

Significant Infrastructure Government Loan Bill

Bill No. 6/2021.

Read the first time on 5 April 2021.

SIGNIFICANT INFRASTRUCTURE GOVERNMENT LOAN ACT 2021

(No. of 2021)

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A BILL

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An Act to authorise loans to be raised by the Government for the purposes of the Development Fund in relation to nationally significant infrastructure and to make related amendments to the Development Fund Act, to make related amendments to the Financial Procedure Act to authorise capitalisation of expenditure on nationally significant infrastructure, and to repeal and make consequential and related amendments to certain other Acts.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

PART 1
PRELIMINARY

Short title and commencement

5 **1.** This Act is the Significant Infrastructure Government Loan Act 2021 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

Interpretation

2.—(1) In this Act, unless the context otherwise requires —

10 “book-entry security” means any security issued under this Act in the form of an entry on the records of the MAS and which is transferable by way of book-entry in the register maintained by the MAS, and not by way of an instrument of transfer;

15 “depository institution” means a financial institution approved by the MAS which regularly —

 (a) accepts in the course of its business book-entry securities by way of a custodial service for its customers; and

20 (b) maintains accounts in the names of its customers reflecting ownership or interest in such book-entry securities;

“depositor” means any person in whose name an account is established and maintained on the records of the MAS;

25 “Development Fund” means the Development Fund constituted under the Development Fund Act 1959;

“face value”, for any security issued under this Act, means its face value at the time the security was issued;

“MAS” means the Monetary Authority of Singapore established under the Monetary Authority of Singapore Act 1970;

30 “maturity date”, for any security issued under this Act, means the date —

(a) specified, in accordance with the Regulations relating to the issue of that security, as the date on which the security is redeemable at par; or

(b) specified by the Minister in the terms of the issue as the date on which the security is redeemable at par where the Regulations do not apply to that issue;

5

“nationally significant infrastructure” means any structure or building in Singapore (whether above or below ground or water) that —

(a) is or is intended to be controlled and legally owned by the Government;

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(b) is or is intended primarily for any of the following purposes or a combination of any of the following purposes:

(i) the transport by road or rail, air, sea or inland waterway of passengers or goods or both;

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Examples

Roads, paths, railways, tunnels and bridges for roads or railways in Singapore that are used by the public for the movement or transport of people or goods.

20

A runway or taxiway, or a parking apron for loading and unloading of aircraft passengers or cargo.

A building wholly or principally for use as a passenger terminal or cargo terminal for transport by land or air.

25

A wharf or dock in Singapore used by the public to facilitate the carriage or transfer of cargo or passengers travelling by sea or river.

(ii) the collection, treatment and disposal of sewage or the supply or recovery and treatment of water;

30

(iii) the alleviation of floods;

- (iv) the protection, conservation, rehabilitation and management of the coastal zone to mitigate current and future risks from coastal hazards, taking into account the effects of climate change;

Example

Seawall, revetment, groyne, weir or dyke, drains or other channels for the interaction of tidal waters with catchment floodwaters, breakwaters, flood gates, barrages and coastal pumping stations.

- (v) the generation, transmission or distribution of electricity, gas or other energy or power;

Examples

Power stations, substations, transmission lines and transformers for electricity generation, transmission or distribution.

Pipelines used to transport gases which liquefy under pressure (such as natural gas, ethane and LPG) from a gas processing plant.

- (vi) the delivery of telecommunications, broadcasting, electronic and other data communications services;

- (vii) any other purpose (which may include a supply chain or an interconnected network) in which initial or further investment is vital to supporting, or is likely to materially improve, national productivity or Singapore's economic, environmental or social sustainability; and

- (c) is or is intended principally for use by (whether or not free) or for the benefit of the present and future generations of the general public in Singapore;

“nationally significant infrastructure expenditure” has the meaning given by section 11;

“pledge” includes a pledge of, or any interest which secures the payment of a debt or performance of an obligation (but not arising from a trust) in, any book-entry security —

(a) as collateral for loans or advances; or

(b) to secure deposits of public moneys or the performance of an obligation; 5

“primary dealer” means a person approved under Part 7A of the Government Securities Act 1992 to be a primary dealer;

“public authority” means a body or an office that is established or constituted by or under a public Act to perform or discharge a public function, and includes a Town Council; 10

“Regulations” means regulations made under this Act;

“related facility”, for any nationally significant infrastructure, means a structure or building, fitting, fixture, plant, computer or other system adjoining to or forming part of another structure or building in Singapore, without which the other structure or building — 15

(a) will not have or have left, or cannot reasonably be expected to have or have left, a useful life of at least 50 years; 20

(b) cannot reasonably operate for its intended purpose or purposes, being a purpose described in paragraph (b) of the definition of “nationally significant infrastructure”; or

(c) otherwise ceases to be a nationally significant infrastructure, 25

regardless of the useful life of the related facility itself, but does not include any train, vehicle or vessel;

Examples

Gratings, float, boom, gauge, tidegate, sump, pumping station, pumps and associated pipe work, maintenance access, and debris interception and removal facility related to the functioning of a storm water drainage system are related facilities for a nationally significant infrastructure for the alleviation of floods. 30

Aviation fuel pipelines and water and sprinkler facilities relating to normal airport safety requirements, and specific purpose equipment used for unloading cargo or passengers at the airport such as airbridges and mobile air-stairs are related facilities for a nationally significant infrastructure for air transport.

