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Rex vs Qantas in air price war

LENDL RYAN

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NORTH Queensland's newest airline, Regional Express, has slammed Qantas over 'predatory pricing' which it says is an attempt to push them out of the market.

Regional Express has not ruled out reporting Qantas to the Australian Competition and Consumer Commission (ACCC).

The regional carrier has launched a rare advertising campaign appealing to the community to get behind them and turn up their nose at the national carrier.

Regional Express recently launched a Townsville to Mackay service, sparking a move from Qantas to double its seat capacity and slash fares on the same route.

The airline, dubbed Rex, has had to match the low fares and now fears it can't sustain a long fare war with the flying kangaroo.

Regional Express managing director Jim Davis slammed the Qantas move. "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. We have not experienced such aggression before. We are not afraid of competition, it is a very competitive industry, but strong competition is different to predatory competition."

Mr Davis said they had not ruled out reporting Qantas.

"We have not made a decision yet," he said. "It is frowned upon by the ACCC."

Qantas said it had not breached any guidelines. "Qantas is confident that all of our actions are legitimate and will benefit the community," a spokeswoman said.

Mr Davis said the regional airline was not able to compete at the current fare level, which has dropped to \$99.

"These fares would be unsustainable if they stayed there long-term," he said. "We are a small company compared to Qantas and we can only take losses for so long before we have to cut that loss. We need to make a profit if we are going to stay on the route and at this level it would not be possible to do so."

"Qantas has huge resources and can lose a lot more money than us in order to force us off the route."

Mr Davis would not specify the degree of loss the company was suffering.

"There is always a start-up period on any route before you make money and we don't expect to make money just yet," he said.

Mr Davis said they had launched the advertising campaign to drum up support.

"If we get good support from the local community we believe we can put up a good fight," he said.



Regional Express have accused Qantas of predatory pricing, from left, Captain Barry Anderson, Rex managing director, Jim Davis (front), Captain Christopher Bushby and Lynette Swinbourne

Latest Comments:

Qantas should be ashamed of itself this behaviour should not be tolerated by the ACCC

Posted by: **Brad of Townsville** 2:42pm Wednesday

Mate, I gave up on Qantas years ago. Forget supporting this unaustralian company. They have become rotten-to-the-core like Telstra. Go Rex. You will get my business as I don't want extortionate prices again.

Posted by: **Dave not a Labor Stooge** 11:47am Wednesday

If the community don't support the competition, the competition (REX) will leave and we'll be left with a monopoly. Of course this will mean higher air prices. I was hoping REX would expand and do a Tsv-Cairns run and a Tsv-Mt Isa run. Qantas pretty well dominates on those routes the service/cost is the pits.

Posted by: **Tom of North Ward** 9:34am Wednesday

I'm a business owner and fly between Townsville and Mackay, Qantas was charging around \$800.00 return for these flights even if you booked months ahead, now that REX has come into the business Qantas drops it's pricing. If REX leaves I'm sure Qantas would put the prices back to pre REX. I for one will only fly REX on this leg. sickem REX

Posted by: **Glenn Watson of Townsville** 8:49am Wednesday

Its the same old story, Qantas out prices the small operator, and when they do fold, Qantas will cut back the flights and jack up the price to turn a buck again. I'll fly with you Rex but most will take the cheaper flight because we are all struggling too, and big business knows it.

Posted by: **Adam of Wulguru** 6:53am Wednesday

I urge anyone flying to Mackay to pay the extra and fly with REX. Who really thinks QANTAS would offer \$99 flights if REX wasn't around. I fly Cairns - Mackay and pay up to \$900 return on QANTAS. I intend to fly with VIRGIN to Townsville and REX to Mackay stuff QANTAS

Posted by: **Mark Valmadre of Cairns** 6:37am Wednesday