COMPETITION & CONSUMER COMMISSION SINGAPORE

PROMOTING COMPETITION PROTECTING CONSUMERS

ANNUAL REPORT 2019 • 2020

The Competition and Consumer Commission of Singapore ("CCCS") administers and enforces the Competition Act (Chapter 50B) which prohibits anti-competitive practices as well as the Consumer Protection (Fair Trading) Act (Chapter 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. CCCS also represents Singapore on competition matters and consumer protection matters in the international arena. In addition, CCCS has a statutory duty to advise the government or other public authorities on national needs and policies in respect of competition and consumer protection matters.

The functions of CCCS are supported by seven divisions, which include: (1) Business & Economics, (2) Consumer Protection, (3) Corporate Affairs, (4) Enforcement, (5) International, Communications & Planning; (6) Legal, and (7) Policy & Markets.

THEME

"Promoting Competition, Protecting Consumers" reflects CCCS's dual roles. The city skyline, which mirrors that of Singapore's, symbolises CCCS's role of "promoting competition", while the umbrella signifies "protecting consumers". The barcode design further highlights the dawn of the new digital economy as well as the organisation's efforts to promote competition and protect consumers in this context.

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CHAIRMAN'S MESSAGE

CCCS had a significant year in relation to our enforcement work as we made headway in enforcing the Consumer Protection (Fair Trading) Act (CPFTA) to protect consumers against unfair practices. CCCS also continued rigorous enforcement against anticompetitive conduct."

—

Mr Aubeck Kam Tse Tsuen

Chairman

In FY2019, CCCS continued on its mission of making markets work well for businesses and consumers in Singapore.

PROMOTING COMPETITION, PROTECTING CONSUMERS

CCCS continued its rigorous enforcement against anti-competitive conduct. Bid rigging is one of the most harmful types of anti-competitive conduct. It distorts the competitive bidding process and prevents businesses from getting the best value for their tenders. The two noteworthy decisions over the year were in respect of quotations for Wildlife Reserves Singapore, and collusion by three companies involved in maintaining swimming pools and water features.

CCCS monitored key developments in the digital economy to understand how e-commerce platforms potentially impact markets, businesses, and consumers in Singapore. In September 2019, CCCS released its findings from a market study on the online travel booking sector in Singapore. This was the first market study that examined both competition and consumer protection issues since CCCS took on the role of consumer protection in 2018. The study identified four common practices of online booking providers that give rise to consumer protection concerns. CCCS also set out its recommendations to encourage these providers to adopt transparent pricing practices.

Following the study, CCCS developed a set of guidelines on price transparency to help suppliers avoid misleading consumers and infringing the Consumer Protection (Fair Trading) Act ("CPFTA") in both online and offline transactions. CCCS has sought public feedback on the proposed guidelines and will be finalising them in 2020.

Our work in consumer protection saw CCCS taking on persistently errant retailers, and Court orders were separately issued against a car retailer and an e-commerce retailer. Following CCCS's investigation, two beauty parlours signed an undertaking to cease unfair practices that misled consumers.

STRENGTHENING PARTNERSHIPS

We welcomed our first Memorandum of Understanding ("MoU") with the Competition Bureau Canada which covers both competition and consumer protection. The MoU formalised and reinforced the existing cooperation and technical assistance activities between the two agencies.

CCCS continues to play an active role as one of the founding members of the International Competition Network ("ICN") Framework on Competition Agency Procedures ("CAP").

Since broadening our mandate to include consumer protection enforcement, CCCS has actively participated in both international and regional platforms, such as the ASEAN Consumer Committee on Consumer Protection (ACCP) meetings and the International Consumer Protection Network's ("ICPEN") annual conferences and best practices workshop.

We are committed to working together with researchers and academics to examine developments and challenges on competition policy and law in the region. CCCS signed a two-year MOU with the Asian Law and Economics Association (AsLEA) in June 2019 to co-sponsor and act as a supporting organisation for the 2019 and 2020 AsLEA Annual Conferences to further encourage research on competition issues.

IN APPRECIATION

I thank my fellow commission members for their invaluable commitment in guiding CCCS in its decisions and applaud the efforts of our dedicated management team and staff at CCCS. I am also grateful for the continuous support of our partners and stakeholders.

I would like to take this opportunity to thank Mr Toh Han Li, who completed his tenure in October 2019, for his valuable contributions to CCCS. Mr Toh had been at CCCS for over a decade and as its Chief Executive for the last six years. CCCS, under the leadership of Mr Toh, achieved many "firsts", including the issuance of its first international cartel infringement decision in 2014 and the issuance of directions in an anti-competitive merger between two ride-hailing firms in 2018. It was also under Mr Toh's leadership that CCCS took on the consumer protection function, which is complementary to its mandate of promoting competition. I wish him all the best in his future endeavours.

I would also like to thank Ms Aileen Chia and Mr Andrew Khoo, who have stepped down from the Board, after many years of valuable contribution. At the same time, I would like to welcome Ms Loo Siew Yee, who has been appointed with effect from 1 January 2020.

Finally, a warm welcome to Ms Sia Aik Kor who has taken over the helm as CCCS's Chief Executive with effect from 1 October 2019. Ms Sia is one of CCCS's pioneers, and was its first Director (Legal & Enforcement) from 2005 to 2010. Ms Sia oversaw the issuance of the first infringement decision against a cartel in 2009, and put in place competition guidelines during the formative years of CCCS. I am confident she will bring CCCS to new heights with her expertise and experience.

CHIEF EXECUTIVE'S MESSAGE

As we continue to promote competition and protect consumers in Singapore, I am grateful for your support and look forward to contributing to CCCS's continued success."

—

Ms Sia Aik Kor

Chief Executive

I took over the role of Chief Executive in October 2019. Having served previously as Director (Legal & Enforcement) when then Competition Commission of Singapore was first set up, I am deeply honoured to have the opportunity to return and lead the commission, which has now expanded its mandate to include consumer protection.

ENFORCING THE CONSUMER PROTECTION (FAIR TRADING) ACT

FY2019 marks the second year that we have taken on the consumer protection role. CCCS handled our first cases involving consumer protection, as we took steps to enforce the Consumer Protection (Fair Trading) Act ("CPFTA"). We applied and obtained Court Orders in two cases – the first against car retailer "SG Vehicles" to cease unfair trade practices over misrepresentations on the terms and conditions of its sales agreements and the second against an online shoe retailer "Fashion Interactive" to stop it from engaging in an unfair trade practice known as a "subscription trap". Undertakings were secured from "Charcoal Thai 1" (a food and beverage outlet) to end the unfair trade practice of making misleading representations on the discount period in its promotional materials, as well as from "Wishing Well" and "Ruby Beauty" (which has since changed its name to "Sun Beauty") to cease their unfair practices of using deceptive or misleading methods to entice customers to sign up for packages.

The motoring and beauty industries have consistently been ranked among the top three industries with the highest number of complaints received by the Consumers Association of Singapore in 2018 and 2019. CCCS is closely monitoring these industries and will take action against errant retailers for unfair practices under the CPFTA.

CONTINUED ENFORCEMENT OF THE COMPETITION ACT

On the competition front, CCCS continued its rigorous enforcement of the Competition Act. In this regard, CCCS issued two proposed infringement decisions against bid rigging conduct. CCCS also obtained voluntary commitments from two lift suppliers to sell lift spare parts for maintenance of lifts in public housing estates to third-party contractors on a fair, reasonable, and non-discrimination basis, bringing about potential cost savings for Town Councils. In addition, CCCS reviewed 5 merger and acquisitions, which spanned sectors including healthcare, food, waste management, logistics, and shipbuilding. One of the cases involved an in-depth phase 2 review, and pertained to an acquisition involving clinical laboratories which were considered close competitors before the transaction. CCCS cleared the merger after accepting commitments by the parties that included commitments on non-exclusivity and price.