Rolling stock, locomotives, aircraft and barges are not related facilities for a nationally significant infrastructure for transport.

“security” includes stock, bonds, notes, certificates, bills and similar instruments;

“useful life”, for any thing, means the period that the thing is or is expected to be available and in a condition for use for the purpose which the thing is designed for.

(2) In this Act —

“Development Fund Act 1959” includes the Development Fund Act (Cap. 80, 2013 Ed.) until it is revised and citable by the short title “the Development Fund Act 1959”;

“External Loans Act 1968” includes the External Loans Act (Cap. 102, 2014 Ed.) until it is revised and citable by the short title “the External Loans Act 1968”;

“Finance Companies Act 1967” includes the Finance Companies Act (Cap. 108, 2011 Ed.) until it is revised and citable by the short title “the Finance Companies Act 1967”;

“Financial Procedure Act 1966” includes the Financial Procedure Act (Cap. 109, 2012 Ed.) until it is revised and citable by the short title “the Financial Procedure Act 1966”;

“Government Securities Act 1992” includes the Government Securities Act (Cap. 121A, 2014 Ed.) until it is revised and citable by the short title “the Government Securities Act 1992”;

“Income Tax Act 1947” includes the Income Tax Act (Cap. 134, 2014 Ed.) until it is revised and citable by the short title “the Income Tax Act 1947”;

“Interpretation Act 1965” includes the Interpretation Act (Cap. 1, 2002 Ed.) until it is revised and citable by the short title “the Interpretation Act 1965”;

“Monetary Authority of Singapore Act 1970” includes the Monetary Authority of Singapore Act (Cap. 186, 1999 Ed.) until it is revised and citable by the short title “the Monetary Authority of Singapore Act 1970”.

Purpose of Act

3. The purpose of this Act is to enable financing by borrowing to meet the Government’s commitment to Singapore’s future by investing in nationally significant infrastructure and their related facilities in which initial or further investment is vital to supporting or is likely to materially improve national productivity or Singapore’s economic, environmental or social sustainability.

PART 2

AUTHORISATION AND APPLICATION OF LOAN

Power to raise loan

4.—(1) The Minister may raise, in the manner provided in this Act, loans to be applied in the manner provided in this Act and the Development Fund Act 1959.

(2) The power to raise loans under this section does extend to raising money outside of Singapore and in a currency other than the Singapore dollar.

(3) To avoid doubt, this Act does not limit any borrowing by —

(a) entering into a hire-purchase agreement or an arrangement that is of the same or a substantially similar nature;

(b) entering into a lease or an arrangement that is of the same or substantially similar nature;

(c) accepting debt on assignment; or

(d) purchasing of goods or services on credit for a period of less than 90 days.

Borrowing limit

5 **5.**—(1) Subject to subsection (2), the Minister must not raise a loan under this Act if either condition in paragraph (a) or (b) is satisfied:

(a) the total at any time of the following exceeds \$90,000,000,000:

(i) the sum of the proposed borrowing;

(ii) the total amount of sums borrowed under any loan earlier raised under this Act;

10 (b) the total effective interest paid or payable within (or both) the relevant period on all outstanding securities issued under this Act is more than the interest threshold amount of \$5,000,000,000.

(2) Subsection (1)(a) does not apply to any of the following:

(a) a borrowing transaction in a year that —

15 (i) the Minister (in person) designates to be for the purpose of refinancing a previous borrowing under this Act; and

(ii) is for a sum less than the total amount of securities issued under this Act and redeemed or with a maturity date within the same year;

20 (b) all securities issued under this Act that are loaned by the MAS under any securities lending arrangement under section 18, or held by the MAS on behalf of the Government for the purpose of such an arrangement.

25 (3) In subsection (1)(b), the effective interest on all outstanding securities issued under this Act is the total of the yield to maturity for every security so issued multiplied by the face value of the security, where “yield” means the rate of return on any such security computed on the basis of the price of the security, the total interest payments and
30 the period commencing from the date of issue of the security under this Act to the maturity date of that security.

(4) The relevant period in subsection (1)(b) means the financial year immediately before the financial year in which the proposed loan to be raised under this Act is raised.

