



Media Release

QANTAS GROUP POLICY ON HIGHER FUEL PRICES AND CARBON PRICING

SYDNEY, 2 February 2012: The Qantas Group today released further details on its response to the European Union (EU) and Australian carbon pricing schemes and increased fuel costs.

Higher jet fuel costs and carbon pricing will impact future ticket prices for Qantas and Jetstar passengers travelling domestically and internationally.

Fuel

Jet fuel is Qantas' biggest operational cost and market prices remain consistently high.

The Qantas Group's jet fuel cost for the six months to 31 December 2011 was \$2.2 billion, an increase of around \$450 million compared with the previous year.

Average year to date jet fuel prices are at their highest level since 2007/08.

From 15 February 2012, the following surcharge increases will be applied to Qantas international fares booked in Australia:

Destination	Current surcharge (one-way)	Increase	New surcharge (one-way)
Asia / Honolulu	\$145	\$20	\$165
Buenos Aires / Johannesburg / Santiago	\$200	\$40	\$240
United States	\$250	\$60	\$310
London / Frankfurt	\$290	\$60	\$350

The previous increase in international fuel surcharges took place on 19 April 2011.

Qantas will also increase domestic Qantas and QantasLink fares from 9 February to reflect fuel costs. Increase amounts will vary by route and fare class but will average approximately 2.5 per cent.

Examples of new Qantas lead-in, year-round domestic fares on and after 9 February are as follows:

Route	Old (one-way)	New (one-way)
Sydney-Melbourne	\$117	\$122
Brisbane-Melbourne	\$155	\$159
Melbourne-Perth	\$229	\$235
Sydney – Albury	\$115	\$117

An increase of \$2 in the fuel surcharge for domestic Qantas Frequent Flyer Classic Award redemptions (from \$10 to \$12) will also be implemented.

While fuel surcharges, price increases and hedging are being used to mitigate the impact of fuel prices, they will not fully recover the cost impact. Qantas has hedged 86 per cent of its remaining fuel requirement in 2011/12 at a worst case crude oil price of US\$121 per barrel.



Carbon Pricing

European Union

- As of 1 January 2012, airlines are included in the EU emissions trading scheme and must pay a carbon price by purchasing allowances to cover a proportion of the carbon emissions generated by their flights to and from the EU.
- In 2012 Qantas will be required to pay an estimated \$2.3 million for the necessary allowances.
- **From 15 February 2012, Qantas will add a surcharge of \$3.50 each way to fares booked in Australia for Qantas flights to and from London and Frankfurt. This will be applied per passenger and per applicable sector.**

Australia

- On 1 July 2012 the Australian carbon pricing system comes into effect with a starting price of \$23 per tonne of carbon.
- **As first advised in July 2011, this will have an estimated cost impact on the Qantas Group of \$110-115 million in 2012/13 (Qantas \$75.7 million, Jetstar \$37 million).**

Qantas policy

- A one-way carbon surcharge for Qantas and QantasLink services will be applied based on flight sector length, as follows:

Zone	Distance (km)	Surcharge (AUD one-way GST Inclusive)
1	1-700	\$1.82
2	701-1200	\$2.79
3	1201-1900	\$4.00
4	1900 +	\$6.86

- **These surcharges will take effect for tickets booked on or after 15 February 2012 for travel on or after 1 July 2012. They will be applied per passenger, per sector.**
- The surcharges are calculated based on estimated average fuel consumption, carbon emissions and passenger numbers for flight sectors in each zone.

Jetstar policy

- Jetstar will increase all domestic lead-in fares by \$10 in response to higher cost inputs including fuel prices and the introduction of the carbon price. The increase will take effect on 15 February 2012 for travel from 1 July 2012 onwards.

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