

11 JULY 2011

MEDIA RELEASE

GOVERNMENT MEASURES WILL DECIMATE REGIONAL AIR SERVICES

Regional Express (Rex) today expressed its strong disappointment at the recently announced carbon tax on regional air services.

Rex Chief Operating Officer, Chris Hine, said that regional air services are facing an avalanche of adverse government measures of which the carbon tax is the latest. In addition to the carbon tax those already recently announced by the Federal Government include:

- removal of the en-route rebate scheme for regional airlines
- additional fuel excise to increase funding to CASA
- increased security screening at regional ports

"The combined effect of these measures on Rex alone would equate to at least \$6m per annum." Mr Hine clarified. "Rex has already announced in its release of 1 June 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."

"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."

"We call on the Federal Government to consult with regional aviation with the hope that the Government will strongly reconsider its position on regional air services before it is too late. 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."

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 40 Saab 340 aircraft on some 1,300 weekly flights to 35 destinations throughout New South Wales, Victoria, Tasmania, South Australia and Queensland. The Rex Group comprises Regional Express, air freight and charter operator Pel-Air Aviation and Dubbo-based regional airline Air Link, as well as the pilot academy Australian Airline Pilot Academy.

Rex Media Contact: Corporate Communications – +61 402 438 361