REACHING OUT TO OUR STAKEHOLDERS

CCCS continues to invest heavily in our outreach and advocacy efforts to ensure stakeholders are well educated on the law, with the aim of discouraging anti-competitive and unfair trade practices from occurring in the first place. CCCS continues to regularly engage businesses, trade associations and chambers to help them understand how to benefit from competition law, as well as encourage compliance as part of good corporate governance. In FY2019, CCCS participated in over 30 outreach sessions.

To build awareness on consumer protection issues, CCCS participated in a series of publicity events including roadshows, consumer fairs, bilingual radio talk shows, TV interviews, and organised an essay competition, to educate the public on various consumer topics such as safe online transactions, pre-payment protection, and common sales tactics.

Beyond businesses and consumers, CCCS encourages government agencies to seek advice on the likely impact of their policies and initiatives on competition, as well as to explore alternative options which can reduce any adverse impact to competition. In FY2019, CCCS issued 26 competition advisories, including one to the Building and Construction Authority ("BCA") on the recognition of accreditation schemes for managing agents, as well as an advisory to the Ministry of Health ("MOH") on its initiative to extend subsidies for vaccinations to the Community Health Assist Scheme General Practitioners. Besides providing advisories to government agencies, CCCS regularly conducts outreach activities targeted at government agencies and their officers to raise awareness on competition matters. For example, CCCS organised a Community of Practice for Competition and Economic Regulations ("COPCOMER") Regulators Tea, on the topic "Digital Platforms – Interplay between Competition, Consumer Protection and Data Privacy". Further, CCCS collaborated with the Personal Data Protection Commission ("PDPC") on a joint initiative on data portability. This resulted in the provision of inputs by CCCS to PDPC's proposal to introduce a data portability obligation in Singapore. CCCS also provided inputs to the second edition of the Model Artificial Intelligence Governance Framework developed by PDPC.

As we continue to promote competition and protect consumers in Singapore, I am grateful for your support and look forward to contributing to CCCS's continued success.

COMMISSION
MEMBERS

Chairman
Mr Aubeck Kam

Permanent Secretary
Ministry of Manpower

Member
Mr Toh Han Li

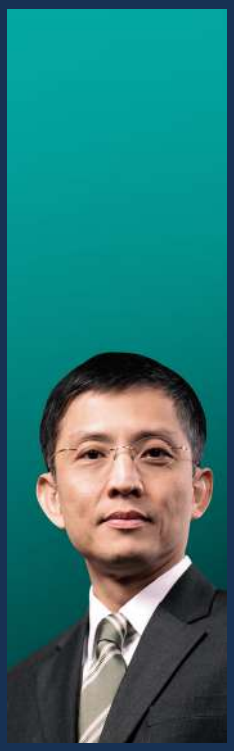
Ex-officio Member of Human Resource Committee until 30 Sept 2019

Chief Executive
Competition and Consumer Commission of Singapore

Member
Ms Sia Aik Kor

Ex-officio Member of Human Resource Committee with effect from 1 Oct 2019

Chief Executive
Competition and Consumer Commission of Singapore



Member
Dr Andrew Khoo Cheng Hoe

until 30 Sept 2019

Former Deputy Managing Director (Corporate Development)
Monetary Authority of Singapore

Member
Ms Aileen Chia

Chairman of Human Resource Committee until 31 Dec 2019

Deputy Chief Executive (Policy, Regulation & Competition Development) / Director-General (Telecoms & Post)
Infocomm Media Development Authority

Member
Prof Wong Poh Kam

Member of Audit Committee with effect from 1 Jan 2020

Professor (Strategy & Policy)
School of Business National University of Singapore

COMMISSION
MEMBERS

Member
Prof Euston Quah
Member of Audit Committee with effect from 1 Jan 2020

Professor and Head, Division of Economics
Nanyang Technological University

Member
Mr Kan Yut Keong, Benjamin
Chairman of Audit Committee with effect from 1 Jan 2020

Retired Accountant
Pricewaterhouse Coopers

Member
Mr Kwek Mean Luck
Chairman of Human Resource Committee

Solicitor-General
Attorney-General's Chambers

Member
Ms Cindy Khoo Seow Chyng
with effect from 1 Apr 2019

Director, Strategic Planning Strategic Group
Prime Minister's Office

Member
Dr Faizal Bin Yahya
with effect from 1 Apr 2019

Senior Research Fellow
Institute of Policy Studies, National University of Singapore

Member
Ms Loo Siew Yee
with effect from 1 Jan 2020

Assistant Managing Director
Policy, Payments & Financial Crime Monetary Authority of Singapore

SENIOR MANAGEMENT

Mr Toh Han Li
Chief Executive
until 30 Sept 2019

Ms Sia Aik Kor
Chief Executive
with effect from 1 Oct 2019

Mr Lee Cheow Han
Assistant Chief Executive (Legal, Enforcement & Consumer Protection)

Ms Ng Ee Kia
Assistant Chief Executive (Policy, Business & Economics)

Ms Winnie Ching
Director (Legal)

Mr Teo Wee Guan
Senior Director (International, Communications & Planning)

Mr Tan Hi Lin
Director (Policy & Markets)

Mr Herbert Fung
Senior Director (Business & Economics)

Mr Goh Aik Hon
Director (Corporate Affairs)

Mr Jack Teng
Director (Consumer Protection)

CCCS ORGANISATION STRUCTURE

CORPORATE GOVERNANCE

CHAIRMAN & COMMISSION MEMBERS

The Commission oversees the core work of CCCS. It comprises the Chairman and eight Commission Members. Appointed by the Minister for Trade and Industry, the Chairman and the Commission Members bring with them their expertise in legal, economic and financial domains from public and private sectors. The non-executive Commission Members are remunerated based on Public Service Division ("PSD") guidelines.

HUMAN RESOURCE ("HR") COMMITTEE

The HR Committee was set up in August 2007 and is currently chaired by Mr Kwek Mean Luck (with effect from 2 January 2020) with Ms Cindy Khoo and Ms Sia Aik Kor (with effect from 1 October 2019) as its members. Previously, the Committee consisted of Ms Chia Aileen as its Chairman (until 31 December 2019) with Mr Toh Han Li (until 30 September 2019) and Ms Cindy Khoo as its members. The purpose of the Committee is to advise the Commission with regard to the formulation and implementation of HR policies in order to uphold a high standard of corporate governance within CCCS, and promote the organisation as an employer of choice. The Committee also oversees staff performance appraisals and decides on internal disclosure and staff disciplinary cases.

BUSINESS & ETHICAL CONDUCT

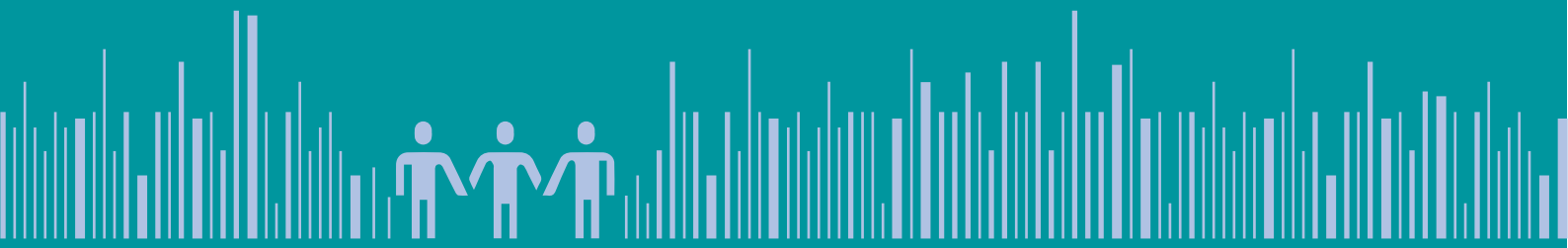
All CCCS officers are subject to the provisions of the Official Secrets Act, the Statutory Bodies and Government Companies (Protection of Secrecy) Act and the Public Sector (Governance) Act 2018. In addition, the Competition Act contains provisions governing the disclosure of information by CCCS officers. CCCS officers are also bound by CCCS's Code of Conduct and are obliged to adhere to internal policies to avoid conflicts of interest.