(5) To ascertain on any occasion whether any condition in subsection (1)(a) or (b) is satisfied, any moneys raised in a currency other than Singapore dollars must be converted into Singapore dollars as at the following rate of exchange, being a rate that the MAS certifies to be then appropriate:

(a) for the purpose of subsection (1)(a)(i), as at the rate of exchange on the last day of the financial year immediately before the date the amount is to be raised;

(b) for the purpose of subsection (1)(a)(ii) in connection with sums borrowed under any loan earlier raised under this Act, as at the rate of exchange as follows:

(i) where any security issued under this Act for the sum so borrowed has matured or has been redeemed — on the maturity date of the security or the date of its redemption, if earlier;

(ii) where any security issued under this Act for the sum so borrowed has not been redeemed — on the day referred to in paragraph (a) for the same occasion;

(c) for the purpose of subsection (1)(b), as at the rate of exchange on the day when the amount of interest is to be paid or is payable, and that the MAS certifies to be then appropriate.

Issuing securities for borrowing

6. For the purpose of raising any loan under this Act, the Minister may —

(a) issue securities in such form and manner as the Minister thinks fit; and

(b) issue such securities at such rates of interest and subject to such conditions as to maturity date, repayment, redemption and other matters as may be prescribed by this Act and the

Regulations and, subject to the provisions of the Act and Regulations, by the Minister.

Principal and interest charged on Consolidated Fund

5 7. The principal payable in respect of moneys borrowed under this Act and represented by securities issued under this Act, and all interest on the principal sums payable on the securities, are charged upon and payable out of the Consolidated Fund without authority other than this section.

Borrowing expenses

10 8. All expenses incurred in connection with the raising of money under this Act (including expenses in connection with the issue, refinancing, repayment or redemption of securities) are charged upon and payable out of the Consolidated Fund without authority other than this section.

Power to raise loan non-delegable

15 9. Despite anything in the Interpretation Act 1965 or any other law, the Minister must not delegate the Minister's power under this Part.

Borrowing only for nationally significant infrastructure expenditure

20 10.—(1) The face value of every security issued under this Act, less any sum mentioned in section 5(2) —

(a) must be paid into the Development Fund; and

(b) may only be appropriated to meet nationally significant infrastructure expenditure by the Government.

25 (2) Out of the proceeds of money raised under this Act, only the face value of every security issued under this Act, less any sum mentioned in section 5(2), must be treated as moneys received by way of loan upon the public credit of Singapore for the purposes of section 6 of the Financial Procedure Act 1966.

Meaning of “nationally significant infrastructure expenditure”

11.—(1) For the purpose of this Act, “nationally significant infrastructure expenditure” means any qualifying capital expenditure incurred, on or after the date of commencement of this Act, in relation to an approved infrastructure project. 5

(2) In this section, “infrastructure project” means a project involving any one or more of the following matters:

(a) the construction or acquisition of any nationally significant infrastructure;

(b) the building, installation or acquisition of any related facility of a nationally significant infrastructure; 10

(c) the improvement, extension, enlargement or replacement of any nationally significant infrastructure or related facility of a nationally significant infrastructure where the improvement, extension, enlargement or replacement significantly — 15

(i) increases the capacity or reliability of the nationally significant infrastructure;

(ii) increases the useful life of the nationally significant infrastructure; or 20

(iii) reduces previously assessed operating costs of the nationally significant infrastructure,

such that the nationally significant infrastructure has or has left, or is reasonably expected to have or have left, a useful life of at least 50 years upon the completion of the infrastructure project. 25

(3) In this section, “qualifying capital expenditure”, in relation to an infrastructure project, means capital expenditure incurred by any infrastructure project participant of the project, wholly or substantially for the purpose of carrying on the infrastructure project, and even if incurred before the date of commencement of this Act; and includes capital expenditure incurred in connection with any of the following incidentals to the project: 30

(a) the acquisition of any right or interest in respect of the use of any invention, required in respect of or in connection with any matter in subsection (2)(a), (b) or (c);

5 (b) any associated design, investigative and engineering studies, survey or research preparatory to the undertaking of any matter in paragraph (a) or subsection (2)(a), (b) or (c);

10 (c) any works directly attributable to bringing the nationally significant infrastructure and its related facilities to the location and condition necessary for the nationally significant infrastructure to operate for its intended purpose or purposes.

(4) However, qualifying capital expenditure excludes any capital expenditure incurred in relation to any of the following:

15 (a) the repair or maintenance of a nationally significant infrastructure or related facility of a nationally significant infrastructure;

20 (b) the acquisition of land and of any right or interest in or over land, even if required in respect of or in connection with any matter in subsection (2)(a), (b) or (c);

(c) the acquisition, repair or maintenance of any train, vehicle, aircraft, vessel or barge.

(5) The Minister must not approve any infrastructure project for the purposes of this Act unless —

25 (a) the total qualifying capital expenditure that has been or is expected to be incurred wholly or substantially by every infrastructure project participant for the purpose of the infrastructure project is estimated to be \$4,000,000,000 or more; and

30 (b) the infrastructure project is ongoing on, or starts on or after, the date of commencement of this Act.

