



PUBLIC REPORT TEMPLATE 2010

Please consult the explanatory document when completing this template

Controlling Corporation

Regional Express Holdings Limited

Period to which this report relates

Start 1 July 2007

End 30 June 2010

(eg. for a Corporate Group with the trigger-year 2005-06, the report will cover the period 1.7.2006-30.6.2010)

Part 1 – Information on assessments completed to date

Table 1.1 – Description of the way in which the Corporate Group (or part of it) has carried out its assessments

The energy committee's focus was on Rex (the airline) as this was the biggest energy user in the Rex group. Aircraft weight reduction and aircraft performance were two areas that the committee focused on as our efforts in this area would directly contribute to energy savings. Flight operations performance engineer was tasked with the technical aspects such as assessing flight profiles, cruise altitudes, shortened track distance etc. Aircraft performance at different cruise levels was projected based upon manufacturer data sourced from the AFM (aircraft flight manual) and AOM (aircraft operations manual). Engineering was assigned items involving aircraft fixtures (i.e. weight reduction). The economic feasibility of each opportunity identified was assessed and communicated. EEO team leader coordinated the energy committee's findings and reporting.

As we have removed quite a number of "non fixed" items from the aircraft to reduce weight in previous years, we shifted our focus to fixed items such as the seat reclining mechanism and seat covers. We also continued to examine our flight profile and ways to shorten track miles in this 3rd year of the EEO program.

Consultation with Air Services Australia has allowed us to identify the radar standard instrument departure.(SID) for Rex aircraft departing Sydney.

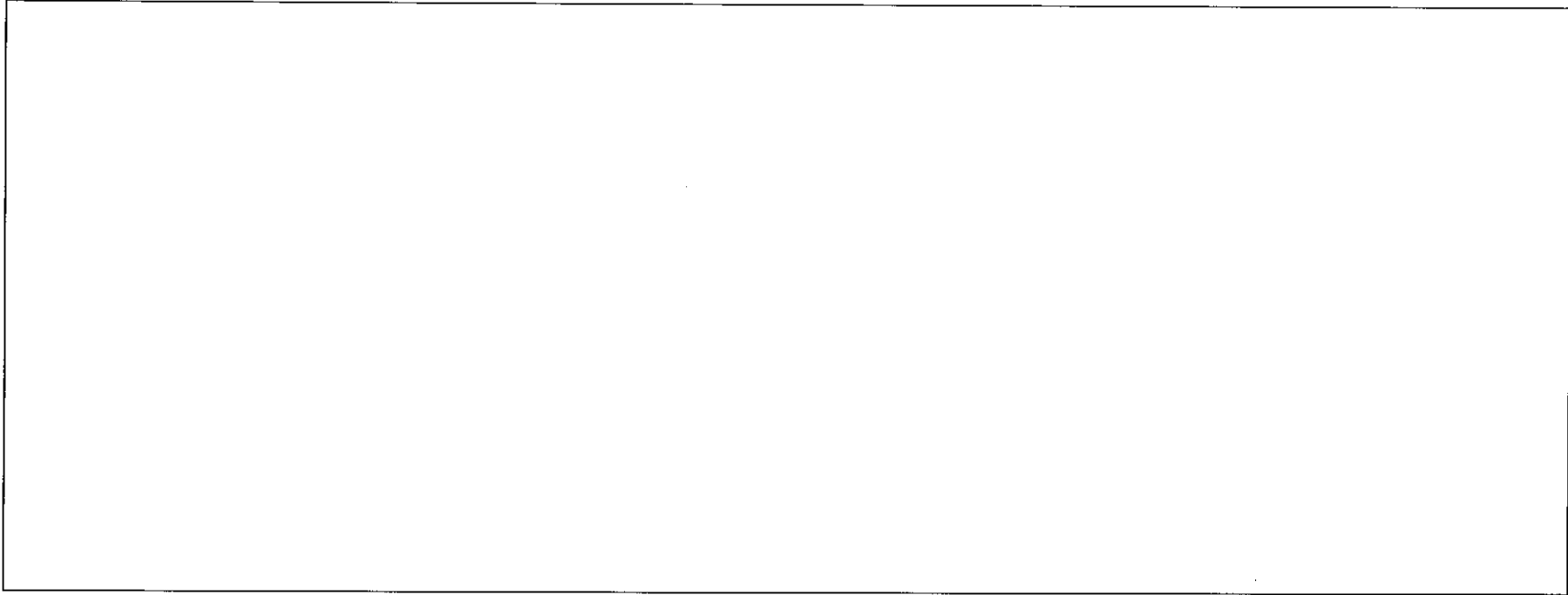
The group identified 4 opportunities in the second reporting period (1st July 2008 - 30th June 2009). These 4 opportunities are in various stages of completion:

- a) Reduction of aircraft weight – energy savings with respect to aircraft ladders completed. The group also identified further opportunities within this category in the second reporting period, notably removing aircraft flight manuals (AFM, 1.8kg) and aircraft operations manuals (AOM 3.5kg) from aircraft achieving total weight savings of 222.6kg



across the fleet. Unfortunately, to date, we have not been successful at removing these manuals from the aircraft as we have not received CASA approval to do so.