AUDIT COMMITTEE

The Audit Committee is chaired by Mr Kan Yut Keong (with effect from 5 November 2019) with Prof Euston Quah and Prof Wong Poh Kam as its members. Previously, the Committee was chaired by Dr Andrew Khoo (until 30 September 2019) with Mr Kan Yut Keong and Prof Quah as its members. The purpose of the Committee is to assist the Commission in areas relating to audit, finance and accounting, regulatory compliance, and risk management. In addition, the Committee reviews the audited annual financial statements and the adequacy of CCCS's internal controls with the management, external auditors and internal auditors.

EXTERNAL AUDIT FUNCTIONS

KPMG LLP was appointed by the Minister for Trade and Industry in consultation with the Auditor-General to audit the accounts of CCCS for FY2019. The audited accounts were duly approved by the Commission and the Minister for Trade and Industry, with the Auditor-General kept informed of the audited accounts.



OVERVIEW
OF COMPLETED CASES

STATUS AS AT 31 MARCH 2020

COMPETITION	FY 2017	FY 2018	FY 2019	SINCE CCCS STARTED (1 JANUARY 2005)
PRELIMINARY ENQUIRIES	8	7	8	136
INVESTIGATIONS (EXCLUDING LENIENCY)	2	3	4	48
LENIENCY	2	2	4	28
NOTIFICATIONS*	5	15	5	120
PRE-NOTIFICATION DISCUSSION	0	3	2	17
APPEALS	1	0	0	10
COMPETITION ADVISORIES	34	20	26	212
MARKET STUDIES	2	2	2	26
TOTAL (EXCLUDING COMPLAINTS)	54	52	51	597

** Notifications include Notifications for Guidance and Decision, Merger Notifications Phase 1, and Merger Notifications Phase 2.*

CONSUMER PROTECTION

PRELIMINARY ENQUIRIES Since 9 December 2016 — 37

FY 2018 — 13

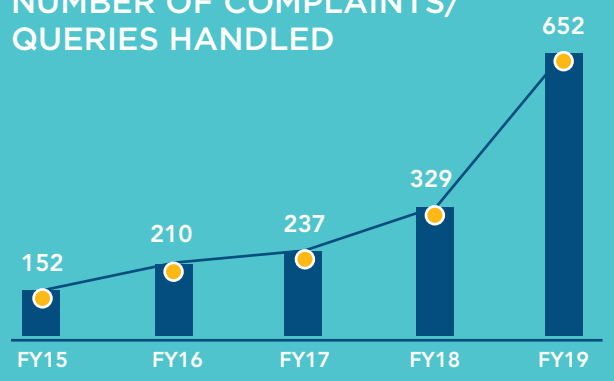
FY 2019 — 24

INVESTIGATIONS Since 9 December 2016 — 12

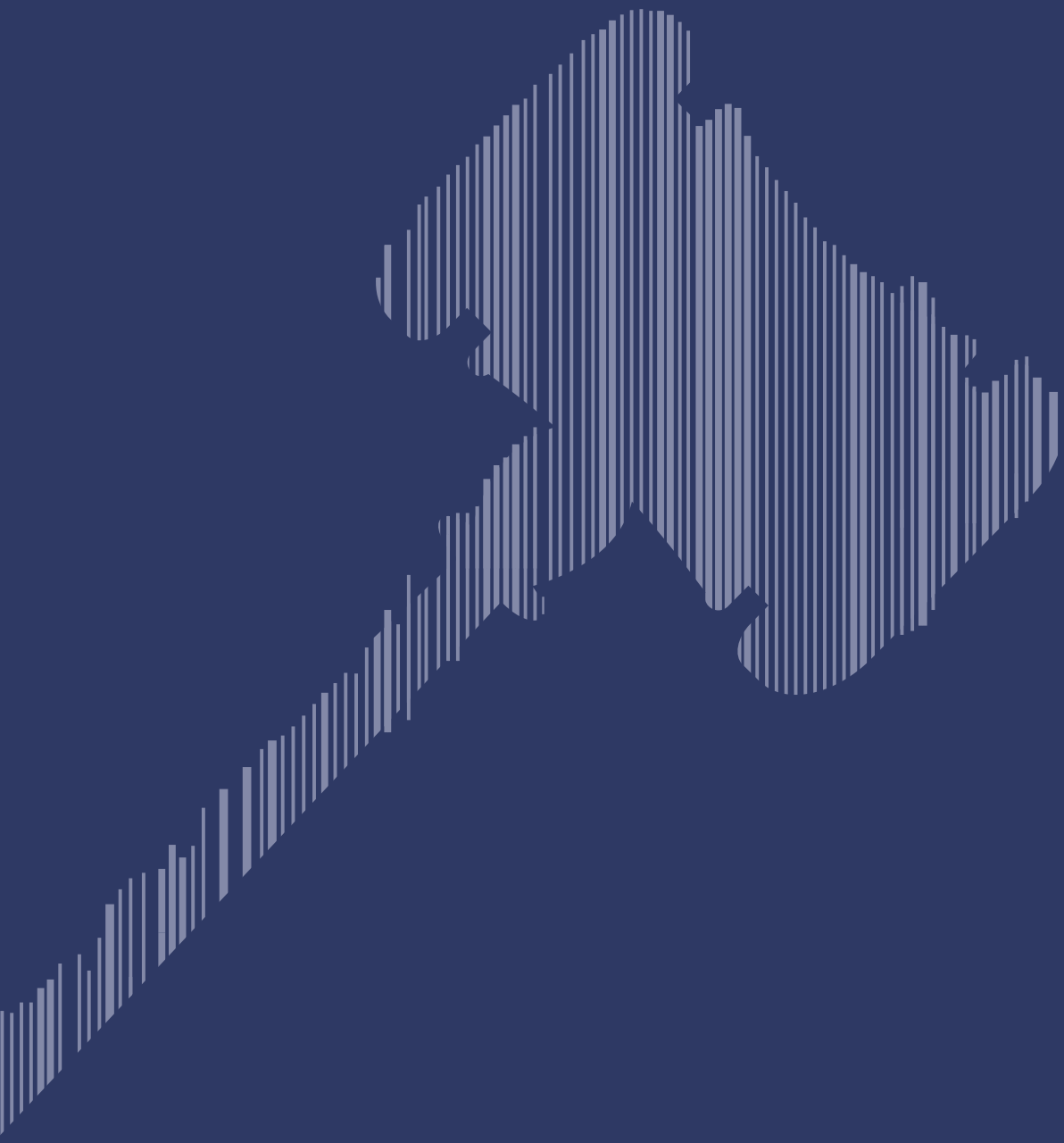
FY 2018 — 0

FY 2019 — 11

NUMBER OF COMPLAINTS/ QUERIES HANDLED



COMPLETED INVESTIGATIONS (EXCLUDING LENIENCY) BY INDUSTRY (FY17-FY19)



ENFORCEMENT

CCCS enforces competition and consumer protection laws to ensure businesses compete on a level playing field and to protect the interests of consumers.

19 April 2019

SG VEHICLES CEASES UNFAIR TRADE PRACTICES

The SG Vehicles group of companies ("SG Vehicles") was first placed under the Consumers Association of Singapore's ("CASE") Company Alert list in December 2015 and again, in July 2017, due to rising consumer complaints against them despite efforts by CASE to resolve these complaints through negotiation and mediation.

