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MEDIA RELEASE

REX APPLAUDS GOVERNMENT STAND ON REGIONAL AVIATION

Regional Express (Rex) today welcomed the commitment by the Gillard Labor Government in its media release yesterday to safeguard the interests of regional aviation, and therefore travellers, against the monopolistic pricing behaviour of Sydney Airport Corporation Limited (SACL).

Commenting on the Government's initiatives, Rex Managing Director Jim Davis said that it showed decisiveness and leadership in taking concrete action to protect regional interests at Sydney Airport.

"The Government has clearly demonstrated that it intends to take firm action against any monopoly pricing practices at Sydney Airport by ordering an extension on the price cap of aeronautical service charges for regional carriers for three years as well as bringing forward the Productivity Commission (PC) inquiry by two years."

"However Rex has firm legal advice from its Trade Practices lawyers that the PC does not have the legal powers to compel SACL to open up its books and be fully transparent. This resulted in the two previous PC deliberations having, based on SACL's unsubstantiated submissions, a false confidence in SACL doing the right thing."

"In 2002, the PC recommended that airport pricing be deregulated in favour of light-handed price monitoring. Although the PC found that four airports (including Sydney airport) had substantial market power, it believed that if prices were deregulated the scope for airports to use this market power would be constrained by commercial pressures and opportunities to benefit from increased passenger traffic."

"In 2007, the PC took the view that price capping for regional aeronautical service charges should be allowed to lapse because the PC thought it was not clear that SACL would treat regional airlines less favourably than other users. However this year SACL tried to impose on Rex astronomical price increases in excess of \$3 million per annum which were only averted by the intervention of the ACCC."

"This is why Rex put in a submission in November to the government to order an ACCC inquiry into SACL where it could exercise its full legal powers to examine SACL's pricing policy and practices. This inquiry would be a prelude to the PC Inquiry and would furnish the PC with an objective and authenticated basis on which to make its recommendations."

Rex has written to the NSW stakeholders on this matter and has been overwhelmed with over 500 petitions to the government in the first two days. State and Federal Members of Parliament as well as local governments and other regional stakeholders have also written in to express their support for an ACCC inquiry.



Regional Express

"It is very clear that there is a ground swell of people in the NSW community who believe that it is time to get the true picture of SACL. Almost a decade has passed since the last inquiry which was conducted after the Ansett collapse when conditions were understandably drastically different. The people have spoken and it is now left to the Government to explain to its constituents why it appears to be shielding SACL from the full scrutiny of an unbiased ACCC inquiry."

All the petitions and official submissions can be viewed at

<http://www.rex.com.au/AboutRex/InTheCommunity/Petition/StakeholdersResponse.aspx>

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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