

Source: Townsville Bulletin, 15 Oct 09

Airlines fly into bitter battle

LENDL RYAN

October 15th, 2009

THE airline war has taken off with Qantas saying Regional Express is afraid of competition.

The national carrier said its long-term growth plans had always been to increase capacity and slash fares on the Townsville to Mackay route and it was not trying to push the regional carrier out of the market.

The flying kangaroo hit out at **Rex's** advertising campaign appealing to the community to get behind them.

QantasLink executive manager Narendra Kumar said Regional Express managing director Jim Davis' actions suggested it was scared of a fight.

"I think it is one thing to say you are not afraid of competition but their actions and claims suggest the exact opposite," he said.

"The irony of all of this is they only started 10 days ago and the additional capacity we talked about we had planned for 12 months.

"It is not a reactive type of approach. We have been continuing to adapt and evolve our schedule and capacity for the last seven years.

"We have taken delivery of new planes in the last 12 months and will have another five in the next six months.

"We have not woken up one day and said 'oh we have Rex in Townsville let's increase our capacity'."

Qantas announced on September, 22, that it would boost capacity on the Townsville to Mackay route with an additional six return services per week beginning on October 19 while Regional Express announced its services on October 1.

Qantas then slashed fares to as little as \$99 which forced a drop in prices from Regional Express.

It said it was possible due to a \$600 million investment in 21 brand new jet-like 74-seat Q400 aircraft which allowed it to base a 50-seat Q300 aircraft overnight at Mackay and operate a 7.30am flight to Townsville six days week.

Mr Kumar would not respond to claims from Mr Davis that increasing capacity on the route was unsustainable and done only to kill off competition.

"We continue to monitor our capacity and are confident that our services will continue to be maintained," he said.

Mr Kumar rejected that flights between the destinations were already grossly under capacity.

"We are satisfied with the loads we are getting on that route," he said.

Mr Kumar would not reveal if the route was travelling at a loss.

"We don't discuss our profitability but I can say our operations are viable," he said.

Mr Davis had told the *Townsville Bulletin* it was a 'David v Goliath' battle.

"We believe that the fares that were put into the market by a competitor, just because we decided to commence operation on the route, were very low fares and at a level it would be very hard to make a profit," he said.

"It looks like they are trying to push us out.

"These fares would be unsustainable if they stayed there long-term,"

Latest Comments:

how stupid does Qantas think we are to believe they are not trying to kil rex if anyone is afraid of competition it is them

Posted by: **Cam of Belgian Gardens** 10:18am today