FINDINGS

Between January 2015 and November 2017, CASE received a total of 92 complaints against SG Vehicles. The complaints cited misrepresentations on the terms and conditions of the sale agreement, particularly in relation to the delivery dates of motor vehicles and bidding for Certificates of Entitlement ("COE"). In several cases, consumers were also required to make additional payments due to a change in circumstances beyond their control.

In July 2017, CASE requested for SG Vehicles to sign a Voluntary Compliance Agreement to cease its unfair trade practices, but SG Vehicles declined to do so.

CCCS's investigation revealed evidence of unfair trade practices by SG Vehicles under the CPFTA.

ACTIONS TAKEN

CCCS filed an injunction application with the court on 19 December 2017. A Court Order was issued which took effect on 18 April 2019 prohibiting SG Vehicles from engaging in unfair trade practices, including making false claims to consumers on the guaranteed delivery date of a motor vehicle or misleading consumers into believing that the purchase price or COE are guaranteed, amongst others.

SG Vehicles was also required to install a prominent sign outside its shopfront(s) stating the full text of the Order, for a period of six months from the date of the Order, and to notify CCCS of any changes related to its businesses - such as changes to the premises or corporate changes, amongst others. SG Vehicles will have to continue to honour all existing sales agreements they had made with their consumers.

The Consumers Association of Singapore asked SG Vehicles to sign a voluntary compliance agreement in July 2017, but it refused. The Competition and Consumer Commission of Singapore filed an injunction later that year. ST FILE PHOTO

Court orders car importer to stop unfair trade practices

This follows application for injunction by competition watchdog that was filed in 2017

Ng Huiwen

Car importer SG Vehicles and its director have been ordered by the court to stop engaging in unfair trade practices, after Singapore's competition watchdog filed an injunction application against them in December 2017.

The importer – which is one of the biggest players in the industry – has already earned two black marks from the Consumers Association of Singapore (Case).

Case received 92 complaints against SG Vehicles from January 2015 to November 2017, with the figure rising despite Case's initial efforts to resolve the complaints through negotiation and mediation.

Consumers claimed SG Vehicles had misrepresented the terms and conditions of sale agreements – mainly the delivery dates of motor vehicles and the bidding for certificates of entitlement (COEs).

Several consumers said they were required to make additional payments due to a change of circumstances beyond their control.

Case had asked SG Vehicles to sign a voluntary compliance agreement in July 2017, but it refused to do so.

The Competition and Consumer Commission of Singapore said yesterday that under the court order, which took effect on Thursday, SG Vehicles and its director Juliet Tan Whye Peck are prohibited from the following:

- Engaging in unfair practices under the Consumer Protection (Fair Trading) Act;
- Doing or saying anything that would dupe a consumer into believing that the purchase price or COE is fixed or guaranteed;
- Making any false claim to a consumer on the guaranteed delivery date of a motor vehicle;
- And taking advantage of a consumer if they know that the consumer is not reasonably able to understand the character, nature, language or effect of the transaction.

The court order also requires SG Vehicles to install a prominent sign outside its shopfront, stating the full text of the order for six months from Thursday.

It should also notify the commission of any changes related to its businesses or Ms Tan's employment, directorship and partnerships statuses.

SG Vehicles will not, however, be required to cease its business operations, and all its existing sales agreements made with customers must be honoured.

In 2017, the highest number of consumer complaints – 2,335 – made to Case came from the motoring industry.

This figure dropped by 20 per cent to 1,802 last year, with the beauty industry overtaking motoring. There were 1,829 complaints against firms in the beauty industry last year, a 31 per cent increase from 2017.

nghuiwen@sph.com.sg

92

Number of complaints Case received against SG Vehicles from January 2015 to November 2017.

2,335

Number of consumer complaints made to Case from the motoring industry in 2017.

1,829

Number of complaints against firms in the beauty industry last year, a 31 per cent increase from 2017.

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16 August 2019

CHARCOAL THAI 1 RESTAURANT CEASES UNFAIR TRADE PRACTICES

CCCS started investigating Charcoal Thai 1 in 2018 when it found, as part of its ongoing market monitoring efforts, that no end date to the discount period was stated on its promotional materials published on Charcoal Thai 1's website, social media page, in-store posters and menu.

The promotional materials also stated that the discounts for meals such as lunch sets and steamboat items were either available for a "limited period only" or "Ending Soon! 50% Discount", but they continued to be available for minimally two years from February 2016.

Such claims not only mislead consumers into believing that there was a price benefit and scarcity in the availability of the promotional prices, but it also provided Charcoal Thai 1 with an unfair advantage over businesses who comply with the CPFTA.

ACTIONS TAKEN

Charcoal Thai 1 has since agreed to cease the unfair practice and not engage in any other unfair practices under the CPFTA. In particular, it has undertaken not to make any representations on discounts or promotions in its promotional materials or any other forms of publicity without specifying the expiry date for those discounts or promotions.

As Charcoal Thai 1 has taken the necessary steps to adequately address CCCS's concerns, CCCS has closed the investigation. CCCS will, however, continue to monitor Charcoal Thai 1's conduct, and reserves the right to investigate any breach of the undertaking or any other unfair practices by the restaurant.

'Limited period' promotion ran for at least 2 years

Charcoal Thai 1 restaurant has been found to be in breach of the consumer protection law for promoting meal discounts without specifying an end date, Singapore's competition watchdog said.

The Competition and Consumer Commission of Singapore (CCCS) said in a statement yesterday that it started investigations into Charcoal Thai 1 last year.

Promotional materials – published on the eatery's website, social media page, in-store posters and menu – said that discounts for lunch sets and steamboat items were for a "limited period only" or would be "ending soon! 50% discount".

But the commission found that the items continued to be available for at least another two years after February 2016, when the promotions first appeared.

Charcoal Thai 1 had breached the Consumer Protection (Fair Trading) Act, which states that it is unfair practice for businesses to represent that goods and services are available at a discounted price for a stated period of time if they know or ought to know the goods and services are available for a substantially longer period.

CCCS said such claims not only misled consumers into believing that there was a price benefit and scarcity in the availability of the promotional prices, but it also gave the eatery an unfair advantage over businesses that complied with the Act.

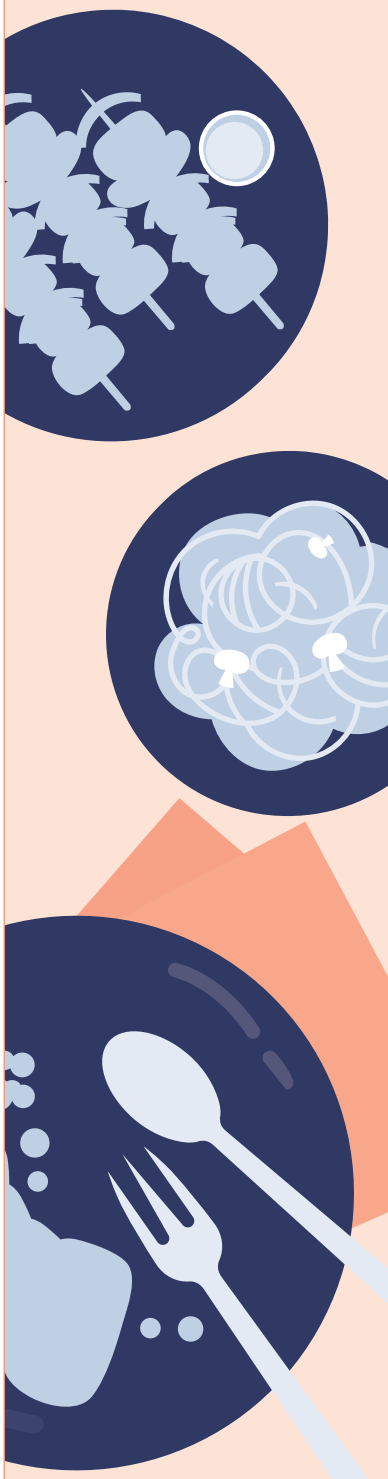
Charcoal Thai 1 has since agreed to stop the unfair practice and not engage in other similar practices. It has also taken steps to address the commission's concerns.

