

BA to cut 1,200 jobs amid losses

British Airways says it plans to cut a further 1,200 jobs after reporting a first-half loss for the first time.

The job loss announcement means the airline will have shed a total of 4,900 positions by March 2010. The company suffered a loss before tax of £292m (\$485m) for the six months to the end of September, compared with profits of £52m a year earlier. BA said revenue over the six-month period was down 13.7% to £4.1bn, compared with £4.75bn in 2008.

"Aviation remains in recession with revenue likely to be £1bn lower this year," said BA chief executive Willie Walsh. He told the BBC that this had been the "most difficult year in the history of the aviation industry".

"All airlines are facing the same pressure. Operational changes at British Airways are absolutely necessary to improve the performance of the business," he said.

BA has already achieved 1,900 global job reductions by natural wastage, voluntary redundancies and reduced overtime.

Strike ballot (1)

BA is currently in a battle with unions over changes to jobs and pay. It wants to cut the number of cabin crew staff on its long-haul flights from 15 to 14, with the change coming into effect on 16 November. The company is also proposing a two-year pay freeze. It says the changes are essential to its survival.

Unite said staff would "unwillingly" work the new schedules from this month but it would still ballot for a strike. BA said its half-year operating costs were down 8.7%, despite the weakening of the pound, and fuel costs were also lower by 17.8% compared with the same period last year.

Pension scheme

BA's half-year results revealed a growing problem with its two final-salary pension schemes.

Both are now closed to new joiners, but although the older scheme (APS) now consists mainly of BA pensioners, just under half of the 70,000 members in the newer scheme (NAPS) are still working for the airline.

The value of the assets in both schemes rose, largely due to this year's huge rebound in share prices. But this has been outstripped by the rising cost of paying for the pensions once they come into payment.

The BA pension scheme trustees, in their interim valuation, have assumed that the scheme's assets will earn a smaller income in the future.

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(1)To ballot : to vote.