

20 JUNE 2011

## MEDIA RELEASE

### REX CORRECTS MINISTER ALBANESE

Regional Express (Rex) objects to the spurious allegations by the Minister for Infrastructure and Transport, Anthony Albanese, that were made in Parliament on 14 June 2011 as well as to the media on 16 June 2011 (ABC North Coast news).

Rex Executive Chairman Lim Kim Hai clarified, "The Minister has publicly levelled several false accusations against Rex and it behoves the Rex Board to set the public record straight for the benefit of its stakeholders and public."

Rex lays out the facts:

**Anthony Albanese (AA):** "*Rex has not sought a discussion with me over any of these issues*" (Hansard recordings of House of Representative proceedings 14 June 2011, page 130)

**Facts:** Rex has made several approaches to the Minister's Office and to the Department of Infrastructure and Transport and has repeatedly expressed its concerns over these issues (including the en-route scheme). Rex also specifically highlighted its concern over regional aviation issues, including the en route scheme, in its submission to the Minister's aviation green paper in February 2009. More recently Rex has met with the Minister and his Department as follows:

- **17 Feb 2010** - The Rex Deputy Chairman, Managing Director and Senior Management travelled to Canberra to meet Mr. Mike Mrdak, Secretary of the Department, to brief the Department on Rex's concerns. Mr Mrdak was unable to attend at the last minute and designated the Deputy Secretary, Mr. Andrew Wilson, for the meeting. At this meeting several regional aviation issues were raised including specifically the en-route scheme.

- **9 Feb 2011** - The Rex Deputy Chairman and Managing Director met with Moksha Watts, the Aviation Advisor to Minister Albanese, and Mr. Andrew Wilson at the Minister's office in Parliament House. A complete briefing on the threats to regional aviation was given and the presentation material was left with the Minister's aviation advisor. The Minister was present briefly but did not participate in the briefing due to other commitments.

- **15 Feb 2011** - the Australian Aviation Associations Forum (TAAAF), of which Rex is a member, met with Mr. Mike Mrdak and briefed him on aviation issues of industry concern including the en-route rebate scheme.

- **May 2011** - the Regional Aviation Association of Australia (RAAA), where Rex holds a Vice Chairman's position, met recently with Moksha Watts to again brief her on the en-route scheme.



**AA: "the subsidy is not reason enough to axe a route."** (ABC North Coast news)

**Facts:** Regional aviation in Australia is already extremely fragile with 8 regional airlines going out of business since 2003. In addition the Government's own Aviation White Paper quotes the number of regional airlines falling from 53 to 27 between 1984 and 2008. Rex has given the Minister a complete briefing on the 6 major threats to regional aviation, 5 of which emanate from government policy. The cumulative impost of these 6 threats could amount to \$6m a year for Rex alone (equivalent to Qantas having an additional annual expense of \$400m). Qantas, Jetstar and Virgin would all be heavily loss making if they had to face an additional burden proportionally equivalent to that which the Federal Government is threatening to impose on regional aviation.

The withdrawal of the en-route scheme will result in over \$2m additional cost per year for Rex and the most marginal routes will have to be dropped to preserve the Company's viability. Similarly when the government proceeds with other cost incurring measures like the carbon tax more routes may need to be exited.

**AA: "there's no case for REX to withdraw from any routes given that the federal government's route rebate scheme won't run out until 2012."** (ABC North Coast news)

**Facts:** It was the Minister's spokesman who said in the regional media (Dubbo Daily Liberal – 29 April 2011): "The industry had been warned three years ago that the "temporary measure" would be axed this financial year. We gave them plenty of notice in terms of adjusting their operations."

Rex is simply following the Minister's advice by adjusting its operations and preparing the community in advance of a possible outcome should the aviation environment deteriorate further. Rex is puzzled why the Minister is taking exception to an approach he had recommended in the first place.

**AA: "It is interesting that REX have written to local members about these so called threats to regional aviation but haven't written to me as the Federal transport minister."** (ABC North Coast news)

**Facts:** As detailed above, Rex has provided several detailed briefings to the Minister's Office and Department and has left complete briefing materials with the Minister's Office. It has also provided the same briefing in person to Simon Crean, the Minister for Regional Development, in February 2011. Having done all that, Rex believes that we owe it to the local community to give a full explanation of the reasons for a decision that could be absolutely devastating to that community and to help it prepare in advance.

Rex regrets that the Minister does not seem to be aware of what is happening.

**AA: "MPs (should) not get used by the airline to do its lobbying."** (ABC North Coast news)

**Facts:** Rex is proud of its actions in proactively engaging all stakeholders in critical matters that concern them. The loss of an air service can have a devastating impact on a regional community and understandably any MP representing that community would want to be doing everything possible to save that essential service.



# Regional Express

In conclusion, Rex calls on the Minister to consult with regional aviation instead of governing by dictum. The Minister has not once sought the views of the industry since the Department notified participating regional airlines 3 years ago that it was going to change the nature of the en-route scheme. To date it has missed the 1 July 2010 deadline for a modified scheme (as nominated in the Aviation White Paper) and has kept the industry totally in the dark as to the future of the scheme.

More importantly Rex invites the Minister and his Government to reconsider its decision on the en-route scheme and other similar policies that will most likely decimate regional aviation and regional communities.

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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