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## **CAAS Extends S\$130 Million Relief and Incentive Package to Airlines and Airport Partners at Singapore Changi Airport**

*Existing Air Hub Development Fund will be extended by another year at an expanded budget*

To help airlines and airport partners affected by the global economic downturn, the Civil Aviation Authority of Singapore (CAAS) is extending and expanding the existing Air Hub Development Fund (AHDF), which is due to expire on 31 December 2008. AHDF will be extended by another year until 31 December 2009, with an expanded budget of S\$130 million. This represents a 30% increase over the S\$100 million annual budget under the AHDF for 2006-2008. Airlines also stand to benefit from enhanced incentives that CAAS will be introducing under the fund's extension.

Under the extended AHDF package for 2009, a 25% landing fee rebate will be given to airlines operating flights at Singapore Changi Airport and Seletar Airport. The rebate, which is 10% points higher than the existing 15% rebate that airlines currently receive, is a one-time economic relief measure introduced for 2009. In addition, CAAS will continue to offer the 15% across-the-board rental rebate for tenants of offices, airline lounges and warehouses at Changi Airport and Seletar Airport. This will benefit airlines as well other airport business partners such as ground handlers, airport concessionaires and freight forwarders.

Part of the AHDF extension package would also support the various ongoing incentive schemes to encourage airlines to look for growth opportunities to extend their network and capacity or drive traffic to and through Changi Airport.

"CAAS recognises the tough operating environment that airlines and airport partners are currently operating under. By extending the Air Hub Development Fund at an expanded budget of S\$130 million, CAAS hopes to help them tide over the downturn. It is also an assurance of CAAS' commitment to support the airlines at Changi Airport and aviation industry players in Singapore, especially in bad times," said Mr Lim Kim Choon, Director-General and Chief Executive Officer, CAAS.

In addition to providing monetary assistance to airlines through rebates and incentives, CAAS has also implemented initiatives on the air traffic management front to help airlines reduce their operating costs. Most notably, CAAS worked with the International Civil Aviation Organization to implement a regional air traffic management system to regulate Europe-bound air traffic over the Bay of Bengal. This results in a reduction of air traffic congestion, which in turn reduces delays and operating costs for airlines. Furthermore, the reduction of longitudinal separation between aircraft operating along the Singapore and China / Hong Kong routes allows more aircraft to operate at the same flight level at a specific time. This helps to increase

the capacity and efficiency on the usage of airspace, and at the same time, reduce flight delays. Such initiatives have directly helped airlines reduce fuel burn and resulted in estimated fuel savings of over S\$45 million per annum for airlines.

The first 11 months of this year saw Changi's passenger movements rose by 3.1% to 34.2 million, compared to January to November 2007. However, in the month of November 2008 alone, passenger movements dropped by 3.2% to 3.08 million, compared to November 2007. Airfreight tonnage for November 2008 too, fell by 14.2% compared to November last year. For the first 11 months this year, it dipped by 0.2% compared to the same period in 2007. Nonetheless, Changi Airport has also seen a strong growth in weekly scheduled flights in 2008, demonstrating its continued relevance as a major global aviation hub.

CAAS will continue to stay in close touch with its airline and business partners at Changi and Seletar airports and the Changi Airfreight Centre, to help them tide over the downturn.

**About AHDF:** *The Air Hub Development Fund (AHDF) was first set up at a budget of S\$210 million for a 3-year period beginning from 1 January 2003. It was intended to help airlines and the aviation industry tide over the uncertainty faced by the global aviation industry then, and to further strengthen Singapore's position as an aviation hub in the region. When it expired on 31 December 2005, it was extended for another 3 years with an enhanced S\$300 million incentive package to strengthen the growth of Singapore's aviation sector.*