but were given credits by Qantas instead of the refunds they were entitled to.”

A scan of Qantas' own Facebook reveals over 1,300 postings by extremely frustrated and irate Qantas passengers lambasting Qantas for employing all means fair or foul to delay or avoid refunds. Many are still awaiting their refunds after a year. All 1,300 postings can be found at: <https://www.rex.com.au/FlightInfo/pdf/QFComplaints.pdf?d=090721>

Mr Sharp continued, “The sheer number of serious complaints demonstrates the brazen disregard that Qantas has for consumers and the law.”

“Qantas' willingness to lose money simply to weaken the competitor is all the more immoral and unconscionable at a time when it is already beneficiary to billions of dollars of State and Federal assistance and lobbying for more bailouts. Taxpayers' money must not be used to fund companies engaged in activities detrimental to consumers, especially when such companies have a history of criminal conduct and show no hesitation to reoffend. The finding on 30 July 2021 by the Federal Court that Qantas deliberately broke the law when retrenching 2,000 staff further proves the point that Qantas will not hesitate to keep breaking the law while rewarding its CEO with eight-figure salaries.”

“Rex's initiative today signals its intention to stand up strongly for the Australian consumers to put a stop to Qantas' actions that are calculated to limit or prevent competition as this will inevitably result in higher fares and poorer service for consumers,” Mr Sharp added.

Rex is Australia's largest independent regional and domestic airline operating a fleet of 60 Saab 340 and six Boeing 737-800NG aircraft to 61 destinations throughout all states in Australia. 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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