The consumer watchdog has closed its investigations into the case, although it added that it would continue to monitor the restaurant's conduct.

CCCS said it reserves the right to investigate any breach of the undertaking or any other unfair practices by Charcoal Thai 1.

It reminded businesses not to engage in any practices that are likely to mislead consumers.

Ng Huiwen



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17 January 2020

E-Commerce Retailer Fashion Interactive Ordered to CEASE UNFAIR TRADE PRACTICES AND STOP USING "SUBSCRIPTION TRAPS"

Fashion Interactive Pte. Ltd. ("Fashion Interactive") and its director, Mr Magaud Olivier Georges Albert ("Mr Magaud") were issued an order by the State Courts to cease unfair trade practices which had misled consumers into signing up for a recurring membership subscription on its website myglamorous.sg.

ACTIONS TAKEN

On 28 November 2019, CCCS applied for an injunction against Fashion Interactive and Mr Magaud to stop them from engaging in an unfair trade practice known as a "subscription trap".

*A "**subscription trap**" misleads consumers into signing up for a recurring subscription by giving the impression that it is a one-off purchase of goods and/or services. If consumers do not cancel such subscriptions, typically within a grace period, they would be liable for recurring charges. The use of "subscription traps" contravenes the Consumer Protection (Fair Trading) Act ("CPFTA").*

The Consumers Association of Singapore ("CASE") had earlier intervened to help affected consumers obtain refunds for the charges made by Fashion Interactive to their credit and/or debit cards. However, new complaints were lodged regarding Fashion Interactive automatically charging consumers recurring monthly membership fees without their knowledge or consent. CASE later issued a Consumer Advisory highlighting the complaints against Fashion Interactive in January 2019.

Following a referral from CASE, CCCS investigated and affirmed that Fashion Interactive had not sufficiently disclosed key information to consumers. Mr Magaud had directed the design of the advertisements and website to focus on the discounts and shoes for sale, instead of the membership subscription and its recurring monthly fees. Moreover, throughout the purchase process, no notice was provided to consumers informing them that the membership subscription was required in order to purchase shoes at the advertised price. Hence, consumers were misled into believing that they were consenting to a one-off purchase.

Through a Court Order which took effect from 6 January 2020, Fashion Interactive is prohibited from misleading consumers into signing up and/or continuing with a subscription service requiring payment or recurring payment. Mr Magaud is also prohibited from abetting the retailer, Fashion Interactive, in misleading customers into doing the same. Under the Court Order, Fashion Interactive must abide by the following for three years:

- Display the details of the declaration and injunction on the landing page of its website;
- Notify customers of the declaration and injunction before entering into a contract; and
- Include in every invoice or receipt that a declaration and injunction has been granted against it.

WHAT SHOULD RETAILERS DO?

Retailers should provide clear and accurate information on the price of goods and services in their advertisements. Key terms and conditions should be prominent, accessible and easy to read.

21 January 2020

Proposed Infringement Decision

AGAINST CONTRACTORS FOR BID RIGGING OF QUOTATIONS FOR WILDLIFE RESERVES SINGAPORE

On 21 January 2020, CCCS issued a Proposed Infringement Decision ("PID") against three companies for infringing section 34 of the Competition Act: Shin Yong Construction Pte. Ltd., Geoscapes Pte. Ltd. and Hong Power Engineering Pte. Ltd. (collectively, "the "Parties"). The Parties were found to have participated in anti-competitive agreements by rigging the bids for the provision of building, construction and maintenance services under Invitations To Quote ("ITQ") and Invitations To Tender ("ITT") called by Wildlife Reserves Singapore ("WRS").

CCCS commenced its investigation into allegations of bid rigging of civil and electrical works for WRS's attractions, following a complaint from WRS in April 2016. The investigation revealed that the Parties had exchanged bid information and coordinated their bids for tenders and quotations called by WRS. This was done to create the false impression that independent competitive bids were submitted for the tenders.

31 March 2020

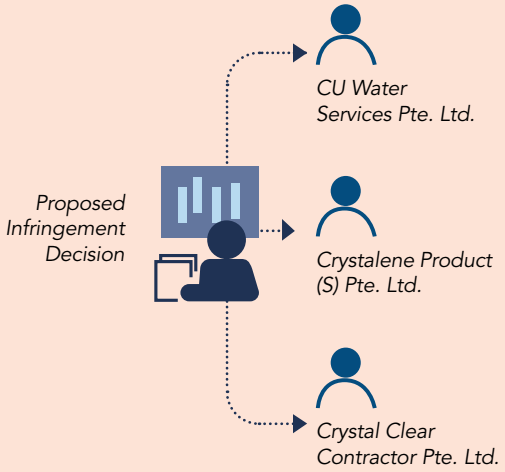
Proposed Infringement Decision

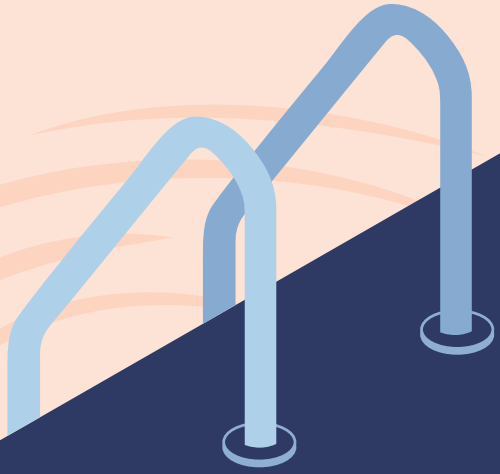
AGAINST THREE WATER FEATURE MAINTENANCE COMPANIES FOR BID RIGGING OF TENDERS

On 31 March 2020, CCCS issued a Proposed Infringement Decision ("PID") against three companies for infringing section 34 of the Competition Act: CU Water Services Pte. Ltd. ("CU Water"), Crystalene Product (S) Pte. Ltd. ("Crystalene") and Crystal Clear Contractor Pte. Ltd. ("Crystal Clear") (collectively, "the "Parties"). The companies provided maintenance and cleaning services for swimming pools, spas, fountains and other water features. The Parties rigged their bids in tenders for the provision of maintenance services for swimming pools, spas, fountains and other water features to privately-owned developments, including but not limited to condominiums and hotels in Singapore.

CCCS commenced its investigation in September 2017 which revealed the presence of agreements and/or concerted practices on bid rigging of tenders involving (i) CU Water and Crystalene, and separately between (ii) CU Water and Crystal Clear.

With cover bidding arrangements between the Parties in tenders, there was no competitive pressure on the Parties to submit their best offers to customers. As a result, customers were unable to obtain best value offers that meet their needs.





31 March 2020

WISHING WELL BEAUTY CENTRE AND RUBY BEAUTY PTE LTD CEASE UNFAIR TRADE PRACTICES

In 2019, CCCS initiated investigations into two beauty parlours – Wishing Well Beauty Centre ("Wishing Well") and Ruby Beauty Pte Ltd. ("Ruby Beauty").

FINDINGS

Investigations revealed that the employees of both beauty parlours would loiter in the vicinity of Bencoolen Street to entice consumers with a one-time offer of a discounted facial treatment at $38 and/or mole or skin growth removal service at $5 per removal.

When a persuaded consumer arrived in the beauty parlour for the service, the staff would not provide the service agreed upon earlier. Instead, they would perform unsolicited services without the consumer's consent in order to charge a higher price. The staff would also avoid revealing the price difference until after the commencement of the treatment. As a result, the consumers would have unknowingly chalked up a substantial amount due to the unsolicited treatments and/or services provided.

