



## MEDIA RELEASE

14 November 2014

### CCS PUBLISHES REASONS FOR CONDITIONALLY APPROVING THE PROPOSED ACQUISITION OF JOBSTREET SINGAPORE BY SEEK ASIA INVESTMENTS PTE. LTD.

1. The Competition Commission of Singapore (“**CCS**”) has today published its grounds of decision on the proposed acquisition of JobStreet Singapore by SEEK Asia Investments Pte. Ltd. (“**Proposed Acquisition**”). CCS has found that the Proposed Acquisition will substantially lessen competition in the market for online recruitment advertising services in Singapore. However, CCS has granted approval of the merger, conditional upon the implementation of and compliance with the behavioural and divestiture commitments offered by SEEK Ltd. and SEEK Asia Investments Pte. Ltd. (collectively, “**SEEK**”), and accepted by CCS after conducting market consultations.<sup>1</sup>

#### **Background**

2. CCS received the merger notification for decision on 20 February 2014 on the Proposed Acquisition by SEEK of 100 per cent of the issued share capital in certain recruitment business assets of JobStreet Corporation Berhad, including JobStreet.com Pte. Ltd. (“**JobStreet Singapore**”), (collectively “**the Parties**”).

3. The Proposed Acquisition brings together the top two online recruitment advertising service providers in Singapore, being SEEK’s platform, JobsDB.com.sg and JobStreet’s platform, JobsStreet.com.sg.

#### **The Online Recruitment Service Industry**

4. The online recruitment advertising service industry runs on a platform which matches two set of users: recruiters and employers on one side, and jobseekers on the other. Network effects are important for a successful online recruitment service; the

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<sup>1</sup> Refer to Annex 1 for information on the market consultation processes for the behavioural commitments and divestiture commitment.

service provider must have a significant jobseeker pool to make it attractive to advertisers, and a significant number of job postings to make it attractive to jobseekers.

5. There is a mix of general and specialist job portals in Singapore. This includes aggregators, which collect and display job advertisements from various online sources into one search page. When aggregators display a job posting that originates from a different job portal, it enables smaller job portals to counteract the potential indirect network effects arising from the Proposed Acquisition and may allow smaller job portals to compete more effectively with larger job portals.

6. Barriers to entry and expansion into the online recruitment services market are not so high that it prevents new entry and expansion. CCS notes that jobseekers, employers and recruiters tend to use more than one online advertising service provider at any one time. The willingness of jobseekers and employers to use multiple platforms for job search and recruiting is likely to reduce any competitive advantage gained by the SEEK from combining the significant jobseeker, employer and recruiter databases on the Parties' platforms, post-merger.

7. While the online recruitment advertising services market in Singapore is characterised by some degree of innovation and competition, CCS is unable to conclude that these features alone are likely to sufficiently constrain the merged entity in the near term from exercising market power by raising prices.

8. On 14 July 2014, the Singapore government's Jobs Bank was launched. Jobs Bank is a new public portal facilitating online job matching between local jobseekers and employers. Jobs Bank follows the announcement of the new Fair Consideration Framework<sup>2</sup> and is available free of charge to recruiters, employers and jobseekers.

9. Jobs Bank is a new entry into the market. Having regard to market feedback, the potential impact of Jobs Bank as a competitive constraint on the merged entity, particularly given Jobs Bank's specific government mandate, is at this stage, an open question.

### **CCS's Assessment**

10. CCS's decision follows extensive consultation with third-party industry participants and representatives of the Ministry of Manpower and the Singapore Workforce Development Agency in relation to the recent launch of JobsBank.gov.sg.

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<sup>2</sup> <http://www.mom.gov.sg/employment-practices/fair-consideration-framework/Pages/fair-consideration-framework.aspx>

11. Upon review of the Parties' submissions and feedback from various industry stakeholders, CCS considers that the Parties are each other's closest competitors. CCS is, therefore, of the view that the merger may reduce competition giving rise to price increases and/or exclusive contracts which could harm customers.

#### **Commitments offered on price caps and non-exclusive agreements**

12. To address these potential concerns, SEEK has offered and CCS has, following market consultations, accepted the following commitments:

a. SEEK commits not to enter into exclusive agreements with employer and recruiter customers. This will give employers and recruiters, as well as jobseekers, the choice of using other online recruitment advertising platforms. It will further help to keep barriers to entry and expansion low, thereby preserving competition in the market.

b. SEEK also commits to cap its prices at current prices, allowing for inflation. This is to address the concern that the merged entity may be able to increase prices post-merger since there would be no more close rivalry between the merging parties.

13. The term of the commitments is three years from the date of completion of the Proposed Acquisition. Given the nature and particular characteristics of this industry, CCS considers that the three-year commitment period is appropriate.

