

Singapore to Review Penalty Framework After Worst Subway Glitch

Written by Sfgate

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Singapore will review its regulatory and penalty framework following the city-state's worst subway breakdowns last month, Transport Minister Lui Tuck Yew said in Parliament today.

SMRT Corp. Chief Executive Officer Saw Phaik Hwa stepped down on Jan. 6 as head of the city's biggest train operator after glitches on Dec. 15 and 17 delayed more than 200,000 people, including shoppers in the Orchard Road retail district in the last weekend before the Christmas holiday.

"One of the questions that needs to be answered is whether the regulatory regime is sufficiently robust," Lui said. "Together with the committee of inquiry's more holistic findings, the government would currently review the regulatory and penalty framework and its oversight over the operators' maintenance regimes to strengthen it where necessary."

Lawmakers in Singapore, ranked as the Asian city with the best quality of life by Mercer and the world's easiest place to do business by the World Bank, are raising concerns about the efficiency of the country's infrastructure system after train breakdowns and flash floods last month affected downtown areas including the Orchard Road shopping belt.

The maximum fine per disruption is S\$1 million (\$770,500), Lui said, adding that it's too early to speculate on the fine imposed on SMRT.

Interim CEO

Saw, 57, resigned to "pursue personal interests," the company said in an exchange filing on Jan. 6 after the close of Singapore trading. Tan Ek Kia, former chairman for Northeast Asia at Royal Dutch Shell Plc, who has been on the SMRT board since 2009, will be interim CEO, the company said.

While key appointments are initiated by the company and chairman, and directors are decided by the shareholders, the operators must seek the government's Land Transport Authority's approval for any changes to its board members, Lui said, responding to a question by a lawmaker. The veto power is intended to be used as a "last resort" and the government agency hasn't had to exercise that right, he said.

Saw earned a total of S\$1.85 million in the year ended March 2010, according to last year's annual report. She was previously regional president of luxury retailer DFS Venture Singapore Pte, according to data compiled by Bloomberg. SMRT named Tan as the interim head for his "diverse experience in engineering and construction, safety, operations and business management," it said in the statement.

Refocus on Rail

"SMRT is signaling its intention to refocus on its core rail operations and assure the public that all efforts are made to ensure the smooth operation of its rail transport system," Toh Yongrui, an

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analyst from UOB Kay Hian Pte, said in an e- mailed note. "In contrast to Ms. Saw's background in the retail industry, Mr. Tan has experience in engineering, construction and operations through his previous appointments."

Singapore's flash floods on Dec. 23 affected parts of the downtown area, with water entering buildings including a Starbucks Corp. coffee shop along Orchard Road, the Straits Times reported. The shopping belt was hit by the worst flooding in 26 years in June 2010.

SMRT fell 0.8 percent to S\$1.77 as of the close of trading in Singapore. The stock has dropped 1.7 percent since Dec. 14, when another disruption affected the peripheral Circle Line, while the benchmark Straits Times Index climbed 0.7 percent.

A suspected power failure led to a delay in the line running through stations on the western part of the island yesterday, resulting in longer waiting times, SMRT said in an e- mailed response to queries.

Rally

About 222,400 people were affected by the two disruptions in December for the subway system that started in 1987, based on data compiled by SMRT and the Straits Times. About 80 people held a rally on Dec. 17 to call for Saw's resignation and protest against higher fares by cab operators including SMRT, the Straits Times reported Dec. 18.

Saw will remain with the company to help with the investigations and the leadership transition, according to an e- mailed statement from SMRT.

The Land Transport Authority said after the incident it found several dislodged "claws" that supported the rail structure. These were installed to contain vibrations from passing trains to surrounding buildings, it said on its website. The government agency also directed SMRT to a speed limit for trains running through the affected areas, it said.

--With assistance from Jonathan Burgos, Joyce Koh, Andrea Tan and Tanya Angerer in Singapore. Editors: Linus Chua, Shiyin Chen

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