In lieu of full payment for the unsolicited treatments and/or services provided, the staff would pressurise the consumer into purchasing a 10-session beauty package. As a result, the consumer would end up purchasing beauty packages ranging from a few hundred to a few thousand dollars - considerably higher than the originally quoted prices to the consumer when they were approached earlier by the staff on the street. Consumers were also led to believe that the packages they purchased were transferable with an unlimited validity period, but the printed invoices and appointment cards stated otherwise.

ACTIONS TAKEN

Wishing Well and Ruby Beauty (which has since changed its name to "Sun Beauty") have since signed an undertaking to cease the unfair practices and not to engage in any other unfair practices under the CPFTA. Both beauty parlours have undertaken not to use any other deceptive or misleading methods in order to entice customers to sign up for packages that the customers would not otherwise have agreed to, in lieu of payment for unsolicited treatments.

CCCS has closed its investigations as both beauty parlours have taken the necessary steps to address CCCS's concerns. CCCS will continue to monitor their conduct and reserves the right to investigate and take necessary action against any breach of their undertaking or any other unfair practices.

2 beauty parlours told to stop unfair trading ways

They were found to have misled customers into paying for services they did not agree to

Jean lau

Wishing Well Beauty Centre and Ruby Beauty have breached consumer protection laws by misleading customers into paying for services they did not agree to.

In a statement yesterday, Competition and Consumer Commission of Singapore (CCCS) said that both beauty parlours in Bencoolen Street have signed an agreement to stop such unfair trading practices.

The employees of the parlours would loiter in the Bencoolen Street area to sell consumers one-time offers of discounted facial treatment and beauty services.

After the customers agreed, the staff would instead perform other services such as removing moles or skin growths, or a more expensive facial treatment so as to charge a higher fee.

By the end of the treatment, customers would have chalked up a much higher bill than initially proposed to them.

The staff would then entice the customers to buy a 10-session beauty package, which ranged from a few hundred to a few thousand dollars, which the consumer did not know of or agree to when approached initially.

They were also falsely told they could transfer these packages to others, and that the packages were valid for an unlimited period, when the printed invoices and appointment cards said otherwise.

CCCS said it is unfair for a supplier to mislead, make a false claim or take advantage of consumers if the supplier knows that the consumers are not in a position to protect their own interests, or not able to understand the transaction or any matter related to it.

It found that Wishing Well and Ruby Beauty had engaged in unfair trading practices of charging a price for goods or services that is substantially higher than the estimate provided, and misleading consumers into thinking that the transactions gave them certain rights.

The parlours omitted telling consumers material facts, used small print in their brochures and insisted on payment for goods and services the consumers did not ask for.

Wishing Well Beauty Centre hung up the phone when The Straits Times called yesterday.

ST has also reached out to Ruby Beauty for comment.

CCCS will continue to monitor them and to take action against any unfair practices.

It said that the beauty industry consistently ranked among the top three industries with the most complaints received by Consumers Association of Singapore (Case), and even took the top spot in 2018.

CCCS is also closely monitoring other businesses in the beauty industry and reminded them not to engage in any unfair practices that mislead consumers.

Consumers who come across unfair practices can call Case on 6100-0315, or go to the Case website.

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Lift Spare Part Suppliers Provide Commitments to **FACILITATE LIFT MAINTENANCE IN HDB ESTATES**

On 28 May 2019, CCCS concluded its investigations into the supply of lift spare parts for the maintenance of lifts in Housing & Development Board ("HDB") estates following the acceptance of the voluntary commitments provided by Chevalier Singapore Holdings Pte. Ltd. and Fujitec Singapore Corporation Ltd. Both companies will undertake to sell lift spare parts (with software if applicable) of the relevant brands to third-party contractors on a fair, reasonable and non-discriminatory basis, subject to certain terms and conditions.

2 more suppliers agree to sell lift spare parts to third-party contractors

Melissa Heng

Two more lift parts suppliers have agreed to sell spare parts to third-party lift contractors on a "fair, reasonable and non-discriminatory basis", Singapore's competition watchdog said yesterday.

This will ensure that third-party contractors can obtain spare parts to maintain lifts in HDB estates. Third-party contractors are typically cheaper to hire than the original lift installers.

The Competition and Consumer Commission of Singapore (CCCS) said yesterday that it had accepted voluntary commitments by Chevalier Singapore Holdings and Fujitec Singapore Corporation that fully address concerns relating to the supply of their brands of lift spare parts.

The CCCS had previously accepted similar commitments from three other companies.

In a phone interview with The Straits Times, Nee Soon Town Council chairman and MP for Nee Soon GRC Louis Ng said it was good that the lift parts suppliers had committed to working with third-party contractors.

He said: "More competition means better options for consumers and better service. This opens things up for the town councils as well and gives us more options when looking for contractors."

In response to questions from ST, Dr Teo Ho Pin, coordinating chairman of the People's Action Party (PAP) town councils, also welcomed the commitments from the suppliers, saying they were the correct move for fair competition.

Dr Teo said PAP town councils adopted a Price Quality Method Tender evaluation approach when awarding lift contracts.

"We evaluate both the prices and performance of the lift contractors to award our lift contracts so as to obtain value for money in our contracts," he said.

In 2016, the CCCS began investigating claims that some lift manufacturers had refused to supply vital spare parts, such as motherboards, to third-party contractors for maintenance work in Housing Board estates, preventing them from doing a proper job or winning new contracts.

There are about 24,000 lifts of different brands installed in HDB estates across Singapore. Town councils can appoint the lift installers to carry out maintenance or get a third-party contractor.

"If a lift company or distributor does not provide proprietary but essential lift spare parts to third-party lift maintenance contractors, these... contractors may be prevented from effectively competing for contracts to maintain and service lifts of that particular brand," said the CCCS.

One lift company – EM Services – made commitments in 2016, the year the investigation began, that addressed the concerns raised.

Last year, the CCCS received commitments from BNF Engineering and C&W Services Operations.

Once similar commitments were made by Chevalier Singapore Holdings and Fujitec Singapore Corporation, the investigation was concluded. The five companies installed more than 70 per cent of the lifts in HDB estates, said the CCCS.

There had been claims that some lift manufacturers had refused to supply vital spare parts to third-party contractors for maintenance work in HDB estates, preventing them from doing a proper job or winning new contracts. ST FILE PHOTO

There are about 24,000 lifts of different brands installed in HDB estates across Singapore. Town councils can appoint the lift installers to carry out maintenance or get a third-party contractor.

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FINDINGS

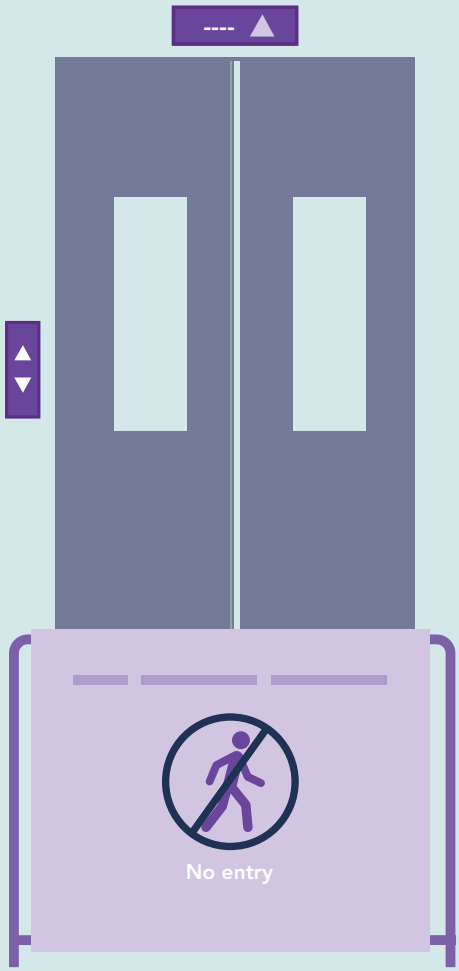
In 2016, CCCS started investigating alleged refusals to supply lift spare parts for the maintenance of lifts in HDB estates. Over 20,000 lifts of different brands are installed in HDB estates across Singapore, where the majority is maintained by the Original Equipment Manufacturers ("OEMs"). Town Councils can appoint OEMs or a third-party contractor to carry out maintenance work. In general, there are likely to be cost savings when engaging a third-party lift maintenance contractor for multiple brands as compared to procuring lift maintenance services from each OEM.

