

REDjet

IAN BURNS

CHAIRMAN AND CEO

Vision.

- ✈ Any town, any city and beach in the Caribbean from less than US\$50.
- ✈ Any meeting, any friend or any family member in the Caribbean from less than US\$50.
- ✈ Any doctor, any hotel and any restaurant in the Caribbean from less than US\$50.
- ✈ Real freedom, real choice and unlimited opportunities for citizens and businesses.

“This is the REDjet Vision”

Overcoming the Hurdles

Title:

- ✈ Overcoming the Hurdles: Making Intra-Caribbean Travel Work.

Agenda

- ✈ What can be done – REDjet story so far
- ✈ Role of Airlines
- ✈ Role of Governments
- ✈ Role of Business
- ✈ Elitism

REDjet Story

Expanding transport capabilities in the Community:

- 2 Aircraft in services and 2 more ordered.
- Launched with a single route and have now 6.

Developing human resources and employment:

- launched 93 staff with another 80 in 7 months.
- Over 90 other jobs supported directly growing to over 130 by December.

Efficient, reliable and Affordable transport capabilities:

- 60% reduction in fares
- 88% load factor for Summer 2011
- 83% passenger growth within 3 months!

Objectives of the Community Transport Policy

- Expanding transport capabilities in the Community:
- Developing human resources and employment:
- Efficient, reliable and Affordable transport capabilities:

(e) the development of human resources for employment in all areas and at all levels of the transport sector;

• (c) the promotion of co-operative arrangements for the

All Objectives of the CARICOM Community Transport Policy

- the CSME.
- 2. ... the Commu
- (a) the organisat
- transport services throughout the Community;
- (b) the development and expansion of air and maritime transport capabilities in the Community;
- (d) the development of efficient internationally competitive ancillary transport services;

Role of Airlines

- ✈ A major hurdle to making travel work are airlines themselves.
- ✈ Essential that the CONSUMER comes first.
- ✈ Vested interests:
 - Governments
 - Employees & Unions
 - Suppliers
 - Management
 - Business Community
- ✈ REDjet builds everything around the average consumer.

Role of Governments

Biggest hurdle of all are national Government's & Ministers:

- ✈ Protectionism.
- ✈ Charging taxes average consumers can't afford.
- ✈ Out-dated Air Services Agreements.
- ✈ Regulation and Monopolisation.

Role of Governments - Protectionism

- ✈ “We’ll have to check our agreements with CAL, LIAT or other airlines”.
 - *I’ll have to see whose brother/ friend in CAL or LIAT this affects*
- ✈ “X airline was here recently asking us not to issuing new licenses”
 - *danger, they may have got through to key people*
- ✈ “We must consider the interests of our stake in X airline”
 - *its broke, it can’t serve our own market but we must protect it*

In 2011 we must stop with the failed policies and failed models

Role of Governments – Passenger Taxes

- ✈ Tourist from UK or US paying US\$1,000 for a fare will pay the same as an average man from St. Kitts paying US\$20.
- ✈ REDjet is slashing the cost of fares by 60% - Passenger now pays in many cases more taxes than in fares. This affects:
 - Intra Regional Tourism – Short vacations
 - Intra Regional Tourism – VFR
 - Economies – business and trade
 - Students – travelling to 3rd Level Education
 - Families – parents, children, brothers and sisters
 - Governments – less tourism and economy activities
- ✈ Ridiculous to tax US\$55 or even US\$30 on a ‘domestic’ ticket

Role of Governments - Liberalisation

- ✈ Most countries in the region have no bi-lateral agreements.
- ✈ MASA, Treaty of Chaguaramas, CASOS – almost non-existent.
- ✈ Falling further behind regions with ‘Open Skies’.
- ✈ Vested interest in protectionism stopping regional ‘Single Sky’.
- ✈ It would deliver huge financial and social benefits.
- ✈ Support CASOS and Open Skies

Elitism

- ✈ Biggest barrier affordable travel. This is prevented by:
 - Airlines and stakeholders with vested interests
 - Governments and over taxation of local travel
 - Civil Service and the ‘cosy’ relationships
- ✈ Regional airlines with all of the services and bells and whistles of Global Carriers
- ✈ Travel dominated by 10% of population – no one concerned for average person and no one believes they want to travel.

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Low Cost Travel for Everyone

Open Skies Agreement

Key provisions include:

- Free Market Competition:
- No restrictions on international route rights; number of designated airlines; capacity; frequencies; and types of aircraft.
- Pricing Determined by Market Forces:
- Fair and Equal Opportunity to Compete:
- Cooperative Marketing Arrangements
- Provisions for Dispute Settlement and Consultation
- Liberal Charter Arrangements
- Safety and Security
- (Optional 7th Freedom All-Cargo Rights)

REDjet

The Caribbean's Low Fares Airline!