

Rex arrives but flies north

REGIONAL Express Airlines' decision to buy Sunshine Express Airlines will have no impact on Port Macquarie-Hastings Council's plans to pursue a low-cost airline carrier.

The sale of the Queensland regional airline was announced last week with Regional Express Airlines (Rex) warning that Sunshine Express may not otherwise survive.

Port Macquarie-Hastings Council facilities manager Mark Pilgrim said the council had had preliminary discussions with Rex.

"Rex will take the Port Macquarie to Brisbane route with the current aircraft from Sunshine Express," Mr Pilgrim said.

"When it comes to fare structures it is up to the airline - we will know more once we have had more discussions."

Rex managing director Geoff Breust said the airlines, which initially discussed a merger last year, had agreed in principle to merge.

"The grounding of the damaged Sunshine Express aircraft and difficulty in finding replacement aircraft resulted in Rex being informed that Sunshine Express's position was becoming untenable and the future of its services and the 40 staff of the airline were at stake," Mr Breust said.

The news comes just three days after Qantas's regional airline QantasLink announced it was introducing services between Brisbane and Hervey Bay and Biloela, in competition with alliance partner Sunshine Express.

Managing Director of Sunshine Express Steve Padgett said that as a small regional airline the company had limited economies of scale and a high cost of operation and regulatory compliance.

"We also needed significant investment in new aircraft and resources to better serve the growing regional Queensland market and to be a viable activity in the long term," he said.

Mr Padgett added that this requirement had led to the start of discussions with Rex about a merged operation.

"The need for greater support became more apparent recently when an accident caused substantial damage to one of our Metro 23 aircraft during routine maintenance by a third party, resulting in the aircraft being permanently grounded.

"This led to a substantially reduced capability to meet our schedules with the high degree of integrity necessary for a regional airline," Mr Padgett said.