(6) Where a number of distinct contracts or engagements are entered or to be entered into purportedly in connection with any infrastructure project, and the estimated value of some or all of such

contracts or engagements taken severally do not exceed the amount specified in subsection (5), then to calculate the estimate of the total qualifying capital expenditure to be incurred by any infrastructure project participant wholly or substantially for the purpose of the project, every distinct contract or engagement for anything that — 5

(a) is capable of being completed and to start operations independently of other matters covered by the other contracts or engagements or without materially affecting the effective operation of matters covered by the other contracts or engagements; and 10

(b) is situated on lands that are not adjacent or contiguous, must be disregarded.

(7) In this section —

“approved” means approved in person by the Minister in accordance with this section; 15

“construction”, in relation to any nationally significant infrastructure, means —

(a) the erection (but not repair or maintenance) of the nationally significant infrastructure or any of its related facilities; 20

(b) the excavation or site formation works connected with or carried out for the purpose of paragraph (a); or

(c) the demolition and re-construction of the nationally significant infrastructure or any of its related facilities; 25

“infrastructure project” includes a phase or stage of an infrastructure project only if expressly planned for at the start of the infrastructure project;

“infrastructure project participant”, for any infrastructure project, means — 30

(a) the department, ministry or Organ of State of the Government to which responsibility for carrying out

the infrastructure project (or any part of the project) is assigned; or

- 5 (b) a public authority carrying out the infrastructure project as an agent or otherwise on behalf of the department, ministry or Organ of State of the Government mentioned in paragraph (a).

PART 3

TERMS OF SECURITIES

Redemption

10 **12.** Subject to sections 13 and 18, a security issued under this Act is redeemable at par on —

- (a) the maturity date of the security; or
 (b) if the security is redeemable at the election of the holder, on the earlier of the following dates:

- 15 (i) the date specified as the redemption date in any notice of intention to redeem that is given by the holder to the MAS in the prescribed manner;
 (ii) the maturity date of the security.

Early redemption

20 **13.—**(1) The holder of a security that is issued under this Act and not redeemable at the election of the holder may, upon an invitation of the MAS under this section, apply to redeem the security before the maturity date of the security.

(2) The MAS may by public notice invite the public to apply to
 25 redeem any security issued under this Act before the maturity date of the security where that security is —

- (a) not redeemable at the election of the holder; and
 (b) specified or described in the public notice.

(3) The public notice mentioned in subsection (2) may specify —

- (a) the terms and conditions relating to the early redemption of the security specified or described in the public notice, including the manner in which any offer for early redemption has to be made; and
- (b) such other information as the MAS may consider necessary.

(4) However, the MAS may refuse any application to redeem any security before the maturity date of the security without assigning any reason.

Payment of interest

14.—(1) Subject to subsection (2), the interest payable on any security issued under this Act must be paid half-yearly as specified in the Regulations relating to the issue of the security.

(2) Where any security that is redeemable at the election of the holder thereof at any time is redeemed before its maturity date, a portion of the half-yearly interest payable on that security (calculated on a pro-rata basis) is payable on such date as may be specified as the redemption date in the duly served notice of intention under section 12(b)(i) to redeem that security.

(3) The Minister must, in respect of any security issued under this Act —

- (a) in each half-yearly period ending on the day on which interest on the security falls due; or
- (b) if security is redeemable at the election of the holder thereof at any time, as soon as practicable after due notice of intention under section 12(b)(i) to redeem the security before its maturity date is given,

withdraw from the Consolidated Fund a sum equal to the appropriate interest (or a portion thereof) on the security that is due and payable in order to pay that interest.

Interest stops on redemption

15. Regardless of any demand for payment of the principal sum, all the interest on the principal sum payable on the security stop immediately after —

- 5 (a) the maturity date of a security issued under this Act;
- (b) the redemption date in the duly served notice of intention under section 12(b)(i); or
- (c) the date of early redemption in accordance with section 13, whichever is the earliest.

10 **Transferability, etc., of securities**

16. A holder of a book-entry security may transfer or pledge the book-entry security.

PART 4

ADMINISTRATION

15 **MAS is agent**

17.—(1) The MAS is by this Act appointed to act on the Government's behalf as an agent —

- (a) for issuing of securities for moneys borrowed under this Act; and
- 20 (b) for any other purpose that is connected with paragraph (a).
- (2) Without limiting subsection (1), the MAS may —
- (a) by public notice invite the public to apply to take up securities issued under this Act; and
- (b) refuse any application to take up securities issued under
- 25 this Act without assigning any reason.

(3) Subsection (1) does not prevent the exercise by the Minister of any power under this Act.

Securities lending arrangements

18.—(1) The MAS may, from time to time and on the Government's behalf as an agent, but subject to subsection (2), enter into securities lending arrangements by lending securities issued under this Act to primary dealers, including an arrangement under which such securities are sold and repurchased. 5

(2) The total outstanding amount of securities issued under this Act and on loan by the MAS at any time by way of any securities lending arrangement on behalf of the Government entered into under subsection (1) must not exceed — 10

(a) \$6,500,000,000; or

(b) a higher sum specified by Parliament in a resolution in substitution for the amount in paragraph (a).

