

## Source: Townsville Bulletin, 2 Oct 09

### Rex shrugs off Qantas moves

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**NEW airline kid on the block Regional Express (Rex) has shrugged off moves by Qantas to copy its schedules and slash fares to what industry insiders believe are loss-making levels.**

However, subsidiary to the flying kangaroo **QantasLink** yesterday denied it was reacting to Rex's entry into the North Queensland market and said it was only responding to demand and its own investment.

Australia's largest regional airline began flying three return daily services between Townsville and Mackay yesterday as the carrier seeks to gain a foothold in Queensland.

**Rex** offered an introductory one-way fare of \$129 when it announced the services in August, but has since moved to \$197 return fares after QantasLink dropped its equivalent best offer to \$99 one-way.

Travel agents say that before Rex came on the scene QantasLink's best offer was \$300 return although more often than not return fares started at \$450.

"It's just one of those things, when there is no competition they are able to put the fares up," one agent said.

"It's great getting more services between the regions and consumers are going to benefit.

"Hopefully both (airlines) will stay viable."

At its Townsville launch Rex managing director Jim Davis said Qantas had been 'quite aggressive'.

However, he was not worried about the competition.

"They have duplicated our schedules which shows what they can do when they want to do it," he said.

"Rex is used to competition, we compete virtually on every route we do.

"Even when we are the sole operator often our competition is the motor car.

"We have to be competitive and provide reasonable fares."

QantasLink announced an extra six weekly return services between Mackay and Townsville and Townsville and Cairns last week.

A QantasLink spokesman said they had invested \$25 million in prime regional aircraft and were now able to base a 74-seat Q400 aircraft in Mackay overnight.

"That's enabled us to increase capacity on that route," the spokesman said.

"It's not a response to Rex, it's a response to our fleet investment."

Townsville Mayor Les Tyrell said the Qantas move was part of competition and competition was good for consumers.

"It makes suppliers look more closely at what they do," he said.

Cr Tyrell said if people wanted to keep the competition going there was a need for them to use the airline.

Air price turbulence is nothing new to North Queensland.

When competition flared on the Townsville to Mount Isa route in 2008 one-way prices fell to as low as \$230.

QantasLink introduced services late last year to compete with former regional carrier MacAir when return fares were around \$600, however now with MacAir gone the return price is often above \$1000.

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Support the competition or there will be no competition. Don't let one company run the show. We must support REX or be faced with high airfares in the future.

*Posted by: Louise Langley 07:06pm Friday 2<sup>nd</sup>*

Careful Jim its an old QANTAS ploy to drop their prices when a new kid arrives on the block, they kill em off in the first few months, they did it with Compass and succeeded, they tried it with Virgin, but Branson was to sharp for them and they've succeeded in knocking off countless other smaller regional playes, i wish you all the luck but the cards are stacked against you, don't under estimate how ruthless they are.....good luck

*Posted by: Roger Townsville 05:03pm Friday 2<sup>nd</sup>*

How quickly we forget... does any other Townsville resident remember what QANTAS used to charge for Townsville to Brisbane fares before Virgin arrived? If you need to be reminded go to [www.qantas.com.au](http://www.qantas.com.au) and see how much it costs to fly from Mt Isa to Brisbane which is another QANTAS only "no competition" route.

*Posted by: Richard of Townsville 11:51am Friday 2<sup>nd</sup>*