Source: Manning River Times, 13 Jul 11

Extra pressure on Rex

MITCHELL JENNINGS

ON July 1 the Manning River Times reported that REX Airlines was considering the possible termination of the Taree-Sydney route due to financial pressures facing the regional airline industry.

Well, it seems the federal government’s carbon tax may be the final nail in the coffin for the route, with Rex airlines reporting that the measures will come at a huge cost to regional airlines.

The carbon tax will add significantly to existing pressures resulting from removal of the en-route rebate scheme for regional airlines, additional fuel excise to increase funding to CASA and increased security screening at regional ports.

“The combined effect of these measures on Rex alone would equate to at least $6m per annum,” Rex chief operating officer Chris Hine said on Monday.

“Rex has already announced in its release of June 1, 2011 that the outcome of these measures could be the loss of air services to half a dozen marginal regional ports like Taree and Grafton.”

He also said that smaller carriers would suffer even more as a result of the Gillard government’s decision to place a carbon tax on regional air services.

“I foresee many regional operators without the financial strength and diversification of the Rex Group being forced out of business once these take effect after 1 July 2012.

“Those surviving will have to cut back on marginal routes in order to remain in business. This will unfortunately mean that some regional communities will suffer the loss of their essential air services.”

Mr Hine called on the federal government to consult with regional carriers and reconsider its position. as failure to do so could cause irreversible damage to the industry.

“Given the extremely fragile state of regional aviation in Australia today, once an operator goes out of business it could become irreversible as the returns are too slim and uncertain to attract new entrants.”