(3) Lending security is taken to include an arrangement under which it is sold and repurchased. 15

(4) In the case of securities issued under this Act that are held by the MAS for the purpose of securities lending to primary dealers under this section, those securities are redeemable on such conditions as are agreed upon between the Government and the MAS.

(5) To avoid doubt, nothing in this section affects the power of the Minister to make investments under section 7 of the Financial Procedure Act 1966. 20

Issue of book-entry securities

19.—(1) The MAS may —

(a) issue book-entry securities for moneys borrowed under this Act, by means of entries on its records which include the name of the depositor and the amount and description of the securities; 25

(b) maintain accounts of book-entry securities for moneys borrowed under this Act — 30

(i) for any depositor on such terms and conditions as may be specified by the MAS for such securities the depositor holds for its own account and, where the

depositor is a depository institution, for the account of its customers;

(ii) for the Government; and

(iii) for the MAS; and

5 (c) otherwise service and maintain such book-entry securities.

(2) The MAS is authorised to take all action necessary in respect of book-entry securities to enable the MAS in its own capacity to perform its obligations as depository with respect to such securities.

Transfers and pledges of book-entry securities

10 **20.**—(1) A transfer or pledge of a book-entry security to the MAS or to the Government or to any transferee or pledgee eligible to maintain an appropriate account in its name with the MAS must be effected, despite any law to the contrary, by the MAS making an appropriate entry in its records of the security transferred or pledged.

15 (2) The making of an entry in the records of the MAS under subsection (1) —

(a) has the effect of delivery of the book-entry security as if the security had been issued in the form of an engraved or a printed certificate;

20 (b) has the effect of a taking of delivery by the transferee or pledgee;

(c) constitutes the transferee or pledgee a holder; and

(d) if a pledge, has the effect of vesting a security interest in favour of the pledgee.

25 (3) A transfer or pledge of a book-entry security effected in accordance with this section has priority over any transfer or pledge involving, or any interest in, the security effected or created in any other manner before, on or after the date of the transfer or pledge in accordance with this section.

30 Transfers and pledges effected by other means

21.—(1) Despite section 20, a transfer or pledge of book-entry securities, or any interest in such securities, which is maintained by

the MAS in an account may be effected by any means that would be effective to effect a transfer or pledge of book-entry securities, or any interest therein, if the securities were issued by the MAS in the form of engraved or printed certificates.

(2) The MAS must not be treated as — 5

(a) a bailee for the purposes of notification of pledges of book-entry securities not effected in accordance with section 20; or

(b) a person in possession of book-entry securities for the purposes of acknowledgment of transfers of such securities not effected in accordance with section 20. 10

(3) Where a book-entry security is recorded on the books of a depositary institution for the account of the pledgor or transferor of the security and the security is on deposit with the MAS in an account, that depositary institution must, for the purposes of effecting delivery of the book-entry security to a purchaser or pledgee, be treated as — 15

(a) the bailee to which notification of the pledge of the securities may be given; and

(b) the person in possession from which acknowledgment of the holding of the securities may be obtained. 20

(4) The MAS must not accept any notice or advice of a transfer or pledge of any book-entry security not effected in accordance with section 20, and any such notice or advice is void.

(5) The MAS may continue to deal with its depositor in accordance with this Part despite any transfer or pledge not effected in accordance with section 20. 25

MAS to be discharged by action on instructions

22.—(1) The MAS is not liable for conversion or for participation in any breach of fiduciary duty where the MAS has, in respect of book-entry securities maintained in accounts maintained by the MAS — 30

(a) effected pledges or made entries regarding the securities;
or

(b) transferred or delivered the securities,

5 according to the instructions of its depositor even though the depositor had no right to dispose of or take any other action in respect of the securities.

(2) The MAS is fully discharged of its obligations under this Part by the transfer or delivery of book-entry securities upon the instructions of its depositor.

10 **Confirmation of transactions**

23.—(1) The MAS must, following any transaction affecting book-entry securities maintained for any depositor under this Part, issue to each depositor a confirmation of the transaction in the form of an advice (serially numbered or otherwise).

15 (2) The advice referred to in subsection (1) must specify the amount and description of the securities and any other pertinent transaction data.

