

History

Following is a brief history of Air New Zealand, focusing on highlights and major events.

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The Story Begins...

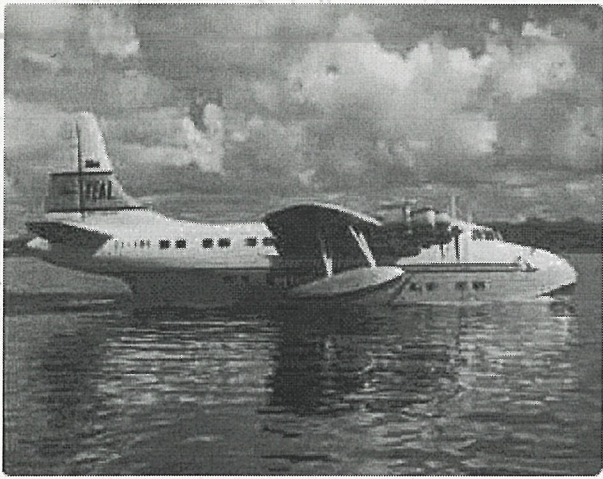


Air New Zealand's story began in April 1940 when its forerunner airline, Tasman Empire Airways Limited (TEAL) was incorporated. TEAL began its first trans-Tasman services with flying boats, and over the years steadily expanded the size and scope of its operations and the extent of its international network. The route network was expanded from Australia and the Pacific to Asia, the USA, the UK and Europe. In October 1953 TEAL became jointly owned by the New Zealand and Australian Governments, and in April 1961 the New Zealand Government assumed full ownership.

In addition to TEAL operating international services, the New Zealand Government established NZ National Airways Corporation (NAC) in 1947. NAC was the primary operator of domestic air services between major centres and provincial cities and towns, and along with TEAL would later form the basis for today's Air New Zealand.

Pacific Coral Route

In December 1951 a flying boat service from Auckland via Fiji and the Cook Islands to Tahiti began - it was known as the "Coral Route". Samoa became part of this route in 1952. The inaugural flight was made in a MK III Solent Flying Boat called Aparima. Solents were used to fly the Coral Route until September 1960, when the world's last scheduled international flying boat service was discontinued. The 50th anniversary of the Coral Route was celebrated by Air New Zealand on the 15th of December 2001.



TEAL Solent Flying Boat at Aitutaki, in the Cook Islands

A National Carrier Is Born



First 737-200 touches down at Wellington

In April 1965 TEAL was renamed Air New Zealand Limited, and continued operating solely international services. 1965 also heralded the beginning of the jet era for Air New Zealand, with the arrival in July of the first DC-8 jet aircraft. The new jets meant that Air New Zealand could expand operations to North America and Asia, becoming a truly international airline. In 1973, Air New Zealand also introduced the larger DC-10. The airline operated with a combined DC-8 and DC-10 fleet until the 1980s, when the larger Boeing 747 began to replace the older jets. The first 747 arrived in May 1981.

In the meantime, NAC's early piston-engined aircraft such as the DC3, were replaced by turbo-props, and in 1968 the jet age for domestic aviation was ushered in by the Boeing 737.

Thirteen years after TEAL was renamed Air New Zealand, Air New Zealand and NAC merged in April 1978, forming the first New Zealand carrier to offer both international and domestic services.



NAC hostesses model the latest uniform in 1976

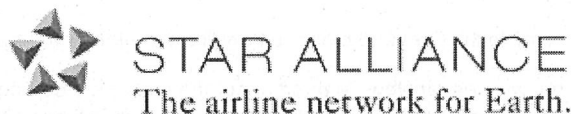
Tragedy struck Air New Zealand on November 28th 1979 when a DC 10 on a sightseeing flight to Antarctica crashed into Mt Erebus, resulting in the loss of all 257 passengers and crew onboard. The tragedy deeply affected New Zealand and everyone that worked at the airline.

In April 1989, the New Zealand Government privatisation of Air New Zealand was completed through the outright sale of the company for NZ\$660 million, to a consortium comprising of Brierley Investments, Qantas, Japan Airlines and American Airlines. Air New Zealand shares were listed on the New Zealand Stock Exchange as "A" shares (could only be held by New Zealand nationals) in October 1989 and "B" shares (no restriction on nationality of ownership) in December 1991.

During the 1980s and 1990s Air New Zealand continued to expand its international network, particularly to Asian cities like Taipei, Nagoya, Osaka and Fukuoka.

Global Alliance

In March 1999 Air New Zealand became a full member of the Star Alliance group. The Star Alliance, which includes Air Canada, ANA, Asiana Airlines, Austrian Airlines, bmi, LOT Polish Airlines, Lufthansa, Singapore Airlines, SAS, South African Airways, Spanair, SWISS, TAP Portugal, Thai Airways, United Airlines, US Airways and Varig is the world's largest global alliance and provides valuable network and loyalty benefits to customers.



