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CIVIL AVIATION AUTHORITY OF SINGAPORE ACT 2009
(ACT 17 OF 2009)

CIVIL AVIATION AUTHORITY OF SINGAPORE
(PRICE CONTROL OF AERONAUTICAL CHARGES)
(AMENDMENT) RULES 2010

In exercise of the powers conferred by section 52(2) of the Civil Aviation Authority of Singapore Act 2009, the Minister for Transport hereby makes the following Rules:

Citation and commencement

1. These Rules may be cited as the Civil Aviation Authority of Singapore (Price Control of Aeronautical Charges) (Amendment) Rules 2010 and shall come into operation on 1st June 2010.

Amendment of rule 7

2. Rule 7(2) of the Civil Aviation Authority of Singapore (Price Control of Aeronautical Charges) Rules 2009 (G.N. No. S 298/2009) (referred to in these Rules as the principal Rules) is amended by deleting sub-paragraph (a) and substituting the following sub-paragraph:

“(a) a price or an amount referred to in paragraph (1)(a) or (b) that is calculated according to the formula in rule 7A;”.

New rule 7A

3. The principal Rules are amended by inserting, immediately after rule 7, the following rule:

“Formula for price or amount

7A.—(1) For the purposes of rule 7(2)(a), the formula for calculating a price or an amount is

$$RYCap_t = \frac{Opex_{aero\ t} + Depreciation_{aero\ t} + CoC_{aero\ t} - H\% * Profit_{non-aero\ t} - Adjustment_t}{Vol_{pax\ t}}$$

where t	is the year in the regulatory period for which the RYCap is to be determined;
$RYCap_t$	is the revenue yield cap or aeronautical revenue earned per passenger in the relevant year t ;
$Opex_{aero\ t}$	is the operating expenses incurred from the provision of aeronautical services and facilities, including security-related operating expenses not recovered from projected security-related revenue, projected for the relevant year t ;
$Depreciation_{aero\ t}$	is the projected depreciation of assets utilised from the provision of aeronautical services and facilities, including the projected depreciation of security-related assets not recovered from projected security-related revenue, in the relevant year t ;
$CoC_{aero\ t}$	is the sum of computed pre-tax weighted average cost of capital (WACC) on the average regulated asset base and the computed pre-tax WACC on the average security asset base not recovered from projected security-related revenue, in the relevant year t ;
$H\%$	is the level of contribution applied on the projected non-aeronautical economic profits in the relevant year t ;
$Profit_{non-aero\ t}$	is the projected non-aeronautical economic profits in the relevant year t ;
$Adjustment_t$	is the allowable adjustments made, on a net present value-neutral basis, to the projected aeronautical revenue in the relevant year t which may include, but are not limited to, positive or negative adjustments to account for revenue profiling requirements, under-recovery and over-recovery from previous

$Vol_{\text{pax } t}$	regulatory periods and deviations from capital expenditure forecasts;
	is the projected total passenger movement for the relevant year t .

(2) In this rule —

“average regulated asset base”, in relation to any year, means the average of the starting and ending value of the regulated asset base for the year;

“average security asset base”, in relation to any year, means the average of the starting value and the ending value of the security asset base for the year;

“non-aeronautical economic profit” means the operating profit derived from the provision of non-aeronautical services and facilities, net of depreciation and the pre-tax weighted average cost of capital on the average non-regulated asset base;

“regulated asset base”, in relation to an airport licensee for an airport, means such assets, including working capital and work-in-progress assets, that are utilised by the airport licensee in the provision of aeronautical services and facilities at the airport;

“security asset base”, in relation to an airport licensee for an airport, means such assets, including working capital and work-in-progress assets, that are utilised by the airport licensee in the provision of security services and facilities at the airport.

(3) In computing the average regulated asset base in relation to any year within a regulatory period —

(a) the starting value of the regulated asset base for the next regulatory period shall be equal to its value at the end of the last regulatory period; and

(b) the projected ending value of the regulated asset base of each year in the regulatory period shall be its starting value plus —

(i) projected aeronautical capital expenditure during the year;

(ii) projected change in work-in-progress assets; and

(iii) projected net changes to net aeronautical working capital, where aeronautical working capital is to be determined by the Authority after consultation with the airport licensee,

but less projected depreciation and disposals of aeronautical assets.