#### **Commitment to divest**

14. SEEK owns and operates jobs.com.sg in Singapore. SEEK acquired jobs.com.sg on 26 November 2013 through the acquisition of all the shares in Job Seeker Pty Ltd., which is an online recruitment aggregator based in Australia. Jobs.com.sg is an aggregator site which aggregates recruitment advertisements listed on other online job portals. To alleviate potential competition concerns that may arise from SEEK's ownership of the aggregator site, Jobs.com.sg, SEEK offered to divest, as a going concern, the complete assets of jobs.com.sg including the domain name <http://www.jobs.com.sg> ("Divestment Business").

15. SEEK further commits to find a purchaser for the sale of the Divestment Business within six calendar months. Failing which, SEEK commits to appoint one or more independent persons to sell the Divestment Business at no minimum price to a purchaser.

16. After evaluating the industry feedback, CCS considers the divestiture commitment to be sufficient to address concerns that the merged entity may use jobs.com.sg as a further distribution and marketing platform for the merged entity; and/or that it may utilise its large database of listings to populate jobs.com.sg, leading to

substantial increases in content and traffic for jobs.com.sg. CCS therefore accepts the divestiture commitment.

### **Conclusion**

17. Having regard to the nature and characteristics of the market, CCS has cleared the Proposed Acquisition following acceptance of the behavioural commitments and divestiture commitment offered by SEEK. CCS considers that the likely adverse effects of the merger will be mitigated by these commitments.

18. Chief Executive of CCS, Mr. Toh Han Li said,

*“This is the first time that CCS has accepted commitments in order to address the competition concerns arising from a merger. The commitments on price caps, non-exclusive dealing and divestment were accepted by CCS after taking into account industry feedback. CCS’s decision strikes a balance between addressing the competition concerns identified, while at the same time allowing the merger to proceed. The commitments seek to preserve competition, choice and innovation in the online recruitment advertising services market post merger.”*

19. CCS’s Grounds of Decision for the conditional clearance, can be found under the [“Public Register – Mergers & Acquisitions”](#) tab on CCS’s website.

### **About The Competition Commission of Singapore**

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

For more information, please visit [www.ccs.gov.sg](http://www.ccs.gov.sg).

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## **Annex 1**

### **CCS's Review & Market Consultations**

1. CCS completed the Phase 1 review of the notification in April 2014 but was unable to conclude that the Proposed Acquisition would not raise competition concerns, based on information furnished and market inquiries conducted during the Phase 1 review. The Parties filed Form M2 on 12 May 2014 and the Proposed Acquisition proceeded to a Phase 2 review.
2. On 21 August 2014, CCS commenced market consultation on a set of behavioural commitments offered by SEEK ("First Market Consultation") in order to address the potential competition concerns that may arise as a result of the Proposed Acquisition. The First Market Consultation concluded on 5 September 2014.
3. In the course of the First Market Consultation, CCS received information that SEEK owns and operates the aggregator site, jobs.com.sg in Singapore. This information had not been disclosed to CCS earlier by the Parties during the course of CCS's merger assessment and highlights the importance of market consultation in surfacing competition concerns.
4. In this connection, on 8 October 2014, CCS commenced market consultation on the proposed divestiture commitment ("Second Market Consultation") offered by SEEK to address the potential competition concerns that may arise from SEEK's ownership of the aggregator site, jobs.com.sg.
5. Following conclusion of the First and Second Market Consultations and taking into consideration feedback received, CCS considers that the behavioural commitments and divestiture commitment will address the likely adverse anti-competitive effects of the Proposed Acquisition.
6. CCS therefore has issued a conditional approval to the Parties, subject to the implementation of and compliance with the behavioural commitments and divestiture commitment.

## **Annex 2**

### **Phase 1 and Phase 2 Merger Reviews**

Set out below is a description of the Phase 1 and Phase 2 merger reviews conducted by CCS. Further details can be found in the *CCS Guidelines on Merger Procedures 2012*.

A Phase 1 review entails a quick review and allows merger situations which do not raise competition concerns under the section 54 prohibition to proceed. CCS expects to complete a Phase 1 review within 30 business days. By the end of this period, CCS will determine whether to issue a favourable decision and allow the merger situation to proceed. If CCS is unable, at the end of the 30-day period, to conclude that the merger situation will not result in a substantial lessening of competition, CCS will inform the merger parties and the merger parties may file Form M2. Upon receipt of Form M2, CCS will proceed to a Phase 2 review.

A Phase 2 review entails a more detailed and extensive examination of the merger situation. While the principles of substantive assessment are the same, CCS will require access to more extensive and detailed information regarding the merger parties and the markets in question.

As the Phase 2 review is more complex, CCS will endeavour to complete a Phase 2 review within 120 business days.