Beyond the Star Alliance, Air New Zealand has strong commercial partnerships with airlines serving key markets which complement and strengthen Air New Zealand's airline network. These relationships are managed at a bilateral level.

Air New Zealand and Ansett Australia

In September 1996, Air New Zealand announced a conditional agreement to purchase 50% of Ansett Holdings for a total outlay of A\$475 million. The purchase was completed in October 1996. Ansett Holdings owned 100% of Ansett Australia (the domestic airline) and 49% of Ansett International.

In February 2000, Air New Zealand announced the conditional purchase of the remaining 50% of Ansett Holdings Limited from News Corporation Limited for A\$580m, with a further deferred consideration equivalent to 10.5% of issued capital to be settled between two and four years. The purchase was completed in June 2000 creating a new world top twenty airline.

Ansett had an extensive network throughout Australia and provided Air New Zealand customers with a greatly enhanced offering.

Following a significant downturn in Ansett's performance, leading to unsustainable levels of losses, Ansett was placed into Voluntary Administration in September 2001. On the 4th of October 2001 the Air New Zealand Board, its major shareholders and the New Zealand Government announced a new proposal which provided a substantial capital injection from the New Zealand Government into Air New Zealand. Following shareholder approval of the new proposal in December 2001, Air New Zealand was recapitalised in January 2002.

Short Haul Remodelling

In July 2002, Air New Zealand began a fleet renewal programme and confirmed an order for 14 new Airbus A320s. The Airbus aircraft replace Boeing 767-200 and Boeing 737-300 aircraft that are being progressively retired from the fleet.

In October 2004, the airline announced an upgrade to the turbo-prop fleet, with an agreement to acquire 17 new Bombardier 50 seat Q300 turbo-prop aircraft, and options to purchase a further 10 Q300 and 13 Q400 aircraft. The new aircraft will replace the fleet of 17 33-seater Saab 340A aircraft.



Being There Is Everything

Air New Zealand is transforming its business to firmly put the customer at the front of all its processes. The domestic business was the first to undergo dramatic transformation.

From November 2002, the way people travelled within New Zealand changed dramatically. The airline remodelled its business to offer substantially lower fares, simplified booking rules, a focus on internet sales and ease of booking, additional seat availability and improved loyalty benefits for frequent flyers.

Short haul international services (Tasman and South Pacific) were next. In October 2003, the concept was extended to Tasman travel. With the move, Air New Zealand became the first airline to introduce everyday, low-cost travel across the Tasman and continued its efforts to encourage more people to travel more often. Pacific routes followed in May 2004.

New Long-Haul Fleet and Product

In June 2004, the addition of 12 Boeing aircraft to the fleet and plans to transform the long-haul flying experience were announced.

The Boeing deal, worth more than \$1 billion, will see Air New Zealand acquiring eight new Boeing 777-200ER and four Boeing 7E7 aircraft, as well as rights to acquire a further 46 long-haul aircraft. The aircraft began arriving in October 2005 and will allow Air New Zealand to develop new routes, increase frequency on existing routes and increase both passenger and cargo capacity, while improving efficiency and emission ratings.



The interior of these new aircraft mirror the upgraded Boeing 747 fleet, which are being refitted to offer customers a truly Kiwi experience that sets the benchmark for long-haul travel.

The new Air New Zealand in-flight product features the revolutionary lie-flat seats for premium class passengers, each with direct aisle access; video screens in every seat and movies on demand; new slimline Recaro economy seats; new soft furnishings, refurbished bathrooms and a new food and beverage experience. In addition, a new premium economy service offers additional leg room, more seat recline and in-seat power. The premium economy offering will be unique among carriers to and from New Zealand.

New Routes and Exciting Initiatives

In addition to the new long-haul aircraft and in-flight product, Air New Zealand has also launched new international routes.

On June 30 2004 direct services between Auckland and San Francisco were launched, with services from Wellington to Fiji and Christchurch to the Cook Islands beginning in late 2004. Services between Auckland and Niue and Auckland and Adelaide launched in November 2005 and March 2006 respectively.

Alongside ongoing efforts to market New Zealand as a destination to existing markets, Air New Zealand has renewed its focus on growing potential markets and earlier this year opened a sales office in Beijing, China. Direct flights between Auckland and Shanghai are also planned once the necessary regulatory approvals are received.

Air New Zealand's loyalty programme, Airpoints, was relaunched in November 2004 as Airpoints Dollars. In a world first, customers can use their Airpoints Dollars to book any seat, at any time, on any Air New Zealand ticketed and operated flight, just like cash.

A new uniform, designed by leading New Zealand fashion house Zambesi, was launched in October 2005 at Air New Zealand Fashion Week, with staff changing over to the new look in March 2006.

With all these initiatives and the many more to follow Air New Zealand remains committed to delivering a uniquely Kiwi experience to its customers.