- b) Raising height restrictions for aircraft arriving and departing from Sydney – The group had reported in the second public report that departing aircraft from Sydney is held down at low level for significant amount of track miles causing extra fuel burn. Similarly arriving aircraft are forced to descent prematurely to lower levels by air traffic control forcing them to lower off and burn unnecessary fuel as a result. If these height restrictions could be raised, there would be significant savings in fuel burn. Proposals have been put forward to Air Services Australia by all the main industry participants operating into Sydney to raise these heights by at least 2,000 feet. Savings potential of 166,666 litres across the fleet was identified. Unfortunately, this initiative was not completed as Air Services Australia have this initiative on hold because of another option (Radar Sid) which is easier to implement.
- c) Increasing cruise altitude – In the second public report, the Group reported that it was reviewing increasing the average cruising height level across the entire network which will reduce average fuel burns and hence carbon emissions. Trials were conducted on Syd – Lismore and Syd - Ballina routes with actual savings of 54,912 litres (versus earlier anticipated savings of approx 16,600 litres). The group is pleased to report that this initiative was completed with respect to Syd- Lismore and Syd – Ballina routes.
- d) Installation of solar panels at our pilot academy (Australian Airline Pilot Academy) – In the second public report, the group reported installation of 24 solar panels in various buildings of the pilot academy which is expected to cost A\$ 75,000 and will reduce the requirement to purchase electricity from the grid which in turn will reduce scope 2 emissions associated with the purchase of electricity. The electricity consumption of the campus comprising the main administration, academic block and accommodation block is expected to consume 500,000 Kwh per annum. The solar panels are expected to reduce energy consumption by 7,884Kwh per year with anticipated savings of approx 28 GJ (AUD 1,050 in electricity cost). The group is pleased to report that this initiative was completed.



Part 1 – Information on assessments completed to date (continued)

Table 1.2 – Energy use assessed

Group member and/or business unit and/or key activity and/or site (or part thereof) that has had an assessment completed by 30 June 2010 (Include all assessments completed to date for the current 5 year cycle).	Period over which assessment was undertaken ¹	Energy use for the period 1.7.2009 to 30 June 2010 of the assessed entity (or part thereof) expressed in GJ ²
Regional Express Pty Ltd	1 July 07 – 30 th June 2010	1,306,827 GJ
Air Link Pty Ltd	1 July 07 – 30 th June 2010	19,671 GJ
AAPA	1 July 07 – 30 th June 2010	4,155 GJ
Pel – Air Aviation Pty Ltd	1 July 07 – 30 th June 2010	92,478 GJ
Total energy use of assessed entities (or part thereof)		1,423,130 GJ
Total energy use of the whole corporate group in the period 1.7.2009 to 30 June 2010		1,423,130 GJ
Total energy use of assessed entities (or part thereof) for the period 1.7.2009 to 30.6.2010 expressed as a percentage of total energy use for the period 1.7.2009 to 30.6.2010		100%



1. This should be the start and finish date (month and year) for the assessment (planned assessment dates were nominated in Table 3.1 of the approved ARS).
2. Energy Bandwidth may only be used if approved in the Assessment and Reporting Schedule.

Table 1.3 – Accuracy of energy use assessed data

Entity	% achieved	Reasons for not achieving data accuracy to within $\pm 5\%$
		Leave the table blank if accuracy is $\pm 5\%$.

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Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2A - New assessments completed or not reported since your last Public Report

Name of Group member or business unit or key activity or site: _____ Regional Express Holdings Limited _____

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

1,306,827	GJ
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Table 2.1 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – ≤ 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	1	1	1,729					1,729
	To be Implemented	1	1	7,322					7,322
	Implementation Commenced								
	Implemented	1					1	80	80
	Not to be Implemented	1					1	185	185
Outcomes of assessment	Total Identified	4	2	9,051			2	265	9,316

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2B - Update of assessments reported in previous Public Reports

Name of Group member or business unit or key activity or site: Regional Express Holdings Limited

Total energy use for the period 1.7.2009 to 30.6.2010 of the assessed entity (or part thereof) from which the opportunities identified below were generated (and is reported in Table 1.2).

1,306,827	GJ
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Table 2.3 – Opportunities assessed to an accuracy of better than or equal to (\leq) $\pm 30\%$

Status of opportunities identified		Total Number of opportunities	Estimated energy savings per annum by payback period (GJ)						Total estimated energy savings per annum (GJ)
			0 – < 2 years		2 – \leq 4 years		> 4 years		
			No of Opps	GJ	No of Opps	GJ	No of Opps	GJ	
Business Response	Under Investigation	2	1	6,452	1	68,766			75,218
	To be Implemented	1					1	2,081	2,081
	Implementation Commenced								
	Implemented	3	2	2,382			1	28	2,410
	Not to be Implemented	2			2	73,242			73,242
Outcomes of assessment	Total Identified	8	3	8,834	3	142,008	2	2,109	152,951

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2C - Details of at least three significant opportunities found through EEO assessments

Table 2.5 – Description of 3 significant opportunities

Opportunity 1

Radar Standard Instrument Departure (SID) for Rex aircraft departing Sydney which has calculated savings of 47,000 litres of fuel per annum. These Radar SIDs shorten the distance flown on departure between the runway and the first tracking point in comparison to the current process. These Radar SIDs are currently used however, the frequency of use will significantly increase.

