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Only 1 carrier at budget terminal? No problem

By Ken Kwek

THE Government is not perturbed that only Tiger Airways has signed on to operate out of the new Budget Terminal at Changi Airport.

After all, the decision to go ahead with the project was made only after 'extensive consultation' with potential users, Minister of State (Finance and Transport) Lim Hwee Hua told Parliament yesterday.

The other budget airlines may have adopted a 'wait-and-see approach', she said in response to two MPs who were worried that only one carrier was keen on the new terminal.

Said Mrs Lim: 'The business model of low-cost carriers is still evolving.'

Some carriers have stayed at the main Changi terminals despite the higher costs, she noted, as they may want transfers to be done quickly without troubling passengers.

Others may want to assess how travellers take to the new Budget Terminal.

'If travellers give the new terminal the thumbs-up, we are then likely to see increased interest from other budget airlines,' she said.

Mr Ong Kian Min (Tampines GRC), chairman of the Government Parliamentary Committee for Transport, asked if the benefits from operating out of the new terminal were 'sufficient to justify the lower-quality service' to passengers.

Mrs Lim pointed out that, for a start, the carriers will enjoy cost savings of 'up to 50 per cent' from not using aerobridges, and from lower aircraft-towing and ground-handling fees.

Passengers may also benefit from shorter waiting times and a lower service charge.

But Mr Ong wanted to know if Tiger Airways' commitment is firm and binding. Or could it change its mind 'on short notice' and move back to the main terminals?

Mrs Lim said there is 'no minimum tenure' but she assumed Tiger Airways will stay as long as it is commercially viable.

Mr Sin Boon Ann (Tampines GRC) wondered aloud if the Government was 'too hasty' in building the Budget Terminal.

Mrs Lim repeated that the project was undertaken after extensive consultation.

'By the same token, if we had waited for models to succeed elsewhere, then Changi Airport would never have been built as well,' she said.

Still, she added that if Tiger Airways does decide to bail out, most of the equipment can be re-directed for use at the main terminals.