

Source: The Border Watch, 16 September 2008

Rex reports a difficult year

Regional airline Rex has reported increased capacity on its Adelaide to Mount Gambier route thanks to a full year of Saab operations.

The company made the statement in its annual report to shareholders, released today to the Australian Securities Exchange. Rex also noted the changed competitive circumstances at Mount Gambier following the demise of O'Connor Airlines.

The company headlined its annual report "Annus Horribilis" with a picture of storm clouds on the cover.

Record pilot attrition of 50pc and high fuel prices were described as negative influences on performance.

Despite "the severe stresses that Rex faced in its operating environment" there was overall growth in passenger numbers and revenue.

"The partnerships with local councils who own and operate most regional airports were integral to the network decisions that impacted financial year 2008," the company said.

"Despite the frequency reductions and some service suspensions, Rex passenger growth for 2008 was 5.4pc over the previous year and passenger growth on partnership routes was 12pc for the same period."

The transition to a single fleet type using Saab 340 aircraft was said to have produced efficiency gains and partially sheltered the impact of rising fuel prices. "The single fleet type has also been extremely valuable in coping with the record pilot attrition," Rex reported.

Looking ahead, the company said ongoing high fuel prices and the pilot shortage would curtail network growth.

"Should there be an easing of the pilot situation in the latter part of the new financial year, Rex will envisage restoring some of the services that had been suspended," the company said.

"This will be helped by the batch of 37 cadet pilots who will all be flying in Rex in the new financial year."

Rex reported a net profit of \$24.343 million and announced a final dividend of 6.6 cents a share.

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