

Australian airline Rex enters administration as finances sag

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Australian regional airline Rex has suspended flights between major cities as it enters voluntary administration.

The Australian regional airline Rex cancelled flights as it entered voluntary administration Wednesday, leaving the fate of the country's

third-largest carrier in serious doubt.

The decades-old airline has called in administrators from Ernst & Young in a bid to avoid liquidation.

Administrators said flights between major cities -- including Sydney, Perth and Melbourne—would be scrapped, but flights to regional communities would continue for now.

The regional airline, which started in 2002, has prioritized connecting remote areas of the country to capital cities with its 123 planes.

Like many airlines, Rex has struggled with supply chain challenges—including a global pilot shortage—for several months and reduced its routes before the announcement.

Australia's second-largest airline, Virgin, offered to assist Rex customers hit by flight cancellations, the administrators said.

Transport minister Catherine King said the government was not considering a blanket financial bailout for the airline.

"We know they will be seeking some [support](#) from the government, and we will take some time to work our way through that with the administrators," she told the national broadcaster.

"We understand how important Rex is, particularly to the regions—there are some areas where this is the only, only option in terms of transport."

Rex reported a loss of US\$2 million (Aus\$3.2 million) for the first half of the 2023-24 financial year, compared with a US\$10.7 million loss for the previous six months.

Australia's domestic airline market is dominated by Qantas and Virgin Australia — together they have a 93.1 percent market share while Rex has five percent, data from the national regulator shows.

Aviation expert Keith Tonkin said while passenger numbers had returned to pre-pandemic levels, airlines globally had struggled to rebuild maintenance and operation crews they had been forced to lay off.

He added many airlines had received [government funding](#) to stay afloat during the pandemic which, in most cases, had expired.

"The smaller airlines have managed to date, but now everyone wants to get paid and that cash flow isn't happening anymore. They can't be supported or sustained anymore," Tonkin added.

"That is a natural consequence of being underwritten or supported, and that support is now running out."

Earlier this year, Australian budget airline Bonza was forced into liquidation and its 300-plus staff were told their employment would be terminated.

Bonza made a splash when it launched in January 2023, promising a down-to-earth Aussie experience with onboard craft beer, snags (sausages) and a relaxed approach to crew uniforms.

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