PART 5 REGULATIONS

20 **Regulations**

24. The Minister may make regulations necessary or convenient to be prescribed for carrying out or giving effect to this Act, including —

25 (a) prescribing the terms of issue of securities issued under this Act;

(b) prescribing the manner in which applications to take up securities issued under this Act must be made;

30 (c) prescribing the manner in which securities are issued under this Act, which may include by syndicated arrangements or like arrangements involving financial institutions which agree to underwrite any issue of securities under this Act,

be liable to subscribe for or to procure subscribers for securities issued under this Act, or provide other financial accommodation to the Government with respect to any securities issued under this Act; and

- (d) providing for such saving, transitional, and other consequential, incidental and supplemental provisions as are necessary or expedient for the purposes of this Act. 5

Presentation to Parliament

25. All Regulations must be presented to Parliament as soon as possible after publication in the *Gazette*. 10

PART 6

AMENDMENTS TO OTHER ACTS AND REPEALS

Related amendments to Development Fund Act 1959

26.—(1) Section 3 of the Development Fund Act 1959 is amended by deleting the words “The moneys” and substituting the words “Subject to section 5, the moneys”. 15

(2) Section 5 of the Development Fund Act 1959 is repealed and the following section substituted therefor:

“Nationally significant infrastructure expenditure

5.—(1) All sums borrowed under the Significant Infrastructure Government Loan Act 2021 and which are paid into the Development Fund may be applied only to meet nationally significant infrastructure expenditure within the meaning of section 11 of that Act. 20

(2) To avoid doubt, subsection (1) does not prevent authorising the issue of any sum from the Development Fund and applying the money to meet an estimate of any nationally significant infrastructure expenditure within the meaning of section 11 of the Significant Infrastructure Government Loan Act 2021 on a provisional basis.”. 25 30

Related amendment to External Loans Act 1968

27. Section 2(1) of the External Loans Act 1968 is amended by deleting the words “Development Fund Act (Cap. 80)” in paragraph (a) and substituting the words “Development Fund Act 1959 but not to meet nationally significant infrastructure expenditure within the meaning of section 11 of the Significant Infrastructure Government Loan Act 2021”.

Related amendments to Finance Companies Act 1967

28.—(1) Section 2 of the Finance Companies Act 1967 is amended —

- (a) by deleting the definition of “Government securities”; and
- (b) by inserting, immediately after the definition of “share”, the following definition:

““Singapore Government securities” means any debt securities issued by the Government under any written law;”.

(2) Section 23(4) of the Finance Companies Act 1967 is amended by deleting the words “Government securities” in paragraph (a) and substituting the words “Singapore Government securities”.

(3) Section 32(4) of the Finance Companies Act 1967 is amended by deleting the words “Government securities” wherever they appear in paragraphs (b) and (c) and substituting in each case the words “Singapore Government securities”.

Related amendments to Financial Procedure Act 1966

29.—(1) Section 2 of the Financial Procedure Act 1966 is amended by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

“(2) Unless expressly provided otherwise in this Act, any word or expression in this Act that is defined in sections 2(1) and 11 of the Significant Infrastructure Government Loan Act 2021 has the meaning given to the word or expression by those sections.”.

(2) Section 6 of the Financial Procedure Act 1966 is amended by inserting, immediately after the words “public credit of Singapore” in paragraph (b), the words “and that are not to refinance an earlier borrowing under the Significant Infrastructure Government Loan Act 2021”.

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(3) Section 18 of the Financial Procedure Act 1966 is amended by renumbering the section as subsection (1) of that section, and by inserting immediately thereafter the following subsection:

“(2) Without limiting subsection (1)(h), where nationally significant infrastructure expenditure incurred has been met from any proceeds of any loan raised under the Significant Infrastructure Government Loan Act 2021 —

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(a) the nationally significant infrastructure expenditure has to be capitalised in accordance with regulations made under section 24; and

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(b) if there is a decline in the value of any nationally significant infrastructure for reasons other than depreciation before the end of its useful life, a statement must be made stating —

(i) that impairment adjustments have been made with respect to the nationally significant infrastructure concerned; and

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(ii) whether or not there is any resulting draw on the reserves of the Government which were not accumulated by the Government during its current term of office as defined in the Constitution, because of any such impairment adjustment.”.

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(4) Section 24(1) of the Financial Procedure Act 1966 is amended —

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(a) by deleting the word “and” at the end of paragraph (f); and

(b) by deleting the full-stop at the end of paragraph (g) and substituting the word “; and”, and by inserting immediately thereafter the following paragraph:

“(h) the capitalising of nationally significant infrastructure expenditure, including where the nationally significant infrastructure —

(i) is depreciated over the useful life of the nationally significant infrastructure by accounting for depreciation expenses in the relevant financial statements required by Article 147(5) of the Constitution; or

(ii) is impaired by accounting for impairment losses in the relevant financial statements required by Article 147(5) of the Constitution, if there is a decline in the value of the nationally significant infrastructure for reasons other than depreciation before the end of its useful life.”.

Related amendments to Government Securities Act 1992

30.—(1) Section 2 of the Government Securities Act 1992 is amended by inserting, immediately after the definition of “primary dealer”, the following definition:

““public debt securities” means any securities issued under the Significant Infrastructure Government Loan Act 2021;”.

(2) Section 24(1) of the Government Securities Act 1992 is amended by inserting, immediately after the words “specified in” in paragraph (a), the words “accordance with”.