(4) In computing the average security asset base in relation to any year within a regulatory period —

(a) the starting value of the security asset base for the next regulatory period shall be equal to its value at the end of the last regulatory period; and

(b) the projected ending value of the security asset base of each year in the regulatory period shall be its starting value plus —

(i) projected security capital expenditure during the year;

(ii) projected change in work-in-progress assets; and

(iii) projected net changes to net security working capital, where security working capital is to be determined by the Authority after consultation with the airport licensee,

but less projected depreciation and disposals of security assets.”.

Amendment of rule 20

4. Rule 20 of the principal Rules is amended by inserting, immediately after paragraph (4), the following paragraph:

“(5) In addition to paragraph (4), every notice of aeronautical services and facilities pricing that is given to an airport licensee for an airport shall be accompanied by such revenue yield cap financial modelling programme and reporting template as the Authority requires to be used by the airport licensee when making its proposal to the Authority under rule 22(1).”.

Amendment of rule 21

5. Rule 21 of the principal Rules is amended by inserting, immediately after paragraph (3), the following paragraph:

“(4) The airport licensee for an airport shall, within a period of 2 weeks after submitting to the Authority in accordance with

rule 22(1) its proposal regarding aeronautical charges for the aeronautical services and facilities to be provided by the airport licensee in a regulatory period in relation to the airport —

- (a) prepare a written response responding generally to the comments of the designated airport users made in relation to its draft proposal; and
- (b) serve the written response on the designated airport users.”.

Amendment of rule 22

6. Rule 22(2) of the principal Rules is amended —

- (a) by deleting the word “and” at the end of sub-paragraph (a)(vii); and
- (b) by deleting the word “and” at the end of sub-paragraph (viii) of sub-paragraph (a), and by inserting immediately thereafter the following sub-paragraphs:
 - “(ix) the revenue yield cap financial modelling programme and a duly completed report prepared in accordance with the report template provided by the Authority under rule 20(5); and
 - (x) without charge, a copy of the comments by every designated airport user in relation to the airport licensee’s draft proposal received by the airport licensee and the airport licensee’s written response under rule 21(4) to those comments; and”.

Amendment of rule 23

7. Rule 23 of the principal Rules is amended by inserting, immediately after paragraph (2), the following paragraph:

“(2A) Without prejudice to paragraph (2), the Authority may seek clarification from the airport licensee with regard to its proposal and for that purpose, may require the airport licensee to provide the Authority with such additional information or documents as will assist to clarify the airport licensee’s proposal and to do so in such form and manner and within such time as the Authority shall specify.”.

Amendment of rule 28

8. Rule 28 of the principal Rules is amended by deleting paragraph (1) and substituting the following paragraph:

“(1) If the Authority makes a determination described in rule 27(1)(b)(ii), specifying a maximum total amount (revenue cap, revenue yield cap or otherwise) that may be earned by the airport licensee for an airport from the provision of aeronautical services and facilities in relation to the airport in any regulatory period —

(a) the Authority shall, as soon as is reasonably practicable —

(i) notify, in such form and manner and in such detail as the Authority considers appropriate, the designated airport users who had made comments under rule 21 at the inquiry leading to that determination; and

(ii) provide without charge to the Minister a copy of its notice under sub-paragraph (i) to the designated airport users; and

(b) the airport licensee concerned shall prepare a statement setting out the details of every fee and charge it proposes to impose in respect of each type of aeronautical service or facility to be provided in relation to the airport in that regulatory period.”.

Amendment of rule 30

9. Rule 30 of the principal Rules is amended —

(a) by deleting sub-paragraph (e) of paragraph (2) and substituting the following sub-paragraph:

“(e) revised projection for utility costs based on price quotes or bids submitted to the airport licensee by the vendors of utility services or such alternative benchmarks and the actual annual utility costs since the start of the regulatory period.”;

(b) by deleting the word “or” at the end of paragraph (3)(b); and

(c) by deleting sub-paragraph (c) of paragraph (3) and substituting the following sub-paragraphs:

“(c) any deviation in utility costs projections made by the airport licensee at the airport for the period after the end of the mid-term review to the end of the regulatory period; or

(d) any other deviations that the Authority considers to have a substantive impact on the revenue yield caps set for the regulatory period.”.

Amendment of First Schedule

10. Part I of the First Schedule to the principal Rules is amended by inserting, immediately after item 12, the following item:

“13. Services and facilities that are customised or specialised in order to further promote and enhance the status of Singapore as an international aviation hub.”.

Amendment of Third Schedule

11. Items 1 and 2 in the Third Schedule to the principal Rules are amended by inserting, immediately after the words “passenger handling”, the words “and airport operations”.

Made this 20th day of May 2010.

CHOI SHING KWOK
*Permanent Secretary,
Ministry of Transport,
Singapore.*

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