

Air NZ to raise prices for fifth time this year

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Air New Zealand, which has had to hike prices four times this year due to rising fuel prices, may need to hike them again, chief executive Rob Fyfe said. To cover the cost of fuel, fares should rise 20 per cent, but he said that was unlikely to happen as demand would dry up. Fuel costs had doubled to about \$2 billion in the year ended June 30, he told Radio New Zealand. He said the company was also looking at cost cutting and cutting capacity on some routes. "We'll be doing everything we can to mitigate the deterioration of financial performance on our business," he said. "There are routes where we may look at reducing capacity if we can't cover our costs. There are no routes that we would consider exiting in total." He said Air NZ was in good financial shape and could emerge from the current downturn in a better position relative to other airlines.

"The challenge, having said that, is enormous."

SOURCE: NZ Herald