(3) Section 29A(1) of the Government Securities Act 1992 is amended —

(a) by inserting, immediately after the words “Government securities” in paragraphs (a) and (b), the words “or public debt securities”;

(b) by inserting, immediately after the words “section 30” in paragraph (a), the words “or the Significant Infrastructure Government Loan Act 2021”; and

(c) by inserting, immediately after the words “section 24A” in paragraph (b), the words “or the Significant Infrastructure Government Loan Act 2021”.

(4) Section 31(1) of the Government Securities Act 1992 is amended by inserting, immediately after the words “or advance deposits accepted” in paragraph (c), the words “, which may include by syndicated arrangements or like arrangements involving financial institutions agreeing to underwrite any issue of Government securities under this Act, to be liable to subscribe for or to procure subscribers for Government securities, or to provide other financial accommodation to the Government with respect to any Government securities”.

Consequential amendment to Income Tax Act 1947

31. Section 43N(4) of the Income Tax Act 1947 is amended by deleting the words “Local Treasury Bills Act (Cap. 167) or” in the definition of “Singapore Government securities” and substituting the words “Local Treasury Bills Act 1923, the Significant Infrastructure Government Loan Act 2021 or by the Government under”.

Consequential amendments to Monetary Authority of Singapore Act 1970

32. The Schedule to the Monetary Authority of Singapore Act 1970 is amended —

(a) by deleting items 7 and 8; and

(b) by inserting, immediately after item 19, the following item:

“19A. Significant Infrastructure Government Loan Act 2021”.

Repeal of certain Acts

33. The following Acts are repealed:

(a) the Development Loan Act (Cap. 81, 1985 Ed.);

(b) the Development Loan (1987) Act (Cap. 81A, 1988 Ed.).

EXPLANATORY STATEMENT

This Bill seeks to authorise loans to be raised by the Government for the purposes of the Development Fund in relation to nationally significant infrastructure, to meet the Government's commitment to Singapore's future by investing in nationally significant infrastructure and their related facilities in which initial or further investment is vital to supporting or is likely to materially improve national productivity or Singapore's economic, environmental or social sustainability.

The Bill also makes related amendments to the Development Fund Act and the Financial Procedure Act to authorise capitalisation of expenditure on nationally significant infrastructure.

The Bill also makes consequential and related amendments to certain other Acts and also to repeal 2 obsolete Acts which are substantially spent and made redundant with the enactment of the Bill.

PART 1

PRELIMINARY

Clause 1 relates to the short title and commencement.

Clause 2 is a general definition provision. It contains definitions of terms used in several Parts of the Bill.

Clause 3 sets out the purpose of the Bill.

PART 2

AUTHORISATION AND APPLICATION OF LOAN

Clause 4 sets out the power of the Government to raise loans, which does extend to raising money outside of Singapore and in a currency other than the Singapore dollar.

Clause 5 contains the borrowing limit. There are 2 caps, either of which if met will prohibit any further borrowing.

One is a gross limit of \$90,000,000,000. The other is where the total effective interest paid or payable within (or both) a relevant period on all outstanding securities issued under the Bill is more than the interest threshold amount of \$5,000,000,000.

Clause 6 provides that borrowing under the Bill is by way of issuing of securities of any form, and at such rates of interest and subject to such conditions as to maturity date, repayment, redemption and other matters as may be set out under the Bill or by the Minister.

Clause 7 provides for the charging on the Consolidated Fund of all the principal of and interest on sums borrowed under the Bill.

Clause 8 deals with borrowing expenses.

Clause 9 provides that the Minister's power to raise a loan under the Bill is non-delegable.

Clause 10 is the key provision that provides that the face value of every security issued under the Bill, less refinancing proceeds and sums from securities lending, must be paid into the Development Fund and may be appropriated by Supply law to meet only nationally significant infrastructure expenditure by the Government.

Clause 11 defines what is nationally significant infrastructure expenditure. The expression refers to any qualifying capital expenditure incurred wholly or substantially for the purpose of an approved infrastructure project by any infrastructure project participant. Only capital expenditure incurred on or after the operative date of the Bill will be recognised.

An infrastructure project is a project that involves any one or more of the following, such that the nationally significant infrastructure to which the project relates has or has left, or is reasonably expected to have or have left, a useful life of at least 50 years upon the completion of the infrastructure project:

- (a) the construction or acquisition of any nationally significant infrastructure;
- (b) the building, installation or acquisition of any related facility of a nationally significant infrastructure;
- (c) the improvement, extension, enlargement or replacement of any nationally significant infrastructure in paragraph (a) or related facility mentioned in paragraph (b) where the improvement, extension, enlargement or replacement significantly —
 - (i) increases the capacity or reliability of the nationally significant infrastructure;
 - (ii) increases the useful life of the nationally significant infrastructure; or
 - (iii) reduces previously assessed operating costs of the nationally significant infrastructure.

