

PRESS RELEASE

INTRODUCTION OF THE TRANSPORT SECTOR (CRITICAL FIRMS) BILL

The Ministry of Transport introduced the Transport Sector (Critical Firms) Bill (“Bill”) in Parliament today. The Bill seeks to strengthen the resilience of key firms in the air, sea and land transport sectors in Singapore, and safeguard their provision of essential transport services. The Bill will amend four Acts: the Bus Services Industry Act 2015, the Civil Aviation Authority of Singapore Act 2009, the Maritime and Port Authority of Singapore Act 1996, and the Rapid Transit Systems Act 1995.

2. Our air, sea and land transport sectors form key pillars of the Singapore economy. The COVID-19 pandemic has reinforced the importance of our air and sea hubs, which ensured the flow of critical supplies and kept Singapore connected to the world. Many Singaporeans also rely on our mass public transport system for safe and reliable daily commutes.

3. The Ministry of Transport and its statutory boards, the Civil Aviation Authority of Singapore (CAAS), the Maritime and Port Authority of Singapore (MPA), and the Land Transport Authority (LTA), have reviewed our sectoral legislation to strengthen the resilience of key transport firms through this Bill. It complements the Significant Investments Review Act that was passed in Parliament in January 2024, which seeks to strengthen the resilience of Singapore’s economy and enhance Singapore’s national security.

Key Features of the Bill

Introduction of the Designated Entities Regime

4. The Bill sets out a designated entities regime, under which entities can be designated by the relevant Authority (i.e. CAAS, MPA or LTA) under their respective sectoral legislation if they are key entities involved in the provision of essential transport services in Singapore. Such entities will either be designated as a “designated operating entity” if they directly provide essential transport services in Singapore, or a “designated equity interest holder” if they hold equity interest in a designated operating entity.

5. Entities designated under MOT’s sectoral legislation (collectively, “designated entities”) will be subject to a targeted set of controls over ownership, management appointments, and will be required to notify the respective sectoral statutory boards of changes in key operational and resourcing arrangements. The designated entities will not be concurrently designated under the Significant Investments Review Act 2024.

Ownership Controls

6. The Bill will introduce notification and approval obligations on buyers, sellers and the designated entities for specified changes in ownership or control of these entities.¹

Controls over Management Appointments

7. The Bill will also introduce approval requirements for designated entities to appoint the chief executive officer and the chairperson of the board.

8. For a designated operating entity that is also a licensee under the relevant Authority, the Authority's approval will be required for the appointment of the directors of the board, in addition to the chief executive officer and the chairperson of the board.

Operations and Resourcing Controls

9. Designated entities will be required to notify the relevant Authority of events that could materially impede or impair the provision of essential transport services in Singapore. The relevant Authorities will provide advisory guidelines on these notification requirements after the Bill comes into force. In the extreme scenario where the designated operating entity becomes unable to provide essential transport services safely and reliably, they may also be issued with a special administration order by the Minister, to ensure service continuity for Singapore and Singaporeans.

Remedial Directions

10. Remedial directions may be issued under specific circumstances. For example, if prior approval was not sought or conditions of approval were not complied with, the Authority may direct the transfer or disposal of equity interest in designated entities, or the removal of key appointment holders.

Appeals

11. The Bill will allow parties to appeal to the Minister for Transport regarding decisions by the relevant Authority on designation and applications for approval on ownership or management appointments.

¹ Buyers into designated entities are required to notify the relevant Authority after becoming a 5% controller, and to obtain the relevant Authority's approval before becoming a 25%, 50% or 75% controller, or an indirect controller. A person acquiring as a going concern any part of a designated operating entity's business relating to the provision of essential transport services in Singapore, as well as the designated operating entity, will also need to obtain the Authority's approval. Sellers are required to seek the Authority's approval before ceasing to be a 25%, 50% or 75% controller. Designated entities also need to notify the Authority of the above-mentioned changes in ownership and control after becoming aware of the events.

Industry Engagement

12. Industry representatives have been consulted on the Bill and its potential impact on businesses and investors in the air, sea and land transport sectors in Singapore. The relevant authorities will be approaching entities to be designated for engagement on compliance with the requirements of the Bill, if approved by Parliament.

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