

**OPENING REMARKS BY MR LIM KIM CHOON, DG & CEO CAAS AT THE
CAAS AVIATION SAFETY FORUM HELD ON 31 AUGUST 2007 AT THE
NGEE ANN POLYTECHNIC AUDITORIUM**

Opening

Distinguished guests, colleagues and friends,
Ladies and Gentlemen,

- 1 Good morning. I am pleased to join you at this third CAAS Aviation Safety Forum. Two years ago, CAAS launched this series of annual Aviation Safety Forums to bring together experts and key decision makers to promote safety in our industry. Since then, this Forum has grown from strength to strength. This year, we have to hold the event in this impressive auditorium at Ngee Ann Polytechnic in order to accommodate more than five hundred participants. I am especially heartened to see more than 70 CEOs and Accountable Managers here today. The large turnout for this Forum speaks volumes of the industry's commitment to improve aviation safety.
- 2 This is the first time that I am addressing the forum as Director General and Chief Executive Officer of CAAS. Since joining CAAS in May last year, I have had the opportunity to meet and discuss with various players in the industry. I must say that I am impressed with the professionalism and enthusiasm in the industry which today contributes almost 9% of the national GDP.

Exciting Trends

- 3 Let me begin by sharing with you exciting trends in our aviation sector.

- 4 According to the Airbus Global Market Forecast, some 22,700 new passenger and freight aircraft valued at US\$2.6 trillion will be required by aircraft operators by 2025. By then, the Asia-Pacific region is expected to grow to a third of the worldwide market. The Boeing Current Market Outlook also predicts similar bullish growth. To support the growth, the region will require a host of aviation services as well as additional resources such as pilots and engineers. These projections present significant growth opportunities for the Singapore aviation industry.

- 5 The increasing air transport liberalization in the region has also created more opportunities for airlines and aviation related services. Globally, the World Travel and Tourism Council has projected that demand for travel and tourism would grow by 4.2 percent annually over the next decade. Here in Singapore, Changi Airport registered good growth in both passenger traffic and hub connectivity in the first half of 2007. During this period, close to 18 million passengers went through Changi, which is a 5.4 percent increase compared to the same period last year. Changi now serves 79 scheduled airlines, connecting Singapore

with more than 4000 weekly flights to 185 cities in 59 countries.

- 6 The entry into service of the first Airbus A380 at Changi within the next one to two months, will bring forth a new chapter in civil aviation, and CAAS is looking forward to the launch of A380 commercial operations by Singapore Airlines. In addition, in order to meet future travel demand, we will open Terminal 3 by January next year. Also in the pipeline is the \$60 million development of the Seletar Aerospace Park which is expected to host various MRO and training activities in response to industry's growing needs. The Integrated Resorts when completed in 2010 would also draw a host of general aviation aircraft activities and services, including helicopter operations.

- 7 These trends augur well for the already vibrant aerospace industry in Singapore, which today employs around 18,000 people and generates about \$4.5 billion in revenue¹. Singapore also leads the region in component MRO services, with close to 20 leading companies based here. I am confident that the industry will continue to grow with strong demand for a host of aviation support services, MRO, manufacturing, airport infrastructure and aviation training.

- 8 This aviation safety forum today is indeed appropriate. Maintaining high standard of safety is a key foundation of our industry. Safety must be top priority for all our organizations and businesses. CAAS, as a civil aviation safety regulator, will also have to sharpen its safety oversight capabilities including reforming its aviation regulations, to be at the forefront of industry changes. One of my goals is for CAAS to become a more effective regulator that is both pro-enterprise and innovative in facilitating the growth of the industry. I certainly welcome industry feedback on how we could further improve our processes and regulations.

Proactive Participation through SMS

- 9 Let me now touch in greater detail on the need for safety management system or SMS. Traditionally, companies set up quality management systems to comply with aviation regulations as well as to provide safety assurance. While this continues to be applicable, organisations must increasingly take a holistic organizational approach in implementing an effective safety management system.
- 10 Past investigations into a wide variety of accidents have cited organisational failures as a significant contributory cause². The hazards that contributed to those accidents could have been addressed at an earlier stage had there

been a robust detection system in place. The key takeaways from these investigations are clear – in each organisation there has to be a pervasive system that proactively manages risk and enhances safety. A successfully implemented SMS will help organisations achieve that and fulfill their roles as *proactive* stakeholders.

Top Management Accountability is Crucial

- 11 Ultimately, the level of commitment of each CEO and Accountable Manager to SMS will be the key factor that will make or break the successful implementation of SMS in their organisation. Ingraining a strong safety culture over time will require coordinated effort and dedicated leadership. It is therefore critical that the top management of organizations take the lead and sustain SMS implementation.

- 12 A strong safety culture will contribute directly to the bottom line of an organisation. In our industry, the objectives of maximizing shareholder value and maintaining a high standard of safety are closely interdependent. SMS will contribute to the reduction of accidents and serious incidents, thereby reducing the direct and indirect costs related to such events. An organisation with an effective SMS can also expect to benefit from improved safety records and a reputable safety standard in the industry.

SMS should therefore be the cornerstone in any organisation that is involved in aviation business.

CAAS' SMS Programmes

- 13 CAAS started SMS implementation as early as in 2001. As part of its aerodrome certification, Changi Airport implemented its SMS in 2003 to comply with the ICAO standards.
- 14 CAAS is also taking steps to help operators and MRO organisations in their SMS implementation. For instance, in December 2006 we issued an Advisory Circular detailing SMS requirements and critical elements in implementation. Last year, we also provided a comprehensive guidance material on SMS to facilitate step-by-step development of your own SMS.
- 15 CAAS has also put together an SMS assessment protocol as an objective and transparent tool to assess an organisation's SMS maturity level. This assessment protocol is a comprehensive checklist of key SMS elements and processes, which can be used by organizations to check their readiness.
- 16 CAAS will continue to work closely with the industry on SMS implementation. I am confident that with our

combined efforts, we will be able to meet the ICAO's deadline of January 2009 for SMS implementation.

Closing

- 17 I am sure everyone is looking forward to hear the pearls of wisdom from distinguished SMS experts present at this Forum today. These speakers have wealth of experience in safety management in their organisations and I am glad that they can be here to share their perspectives and experience with us.
- 18 I would also like to take this opportunity to thank the Safety Forum Committee, comprising members from CAAS, the Association of Aerospace Industries Singapore and Singapore Airlines, for their hard work in putting this event together.
- 19 Finally, this Forum presents an excellent opportunity for fellow industry partners to share ideas, forge new relationships and renew old ones. I wish everyone a fruitful and rewarding Forum today.
- 20 Thank you.