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ASX RELEASE

FEDERAL GOVERNMENT KEEPS CRITICAL REGIONAL AVIATION SERVICES ALIVE

Regional Express (Rex), strongly applauds Saturday's announcement by the Deputy Prime Minister (DPM) and the Leader of the Nationals, the Hon Michael McCormack MP, of a comprehensive Regional Aviation Rescue Initiative tailored to ensure that critical and essential regional aviation services continue to be provided amid the worst operating conditions the industry has ever seen.

Regional operators can henceforth access two funds. The first fund, amounting to \$198 Million, is designed specifically to ensure that the existing network of Regular Public Transport (RPT) regional air services is maintained albeit at a reduced capacity. The second fund, amounting to \$100 Million, is to assist all small regional operators overcome the sudden cash crunch brought about by the near drying up of all demand over the last two weeks. This second package seeks to give these operators the best chance of staving off the prospects of going into administration.

Rex's Deputy Chairman, the Hon John Sharp AM, said that this very significant initiative by DPM McCormack and the Morrison Government targeted at all regional aviation services is an investment into the future of regional communities, "All regional communities and residents should be extremely grateful to the Coalition Government for its commitment to the future of the regional cities."

"This meaningful assistance package not only seeks to keep essential air services going, but also tries to prevent the existing regional aviation providers from collapsing."

"Just late last week, a group of eight regional operators (Rex not included) issued an Open Letter warning the DPM that they are within days of running out of cash. With this assistance package, regional Australia can be sure that all previously sustainable regional operators will be able to spring back into business if the crisis dies down within the next six to nine months. With the network of regional aviation operators intact, not only will thousands of jobs be saved but regional communities can retain a minimum of vital air links which can be quickly expanded to assist the regional communities in their rebuilding efforts after the crisis."

"Rex had earlier prepared a media release to announce the total shutdown of its network and the standing down of 90% of our staff. With this assistance package from the Federal Government and with further support pledged by some State and Local governments, Rex will be able to continue operations in almost its entire current network of 59 destinations and in the next two days will be presenting its new national network schedule that will be constructed based on the following parameters:

- Prevailing passenger numbers on each route;
- Federal Government criteria for access to the assistance package;



Regional Express

- State Government priorities for states where the State Government has provided assistance;
- Exit from some routes where there has been no or inadequate support from local government (councils), thereby making the route non-viable;
- Joint decision with QantasLink on which carrier services each of the 10* competitive ports. This collaboration will be undertaken in strict conformance with the interim authorisation given on 26 March 2020 by the Australian Competition and Consumer Commission (ACCC).

“If our projections are accurate and if Rex is able to draw on its fair share of the assistance packages, this Regional Aviation Rescue Initiative put forward by the Coalition Government will permit Rex to sustain, for at least 6 months, its revised national network schedule even if passenger demand drops by 95% compared to pre-COVID days. As of yesterday, the reduction stands at -85%.”

“While it is unfortunate that Rex will still need to stand down many staff, mainly flight crew and engineers since the flying activity will drop by about 80%, the assistance packages will mean that we can avoid 30-40% of our staff from being stood down. On behalf of all staff at Rex, I would like to express our utmost gratitude to DPM McCormack and the Morrison Government for making such a big difference to so many families.”

*The 10 routes are: **Sydney** to Wagga Wagga, Albury, Dubbo and Armidale. **Melbourne** to Mildura. **Adelaide** to Whyalla, Port Lincoln and Kangaroo Island. **Townsville** to Mount Isa and Cairns.

This announcement is authorised by Lim Kim Hai, Executive Chairman, Regional Express Holdings Limited.

Regional Express (Rex) is Australia’s largest independent regional airline operating a fleet of 60 Saab 340 aircraft on some 1,500 weekly flights to 59 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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