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SPEECH BY DR YEO NING HONG, MINISTER FOR COMMUNICATIONS
AND INFORMATION AND SECOND MINISTER FOR DEFENCE,
AT CHANGI AIRPORT FUEL HYDRANT INSTALLATION (CAFHI)
10TH ANNIVERSARY CELEBRATION AT 15 AIRLINE ROAD
ON THURSDAY, 11 DECEMBER 1986 AT 10.30 AM

I am happy to be here today for the 10th Anniversary of the Changi Airport Fuel Hydrant Installation (CAFHI) and to participate in the ground breaking ceremony for the construction of additional storage tanks.

In 1975 the Government decided to move our international airport from Paya Lebar to Changi. We planned for an underground fuel hydrant system to provide aviation fuel efficiently at competitive cost to airlines. It would have been easy for the Department of Civil Aviation to operate the service as part of airport management and operation. But even a decade ago, the philosophy of encouraging the private sector to be involved in as many areas of economic activities, was already evident.

So, on 11 December 1976 the Changi Airport Fuel Hydrant Installation Pte Ltd was formed. This consortium was made up of six oil companies, namely BP, Caltex, Esso, Mobil, Shell, and SPC. Subsequently in 1984 Air Total International joined the consortium.

The success of CAFHI in providing a high level of service and quality products at very competitive prices is testimony to the boldness and farsightedness of the planners of Changi Airport.

The recession of 1985 has given fresh impetus and greater urgency to encourage private sector participation at the periphery of government activities. This process must continue. Of course, such privatisation should not result in loss of economy of scale. Otherwise cost will increase and competitiveness decrease; and the privatisation exercise will turn out to be counterproductive, and be detrimental to the interest of consumers and the nation in the long term.

The statutory boards in my Ministry have been studying to see if more of their activities can be passed on to the private sector. Here I am happy to announce that as from 1 January 1987 PSA will be leasing two container berths for private companies to operate. The companies are Maersk Line (S) Pte Ltd and Neptune Orient Lines Ltd. With berths operated by private companies, market forces will induce greater competitiveness. This will lead to greater efficiency and productivity with lower cost for all.

The lowering of operational cost in Singapore must become a way of life for us, if we want to recover and then maintain our competitive edge. The transportation and communications sector is committed to this goal. Already the sector is the largest sector of our economy, contributing some 25 per cent of our GDP. It is also the most consistent and fastest growth sector, aiding in the recovery of our economy. By systematic planning and organisation, this sector can capitalise fully on our strategic location, our well-connected land, sea, and air network and our world-wide telecommunication links. Collectively, the statutory boards of my Ministry, namely PSA, CAAS, and TAS, have lowered the cost to consumers by more than \$155 million over the past year. This has given our economy a much appreciated broad-spectrum boost, as every business and industry benefited from the cost reductions. Future productivity and technological gains will be passed on to consumers to help increase our competitiveness. It is only by being competitive that we can attract new companies to operate in Singapore and create more jobs for our people.

Another announcement that I can make today is that Eastman Kodak would be setting up their "Central Distribution Centre" for the Asia Pacific Region in Singapore next year. Kodak's operation in Singapore will involve freight handling, transportation, storage, re-packing, and distribution. There are, of course, many reasons for Kodak to choose Singapore. They include wellknown factors such as our strategic location, our extensive infrastructure of banking, legal and financial services, our efficient and widespread transport and communication network, and the high technology skill levels of our population. Not unimportant must be the competitive cost of operation.

This process of creating an investment attractive environment must continue. Then new investors will come to Singapore and existing investors in Singapore will expand their operations.

The construction of two additional tanks are the physical symbols of CAFHI's continued expansion. That is why I have great pleasure in participating in this morning's ground breaking ceremony.

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