



Air New Zealand has opened its first New Zealand 'bach' at Melbourne Airport, offering a new interpretation of the traditional airline lounge. The lounge design was inspired by a 'bach', the New Zealand term for holiday house, and features a mock verandah lined with rattan chairs and weatherboard walls. The opening was attended by more than 300 New Zealand Commonwealth Games athletes as they flew out of Melbourne after the Games. The concept will be rolled out at other Air NZ lounges as they become due for refurbishment in the coming years. (Air New Zealand)

Some of the executives recruited to the team include former Air Niugini and Hazelton Airlines CEO Rod Nelson; former Asia Pacific head of Airbus Rod Mahoney; Gordon McKenzie who used to work at Virgin Atlantic and Virgin America; and Tony Wheelens, a former senior government airline agreement negotiator.

## FUEL PRICES UP, UP – SURCHARGES & AIRFARES FOLLOW

As the price of oil surged through the US\$75 (A\$100) per barrel barrier in April, airlines the word over were looking at ways to further offset their rising fuel costs.

The first major airline to take the plunge was British Airways which announced on April 20 that it would increase its fuel surcharge on all long haul flights by £5 (A\$12) to £35 (A\$84), its sixth increase in two years. It has left its surcharges for domestic and short haul European flights untouched for now.

"Our fuel costs remain a real burden," BA commercial director Martin George said in a statement. "The price of oil has risen above US\$70 a

barrel and experts anticipate it staying at these levels for some time."

Air New Zealand has also put its ticket prices up in the face of the rising oil prices. However, instead of adding a surcharge on top of its ticket prices, the airline announced that all domestic and out-bound airfares would rise by 10 per cent from May 1.

"Every US\$1 increase in the price of jet fuel forces down our EBIT (earnings before interest and tax) by US\$8 million per annum before hedging," chief financial

officer Rob McDonald said in a statement. "Fuel is now our number one cost. We regret having to increase fares but the numbers are stark."

Qantas announced on April 26 it was further increasing its fuel surcharges. The new surcharges, for tickets issued in Australia from May 5, will increase by \$5 for Australian and New Zealand domestic and services to \$31, by \$5 to \$24 for Jetstar domestic flights, QantasLink jet flights by \$5 to \$24, QantasLink Dash 8 services by \$9 to \$31, Qantas trans Tasman

flights by \$10 to \$56, Jetstar trans-Tasman flights by \$10 to \$45, and by \$23 for all other Qantas (and Australian) international services to \$98.

"Our 2005/06 fuel bill is expected to be around \$2.9 billion, and on current forecasts, approximately \$3.9 billion in 2006/07 after hedging," said executive general manager of Qantas John Borghetti. "While we have hedged the crude oil component of our 2005/06 fuel cost at around US\$56 a barrel, the unprecedented increase in the price of jet fuel means the Group's fuel bill will have risen by around A\$1 billion after hedging, compared to 2004/05.

"Our fuel surcharges, including this latest increase, will only partially offset some of this very significant additional cost."

## ROUND THE WORLD WITH AIR NZ

Air New Zealand is set to be the only airline to fly around the world with the launch of a westerly Auckland to London service via Hong Kong.

The new daily service will commence on October 28 and will service London Heathrow, complementing the

Virgin Blue has commenced a paint protection trial with one of its 737-800s, VH-VOA, using the Permagard P5000 protection system (see March 2006 issue page 66). The paint protection trial, a world first using an in-service commercial airliner, aims to extend the 737's paint life and improve the appearance of its exterior surfaces. Eleven Permagard workers took three days to protect the 737 (pictured) at Virgin Blue's maintenance hangar in Brisbane. (Permagard)

