

Cost-reducing strategies to assist airlines amidst the pandemic

8th Oct 2020

Impact of COVID-19 on Singapore Airspace

- Singapore is a **small country** that has **no domestic travel** and relies heavily on international traffic
- Our **air traffic volumes have plummeted**
- Our national carrier Singapore Airlines (SIA) has resorted to **cost-cutting measures** such as layoffs and no-pay leave schemes

Singapore

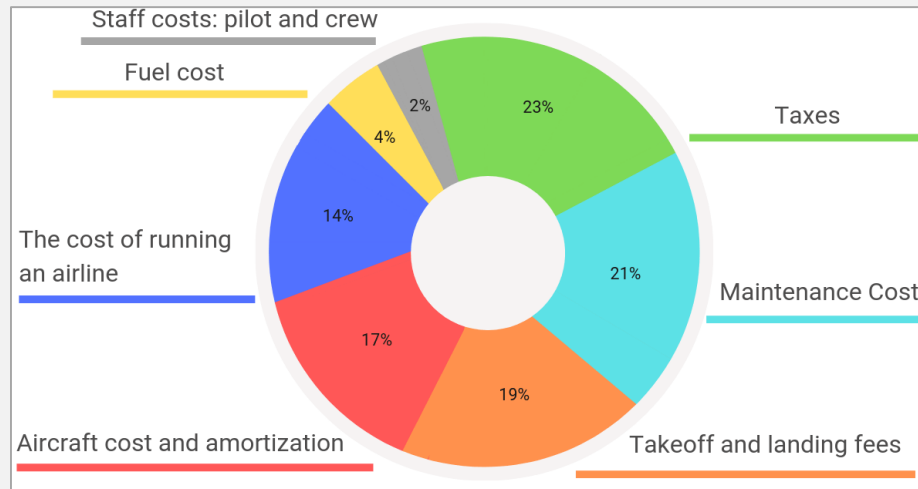
SIA Group passenger carriage down 98.3% in August, some flights suspended due to COVID-19



A woman walks past a Singapore Airlines check-in counter at Singapore Changi Airport in Singapore on Sep 11, 2020. (Photo: AFP/Roslan Rahman)

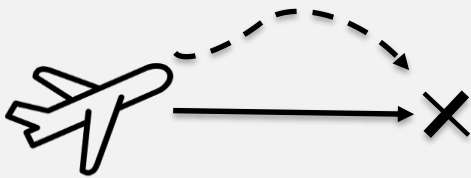
SINGAPORE: The Singapore Airlines (SIA) Group suffered a 98.3 per cent year-on-year drop in passenger carriage in August as air travel demand "continued to be severely curtailed" by COVID-19 border controls and strict travel restrictions.

Composition of Airline Costs



- Image shows the **percentage composition of the costs in a typical flight ticket paid by a passenger**. We can assume it roughly estimates airline costs.
- Out of these components, will be focusing on **take-off and landing fees, fuel costs, maintenance costs and flight crew costs**

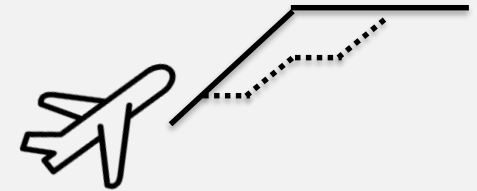
1) Reducing fuel burn



Direct routings



Optimum flight levels



**Continuous Climb Operations (CCO) /
Continuous Descent Operations (CDO)**

- Able to facilitate such movements due to **low traffic levels and higher flexibility**

2) Various Rebates



- **10% Landing Charge rebate** for scheduled airlines from all points
- 10% Landing Charge rebate for all scheduled freighter flights



- **20% rebate on rental paid by cargo agents** tenanted in the Changi Airfreight Centre (CAC)
- 50% rental **rebates for airlines and ground handling companies' lounges and offices** within Changi Airport and Seletar Airport terminal buildings



- **100% Parking Charge rebate** for scheduled passenger flights at Changi Airport and Seletar Airport
- **50% rebate on regulatory fees** for new and renewed certificates of airworthiness totaling \$6 million


3) Flight Crew Costs

- In SIA, **2400 employees affected by job cuts** and **1900 terminated** through recruitment freeze and early retirement schemes
- SIA initiatives:
 - **Employee Support Portal** which has job opportunities for cabin crew (500 staff placed so far)
 - **Allowing temporary placements and secondary job placements** outside SIA group.
 - ✓ Includes ambassador roles and opportunities at public transport stations, social service offices and hospitals

SIA to let staff take up temporary jobs outside group

MON, MAR 30, 2020 - 4:00 PM

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Employees are also being given the option of temporary placements outside the group. Staff will return to the airline at the end of the deployment period, the memo said. PHOTO: REUTERS

FACED with a long, harsh "Covid-19 induced winter", Singapore Airlines (SIA) will press ahead with efforts to contain costs after announcing a massive cash call last week, and will allow employees to take up temporary placements outside the SIA group following major cuts to flight operations....

BREAKING NEWS

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- 01:49 PM Hyflux suitor Utico reaffirms offer, suggests PnP town hall next week
- 01:37 PM 9,000 opportunities in professional services offered in last six months: MOM
- 01:29 PM Lingering questions as Wirecard ends payment services in Singapore 🇸🇬
- 01:07 PM STB to establish safety measures for cruise ships to 'restore consumer confidence'

Believing we can overcome these challenges together as a community

- In Singapore, **employees have stepped up help SIA tide over this hurdle**
 - More than 6000 of the 27000 staff from SIA group have taken no-pay leave of varying lengths
 - More than 1700 employees including ground staff, pilots and cabin crew signed up for volunteer positions and jobs in external organisations



Thank you!