Hence, the refusal to provide proprietary but essential lift spare parts by OEMs to third-party lift maintenance contractors may breach the Competition Act (Cap. 50B) for abuse of a dominant position. The inability of third-party contractors to obtain proprietary but essential lift spare parts pose significant obstacles for them as they try to compete with OEMs for contracts to maintain and service lifts of a brand. As a result, they may be prevented from effectively competing for contracts to maintain lifts of a particular brand if lift companies refuse to supply essential spare parts of that brand.

OPENING UP COMPETITION FOR MORE OPTIONS

In total, CCCS accepted commitments from five lift companies – EM Services Pte. Ltd., BNF Engineering (S) Pte. Ltd., C&W Services Operations Pte. Ltd., Chevalier Singapore Holdings Pte. Ltd. and Fujitec Singapore Corporation Ltd. It is estimated that these companies installed more than 70% of the lifts in HDB estates in Singapore.

CCCS considered the commitments to adequately address competition concerns in relation to the supply of different brands of lift spare parts and has communicated the acceptance to Town Councils. This is to ensure that they are better informed when procuring lift maintenance services and in reporting potential anti-competitive practices.



CCCS Approves Application by Emirates to **REMOVE CAPACITY COMMITMENTS FOR SINGAPORE →BRISBANE ROUTE**

On 14 November 2019, CCCS approved the application by Emirates to remove its capacity commitments for the Singapore-Brisbane route that was provided on 28 March 2013 for the approval of its alliance with Qantas Airways Ltd. ("Qantas") (collectively, "the "Parties").

Emirates had applied to CCCS on 16 April 2019 to remove its capacity commitment of 4,956 seats per week on the Singapore-Brisbane inbound and outbound flights in order to withdraw from this route.

On 28 March 2013, CCCS first approved the alliance after Emirates and Qantas offered to provide CCCS with a voluntary undertaking ("Undertaking") to maintain, and under certain circumstances, to increase seat capacity on the flights operated by the Parties on the Singapore-Melbourne and Singapore-Brisbane routes.

CCCS had found that with the capacity commitments, the alliance would result in net economic benefits despite the competition concerns arising from the price and capacity coordination between the Parties.

NET ECONOMIC BENEFIT OF THE ALLIANCE

CCCS conducted a public consultation on the application from 13 to 24 September 2019 but did not receive any substantive feedback regarding concerns about the proposed variation of the Undertaking and the consequential withdrawal by Emirates from the Singapore-Brisbane route.

In the application, Emirates provided evidence to support its claims on capacity underutilisation, falling revenues and rising costs in relation to the Singapore-Brisbane route.

Based on the information provided by Emirates, Qantas and third parties, CCCS assessed that there remain competitive constraints on both airlines after Emirates stops flying the route. Seat capacity will also remain adequate to meet demand for passengers whose journey terminates at Singapore or Brisbane.

The alliance with the varied capacity commitments by the Parties will continue to have net economic benefit on air passenger services, such that the alliance will remain excluded from section 34 of the Competition Act, which excludes agreements with net economic benefits.

Qantas maintains its commitment to provide at least 3,290 seats per week for the Singapore-Brisbane route for the duration of the alliance.

Separately, the total base capacity for the Singapore-Melbourne route for both Emirates and Qantas remains unchanged at 8,246 seats per week.

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Emirates stopping all S'pore-Brisbane flights from March 30 next year

Clement Yong

All Emirates flight services between Singapore and Brisbane will stop from March 30 next year, in a move expected to reduce seats on the route by 16 per cent per week.

The competition watchdog said it had approved Emirates' application to pull out of the route completely after it was satisfied that passengers would not be affected by the change.

"Based on the information provided by the parties... seat capacity remains adequate to meet demand," the Competition and Consumer Commission of Singapore (CCCS) said yesterday.

Emirates had informed CCCS of its decision in September, citing substantial losses in revenue and seat under-utilisation on its flights. The commission then conducted a public consultation from Sept 13 to 24 to seek feedback from passengers.

Yesterday, the watchdog said Emirates had provided evidence to support its claims, and that CCCS had received no feedback voicing concerns.

Three airlines currently ply the route between Singapore and Brisbane: Emirates and Qantas each operates one daily flight, while Singapore Airlines operates four every day.

Emirates and Qantas are in a code-share agreement that allows them to sell seats on each other's flights. The affected Emirates flights are EK432 and EK433, with 4,956 seats per week for both inbound and outbound flights.

A Qantas spokesman said its daily flights, EK5051 and EK5052, which have 3,290 seats per week, will continue to operate.

Responding to The Straits Times' queries, Emirates said yesterday that it welcomed CCCS' ruling, and that affected passengers who have already booked their flights will be advised on rebooking options. "Emirates apologises for any inconvenience caused," its spokesman said.

Those who booked their flights with Emirates or Qantas will be notified of the change by the respective airlines. Those who did so through a travel company should contact the agent for assistance, the spokesman added.

In its ruling, CCCS said the Qantas-Emirates alliance will not be affected, after fears in September that Emirates' latest move could upset competition restrictions.

The competition watchdog had approved the Qantas-Emirates partnership in 2013 only after they voluntarily undertook to increase seating capacity on flights from Singapore to Brisbane and Singapore to Melbourne.

Explaining its decision to allow the alliance to continue, CCCS said: "The alliance with the varied capacity commitments by Qantas and Emirates will continue to have net economic benefit on air passenger services."

