

## START-UP

## Sun Air rises again in business class

South Africa's defunct domestic carrier Sun Air is being resurrected as a business class airline, its name and some of its aircraft having been acquired by a couple of local carriers.

Sun Air, due to restart on 18 March, was liquidated in 1999 after a price war and controversial takeover by South African Airways (SAA), which immediately closed it down.

Johannesburg-based charter operator Million Air Charters has bought from the liquidators Sun Air's three McDonnell Douglas DC-9s for \$3.5 million and the use of the Sun Air name. Million Air jointly owns the revamped airline with fellow charter operator AirQuarius Aviation.

Million Air will wet-lease two of the DC-9s to Sun Air for operation on twice-daily schedules between Cape Town and Lanseria Airport, north of Johannesburg. Sun Air is aimed at business travellers, with return airfares priced below those of competing airlines, and the DC-9s reconfigured with 76 leather seats.

Meanwhile, the Sun Air liquidators are suing SAA and its current chief executive Andre Viljoen and former boss Coleman Andrews for R97 million (\$8.8 million) that they say could have been made from the sale of Sun Air's assets. The liquidators also claim that SAA paid leasing company Safair R50 million to reclaim five Boeing MD-80s when Sun Air closed down. SAA is seeking a judgement to retrieve the funds.

## DOMESTIC EXPANSION

## Fast delivery for Qantas jets

Qantas has taken delivery of the first of 15 Boeing 737-800s, just 100 days after signing the contract. The order was placed in October to meet domestic expansion following the problems of rival Ansett. The early delivery positions were taken over from Oneworld partner American Airlines, which was seeking to defer delivery of aircraft already in production after the collapse of traffic since the US terror attacks. The first aircraft is adorned in a special "Yananyi Dreaming" livery. Deliveries will be completed by August.

## ADMINISTRATION PAUL PHELAN / CAIRNS

# New hope for Ansett's rescue as trading deadline extended

Purchasers plan to buy 30 A320s and have been in talks over tie-up with Virgin

Ansett's prospects of a return to full flying status took an upturn last week as its administrators declared they would continue trading up to a 28 February deadline which they described as "absolute". The airline also announced that it plans to buy 30 Airbus A320 family aircraft to be phased in during the second half of the year.

Administrators Mark Corda and Mark Mentha confirm Ansett has been losing A\$6 million a week (\$3.2 million), but insist that continued trading and a sale before the deadline will give creditors a better outcome than liquidation.

The pair had sought a court ruling giving them indemnity against being sued by creditors for continuing losses, but this was rejected last

week. Mentha, however, says the decision does not preclude their right to continue flying the airline at a loss while sale details are finalised, and that this would provide the best outcome for creditors.

Tesna, the Ansett purchase vehicle of Australian businessmen Solomon Lew and Lindsay Fox, gained impetus when it closed a critical loop on 15 February by securing Sydney airport terminal leases and signing a deal with the airport covering access of other airlines to its surplus terminal space.

Tesna has also signed a memorandum of understanding (MoU) with Airbus for 30 A320s and A321s with an option on 10 more. Deliveries will begin in the second half of the year. Airbus will pro-

vide all training and field service support in Australia as part of the package.

Separately, the pair have held talks in London with Virgin chief Sir Richard Branson over a possible but undisclosed link-up between the two airlines. Branson has repeatedly insisted the Virgin brand would remain in Australia, while Fox and Lew want to trade under the Ansett brand. Virgin Blue's David Huttner denies speculation that the airline could be sold to Tesna, and has branded talk of a possible merger as "speculation".

Unfinished business to be undertaken in the next two weeks includes the finalisation of airport leases at Adelaide, Melbourne, Perth and provincial airports.

## OPEN SKIES POLICY ROHAN GUNASEKERA / COLOMBO

## Sri Lanka may lift competition ban

Sri Lanka is considering allowing domestic airlines to operate international passenger services that are currently the monopoly of the national carrier, SriLankan Airlines. The cabinet is also being asked to lift the ban on domestic air travel services by private operators, says civil aviation minister Tilak Marapana.

Private domestic flights were banned more than two years ago for security reasons after intelligence reports that Tamil Tiger guerrillas planned to hijack aircraft for suicide attacks on government

leaders and military facilities. The security climate has now changed, with both sides observing a truce and preparing to resume peace talks to end the civil war.

Marapana says the government wants to renegotiate the privatisation agreement under which Emirates acquired a 40% equity stake and management control of SriLankan Airlines and conduct bilateral talks with other countries on obtaining landing rights for private domestic operators. Private domestic airlines might be allowed to operate on routes not used by

SriLankan Airlines, he says.

Marapana last month announced that the government would review the SriLankan privatisation deal which he says has probably "created a monopolistic situation" that hinder efforts to develop the industry. The government wants an "open skies" policy, he says.

According to a cabinet directive, the civil aviation authority must seek cabinet approval to give licences to other domestic operators for international passenger flights, effectively giving SriLankan a monopoly on such services.