Opportunity 2

Increasing cruise altitude: Due to the success of Sydney-Lismore and Sydney-Ballina sector, we are now looking into extending this across the network. With effect December 2010, flight planning changes to 16k and 17k feet will begin to be implemented to multiple sectors in the Regional Express Network. Total anticipated savings from 7,965 sectors is 199k litres.

Opportunity 3

Aircraft weight reduction: The energy committee identified further opportunities within this category.

A) Replacing of the Hydralock seat reclining mechanism with a fixed support is one such initiative which will save about 3Kg of weight per aircraft. Replacement will come at a cost of \$13,674 per aircraft but we may be able to reduce this cost by either manufacturing the fixed arm ourselves or by selling the removed Hydralocks. Average weight saving across the fleet (47 aircraft) would be 3kg. The payback period will fall outside the 4yr period as the investment would be AUD 642k and the savings is only 184GJ (AUD 4k per yr) After careful consideration of costs and savings potential, the energy committee has decided not to implement this opportunity.

B) Replacing leather seat covers to E leather seat covers is another initiative within the aircraft weight reduction category which will save about 68kg (average 1.3kg across fleet of 51 aircraft). We have purchased 4 aircraft sets of E Leather seat covers. Each E leather seat cover is about 35% lighter than



genuine leather. A genuine leather cover weighs 1.4Kg. A 35% saving equals 500g per seat which equates to 17Kg per aircraft (our Saab aircraft have 34 seats). The total cost of the 4 aircraft sets of E leather seat covers is \$131,569. Whilst the payback period will fall outside the 4 yr period, this initiative is deemed implemented as we have already purchased the E leather seat covers which will replace the current genuine leather ones.

Opportunity 4

Use of bio-fuel in CT7 engine: The energy committee is looking to discuss with GE and the oil majors of feasibility to introduce biofuel into the Saab engine. Certification of this could take 1 -2 yrs. Unfortunately, the oil majors have reverted mentioning that they don't have any biojet to offer in Australia and it is unlikely there will be any available in commercial volumes for the foreseeable future.

At the present time the only "bio-fuels" that are approved for use in turbine engines are those that meet the requirements set out in ASTM D7566. D7566 currently only covers Fischer-Tropsch hydroprocessed SPK (FT-SPK), typically produced from gas, coal or biomass. Only the "biomass" feedstock would be considered biojet.

A second bio-jet will be included in 7566 in the very near future - these are often referred to as HRJs or hydro-treated renewable jet fuels. HRJ is simply hydro-treated natural plant or animal oils such as camelina, jatropha, algae or tallow refined to meet the requirements of D7566 and blended to meet ASTM D 1655. Def Stan 91-91 is following this work closely and will adopt the same approvals in due time.

If we are successful in introducing bio-fuel into the Saab engines, fuel uplift savings is not anticipated but instead reduction in greenhouse gas emissions expressed as tCo2 equivalent. We expect the 35.5 million litres of jet fuel can be substituted by biofeul resulting in a reduction of approx. 102,993 tCO2 equivalent.



Part 3 - Voluntary Contextual Information

Table 3.1 – Contextual Information			

Table 3.2 – Energy use expressed in Greenhouse Gas emissions and as an energy use indicator			
Period of energy use _____ to _____			
Name of group member/ business unit/ key activity/site	Energy use pa (GJ)	Energy use pa (GGE)	Energy use as an indicator*
Total			


Table 3.3 - Opportunities assessed to an accuracy of better than or equal to (<=) ±30% (\$ value)						
Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (\$)			Total estimated energy savings per annum (\$)
			0 – < 2 years	2 – ≤4 years	> 4 years	
Business Response*	Under Investigation					
	To be Implemented					
	Implementation Commenced					
	Implemented					
	Not to be Implemented					
Outcomes of assessment*	Total Identified					



Part 3 - Voluntary Contextual Information (continued)

Table 3.4 – Changes in energy use as an indicator			
Name of group member/ business unit/ key activity/site	Current energy use as an indicator	Previous energy use as an indicator	Reasons for change
Total			

Part 4 - Declaration

Table 4.1 - Declaration of accuracy and compliance (mandatory information)	
<p>The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the <i>Energy Efficiency Opportunities Act 2006</i> and <i>Energy Efficiency Opportunities Regulations 2006</i>.</p>	
	<p>Insert Name and Title (Chair of the Board, CEO, or Managing Director) of Signatory here</p>
<p>Date</p>	<p>8 Feb 2011</p>

Jim Davis
 Managing Director
REGIONAL EXPRESS HOLDINGS LTD.
 ACN 099 547 270