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MEDIA RELEASE

ACCC Heightened Concerns Over Qantas And Virgin Australia

Rex welcomes the increased scrutiny, highlighted in its latest monitoring report on 17 June 2021, that the Australian Competition and Consumer Commission (ACCC) is bringing to bear on Qantas and Virgin Australia over their increases in capacity and price discounting on routes in competition with Rex.

Rex had earlier flagged to the ACCC the concerted efforts of Qantas, Virgin Australia and Jetstar to raise their capacity on the Sydney-Melbourne route by an identical 80% at the very time that Rex is entering the domestic market in March 2021. This is on the back of a miserable 55% load factor for the month of February 2021.

Rex has also highlighted Qantas' predatory behaviour in entering nine regional routes that are too small to sustain competition in an attempt to weaken Rex. Qantas' load factors on these routes are below 40% and are heavily loss making.

Rex Deputy Chairman, the Hon John Sharp AM, said, "On face value Qantas is technically insolvent with net tangible assets over a hundred times smaller than Rex's. Its unencumbered cash is insufficient to refund the tickets that are eligible for a refund, which explains why there are over 1,300 postings on its Facebook page demanding a refund. It also explains why Qantas is so anxious to sell tickets for international travel that it has no reasonable prospect of providing - to bring in cash from advanced ticket sales."

"Qantas' situation is so dire that it needed one of the largest bail-outs in Australian corporate history from the Commonwealth amounting to \$1.5 billion to date and possibly reaching \$2 billion by year end. In these circumstances, it is unconscionable to be using taxpayer's money to fund heavily loss-making and anti-competitive actions that harm consumers by damaging and weakening competition."

"Rex, on the other hand, is one of the most efficient and best performing airlines in the world over the last 12 years, on par with Southwest Airlines and twice as profitable as Singapore Airlines, while Qantas, has lost an accumulated \$1.9 billion before tax, even after the bailout grants, over the same period. Understandably, Qantas is desperate to kill off Rex as it knows that it will have no chance against Rex once the latter is fully established in the domestic market."

Rex's entry into the domestic market since March 2021 has already caused the airfares to tumble to the lowest levels in a decade. The ACCC report highlights:

"the new entrant's role in increasing competition and lowering airfares delivering benefits to consumers."

As the ACCC has made clear, the law prohibits Qantas from taking any actions on capacity and pricing that have the purpose or **likely effect** of substantially lessening competition. Rex is determined to stand its ground and will pursue all legal remedies to ensure that Qantas is brought to task for any illicit behaviour.

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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