The Minister may approve an infrastructure project only if the total qualifying capital expenditure that has been or is expected to be incurred wholly or substantially by every infrastructure project participant for the purpose of the infrastructure project is estimated to be \$4,000,000,000 or more, and the infrastructure project is ongoing on, or starts on or after, the date of commencement of the Bill.

“Qualifying capital expenditure” in relation to an infrastructure project is defined to mean capital expenditure incurred by any infrastructure project participant of the project, wholly or substantially for the purpose of carrying on the infrastructure project, even if incurred before the date of commencement of the Bill.

Qualifying capital expenditure also includes capital expenditure incurred in connection with certain incidentals to an infrastructure project, such as the acquisition of any right or interest in respect of the use of any invention, and any preparatory associated design, investigative and engineering studies, survey or research.

Certain capital expenditure are however not qualifying, like expenditure for the acquisition of land and of any right or interest in or over land, expenditure for the repair or maintenance of any nationally significant infrastructure or related facility, or for the acquisition, repair or maintenance of any train, vehicle, aircraft, vessel or barge.

In other words, only qualifying capital expenditure incurred on or after the operative date of the Bill in relation to an approved infrastructure project may be recognised as nationally significant infrastructure expenditure, for which loans may be raised under the Bill and which may be capitalised according to Financial Regulations under amendments to the Financial Procedure Act in clause 29.

PART 3

TERMS OF SECURITIES

Clause 12 provides for the redemption of securities issued under the Bill. This can be on the maturity date or the election of the holder where this is specified in the terms of issue.

Clause 13 is about early redemption.

Clause 14 deals with when interest payable on any security issued under the Bill is to be paid by the Government.

Clause 15 provides for circumstances when interest stops.

Clause 16 provides for the transferability of securities issued under the Bill.

PART 4

ADMINISTRATION

Clause 17 makes the Monetary Authority of Singapore (MAS) an agent of the Government for issuing of securities for moneys borrowed under the Bill.

Clause 18 deals with securities lending arrangements with primary dealers appointed under the Government Securities Act. There is a cap on how much securities lending arrangements are permitted.

The total outstanding amount of securities issued under the Bill and on loan by the MAS at any time by way of any securities lending arrangement on behalf of the Government must not exceed \$6,500,000,000. A higher sum may be specified by Parliament in a resolution.

Clause 19 provides for the issue by the MAS of book-entry securities for moneys borrowed under the Bill.

Clause 20 provides for transfers and pledges of book-entry securities.

Clause 21 deals with transfers and pledges of book-entry securities effected by other means.

Clause 22 provides for the MAS to be discharged by acting on instructions of its depositor even though the depositor had no right to dispose of or take any other action in respect of the securities.

Clause 23 requires the MAS, following any transaction affecting book-entry securities maintained for any depositor under Part 4, to issue to each depositor a confirmation of the transaction in the form of an advice (serially numbered or otherwise).

PART 5

REGULATIONS

Clause 24 confers on the Minister power to make regulations to give effect to the Bill.

Clause 25 provides that all Regulations made under the Bill must be presented to Parliament as soon as possible after publication in the *Gazette*.

PART 6

AMENDMENTS TO OTHER ACTS AND REPEALS

Clause 26 contains a related amendment to the Development Fund Act that restricts all sums borrowed under the Bill and which are paid into the Development Fund to be applied only to meet nationally significant infrastructure expenditure within the meaning of the Bill.

Clause 27 amends the External Loans Act to exclude borrowing under that Act to meet nationally significant infrastructure expenditure within the meaning of the Bill.

Clause 28 makes a consequential amendment to the Finance Companies Act to replace the expression “Government securities” with “Singapore Government securities”, which is defined in a wider way to cover any debt securities issued by the Government under any written law, like the Bill.

Clause 29 makes related amendments to the Financial Procedure Act to deal with capitalising nationally significant infrastructure expenditure. The amendments also require an annual statement to be prepared as to whether there is or is likely to be a draw on the past reserves of the Government (within the meaning of Article 142 of the Constitution) because of any impairment adjustment of any nationally significant infrastructure.

Clause 30 makes related amendments to the Government Securities Act to extend the regulation of primary dealers to those who carry on business relating to securities issued under the Bill and to align security issuing processes between the Bill and that Act.

Clause 31 makes a consequential amendment to the definition of “Singapore Government securities” in section 43N(4) of the Income Tax Act to include securities issued under the Bill.

Clause 32 makes a consequential amendment to the Schedule to the Monetary Authority of Singapore Act to include mention of the Bill and to omit mention of the 2 Acts repealed by clause 33.

Clause 33 repeals the Development Loan Act and the Development Loan (1987) Act, which are substantially spent and made redundant with the enactment of the Bill.

EXPENDITURE OF PUBLIC MONEY

This Bill will involve the Government in extra financial expenditure, the exact amount of which cannot at present be ascertained.
