

3 JULY 2020

## MEDIA RELEASE

### REX CALLS ON GOVERNMENT TO REVIEW ALL ASSISTANCE TO QANTAS IN LIGHT OF ITS ANTI-COMPETITIVE AND PREDATORY BEHAVIOUR

Regional Express (Rex) is calling on the Federal Government to review all assistance to Qantas from the Australian Airline Financial Relief Package, the Domestic Aviation Network Support package and the COVID-19 Regional Airline Network Support (RANS) Program as Qantas has demonstrated that it has spare funds to incur additional losses simply to weaken its competitor at this time of national crisis.

In its official release dated 1 July 2020 (<https://www.qantasnewsroom.com.au/media-releases/from-the-beach-to-the-bush-qantas-launches-two-new-nsw-routes/>), Qantas has announced that it will be commencing services between Sydney and Orange for the very first time from 20 July 2020.

Orange currently averages a total of 40 passengers per week and barely fills up 30% of Rex's twice weekly return flights. Qantas intends to flood the market with another 216 seats a week making it an aggregate load factor of 11% for the two carriers.

Pre-COVID, Orange had only 66,000 annual passengers and Rex registered a 66% load factor on this route. Even if passenger numbers return to pre-COVID levels in the next 12-18 months, Qantas' entry would see a minimum of an additional 60,000 seats on this market, making the overall load factor for both carriers to be only 41%. This is clearly commercially unsustainable.

In contrast, QantasLink is not even re-commencing services on some routes like Sydney-Wellcamp where Commonwealth funding is available from 1 July 20 to fully underwrite two return services per week. QantasLink's services to Orange, on the other hand, do not qualify for Commonwealth funding.

It is obvious that Qantas' action is not competition on its merits but rather predatory behaviour aimed at weakening Rex at a time when all airlines, including Qantas, are sustaining operational losses, hoping that if Rex collapses it will have the regional aviation market to itself.

Given that Qantas has enough money to engage in non commercially-viable ventures, it clearly shows that Qantas does not need any financial assistance. That being the case, the Federal Government should not be using tax payers' money to prop up Qantas even as the latter leverages on its financial muscle to try to destroy both its domestic and regional competitors during this pandemic.

Rex had previously lodged a complaint with the Australian Competition and Consumer Commission (ACCC) on 31 January 2020 with regards to Qantas' predatory behaviour and will be again calling on the ACCC to investigate this latest action by Qantas.

In 2017 the Federal Government strengthened the misuse-of-market-power test of the Competition and Consumer Act to make it easier for the ACCC to prosecute conduct that has the effect of substantially lessening competition. The latest Direction by the Treasurer for the ACCC to scrutinise the market behaviour of the dominant carrier provides the ACCC with both the legislative and regulatory framework to protect Australia from any attempt by



# Regional Express

Qantas to take advantage of this period of great national crisis and suffering to destroy all its significant competitors through anti-competitive and illegal conduct.

**Regional Express (Rex)** is Australia's largest independent regional airline operating a fleet of 60 Saab 340 aircraft (pre-COVID) on some 1,500 weekly flights to 60 destinations throughout all states in Australia. In addition to the regional airline **Rex**, the **Rex Group** comprises wholly owned subsidiaries **Pel-Air Aviation** (air freight, aeromedical and charter operator) and the two pilot academies **Australian Airline Pilot Academy** in Wagga Wagga and Ballarat.

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