



9th March 2017

Mr Darrell Channing
Director – Adjudication Branch
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT

Via email: adjudication@accc.gov.au;

Dear Mr Channing,

RE: Draft Determination A91552 and A91553

The Regional Express (Rex) Group are writing in response to the Draft Determination (A91552 and A91553) published by the ACCC on the 19 Dec 16. We have two points to make:

- 1) The ACCC indicates that the VARA/Alliance Charter Alliance would or would be likely to result in public benefits in the form of operational efficiencies. However it has not given great weight to the realisation of these efficiencies given the conclusion that the Charter Alliance is likely to reduce competition and it is unlikely the benefits of these efficiencies will be passed on to consumers.

The Rex Group does not agree with this conclusion. As an active player in the charter / FIFO market through our fully owned subsidiary Pel-Air, we find that the charter market is still currently moribund and there is too much capacity. If the Charter Alliance were able to lower its bid price through improved operational efficiencies to win charter / FIFO work, Rex believes that this would be done in all likelihood. This is an approach that the Rex Group would have adopted and we are one of the better and stronger performers in the aviation industry. It is regrettable that the ACCC makes a sweeping generalisation without providing any supporting evidence of its views.

- 2) Rex is now established in WA and has the capacity (through extra aircraft deployed to the state) for charter / FIFO work. So despite the Charter Alliance, there will still be competition in the section of the market that requires smaller aircraft. Rex also has the ability to operate frequency of flights when competing for larger jobs and has moved an additional aircraft to WA in the last 3 months with a view of competing more in the charter/FIFO Market.

Please feel free to contact me should you have any queries or require further information.

Thank you.

Yours sincerely,

Irwin Tan
GM Corporate Services

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