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12 September 2019

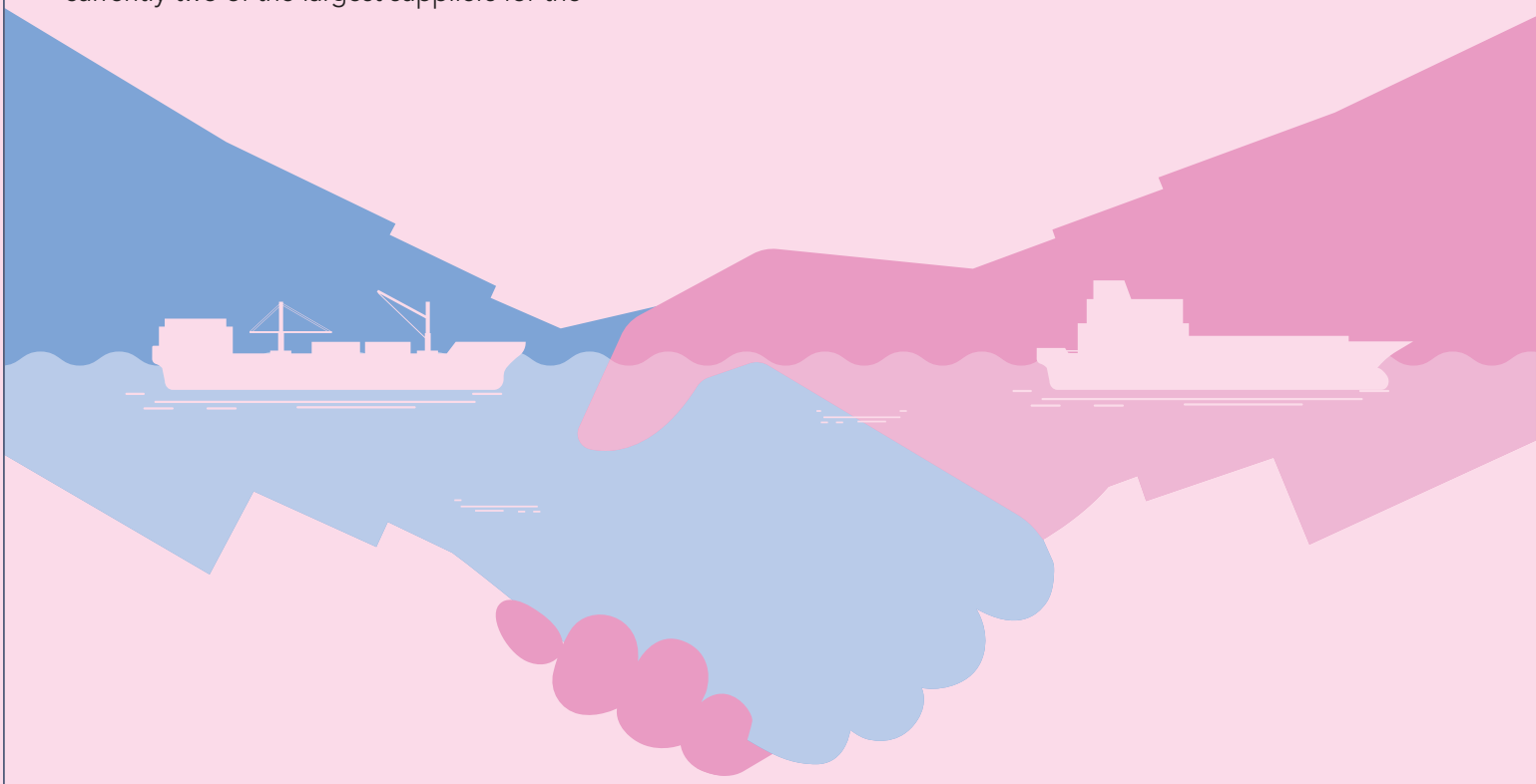
CCCS CONSULTS ON IN-DEPTH REVIEW OF PROPOSED MERGER OF KOREAN SHIPBUILDERS

CCCS has raised competition concerns on the proposed merger between Korea Shipbuilding & Offshore Engineering Co., Ltd. ("KSOE") and Daewoo Shipbuilding & Marine Engineering Co., Ltd. ("DSME") following the completion of its preliminary review.

KSOE and DSME overlap in the supply of commercial vessels, including oil tankers, containerships, liquefied natural gas ("LNG") and liquefied petroleum gas ("LPG") carriers. Both operate as foreign companies registered in Singapore.

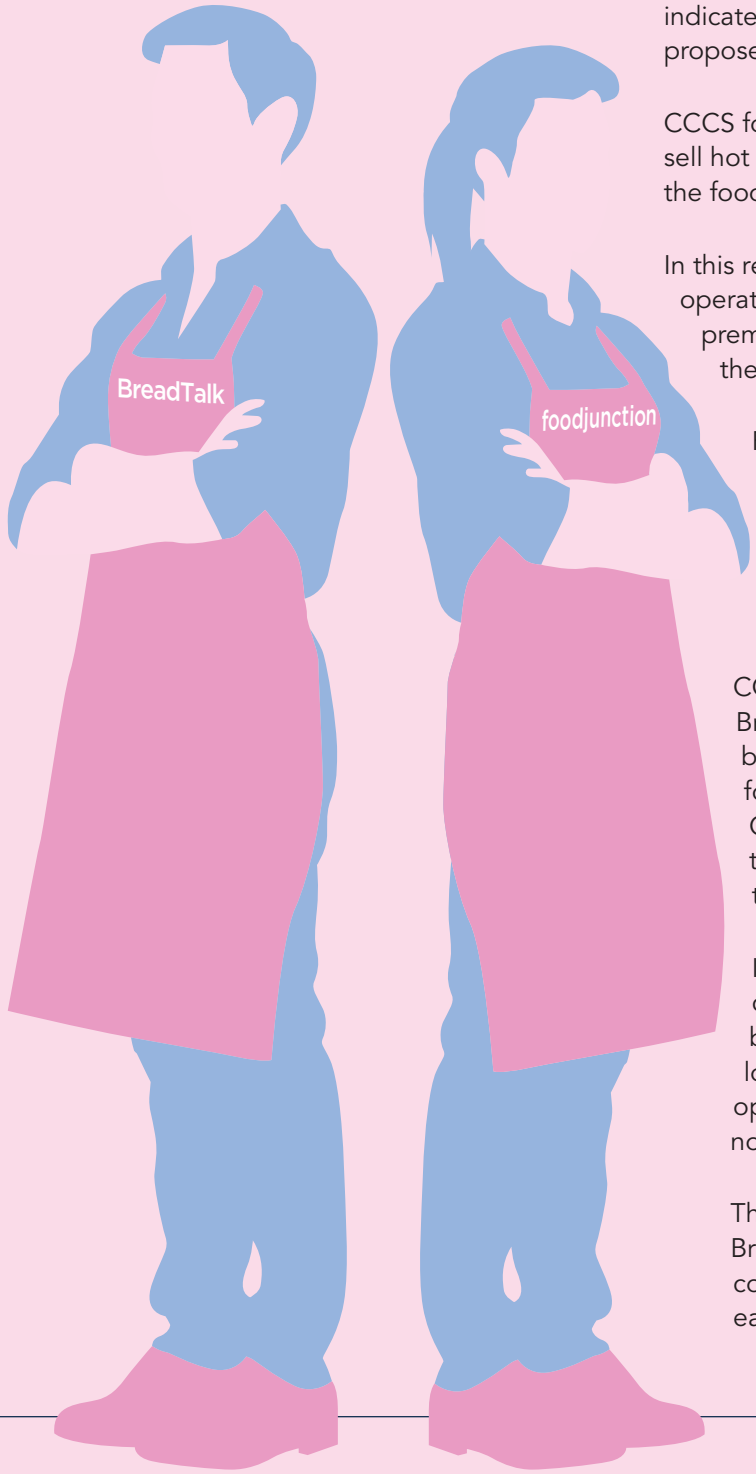
Based on information furnished by KSOE and feedback from third parties during the preliminary review, CCCS was unable to conclude that the proposed merger would not raise competition concerns. In particular, industry feedback suggests that KSOE and DSME are currently two of the largest suppliers for the global supply of LNG carriers, and possibly large containerships and large oil tankers. There are concerns that the proposed merger will remove competition between two main suppliers of these commercial vessels, to the detriment of customers in Singapore. Feedback also revealed concerns on whether alternative suppliers will be sufficiently strong competitors to the merged entity. In addition, the barriers to entry and expansion, particularly in relation to more sophisticated vessels such as LNG carriers, may be high.

Following the filing of the relevant documents by KSOE to CCCS on 23 January 2020, CCCS has commenced an in-depth review of the effect of the proposed merger. A public consultation was held from 29 January 2020 to 19 February 2020 to obtain feedback. Upon completion of the review, CCCS will decide whether to issue a favourable or unfavourable decision.



15 October 2019

CCCS CLEARS BREADTALK'S ACQUISITION OF FOOD JUNCTION



CCCS has approved the proposed acquisition after concluding that it will not lead to a substantial lessening of competition within the relevant markets in Singapore. The proposed acquisition would see the subsidiary of BreadTalk Group Limited ("BreadTalk"), Topwin Investment Holding Pte Ltd. ("Topwin") acquire 100 per cent of the issued share capital in Food Junction Management Pte Ltd ("Food Junction").

As part of its assessment, CCCS conducted a public consultation and contacted key stakeholders including landlords, competitors, food vendors and individual consumers to gather relevant information. Most stakeholders indicated that they have no concerns with regard to the proposed acquisition, while a few raised concerns.

CCCS found that BreadTalk and Food Junction only directly sell hot meals in a very limited number of stalls located within the food court premises they operate.

In this regard, they will continue to compete with many stalls operated by third-party food vendors within their own premises, as well as within other food court premises after the proposed acquisition.

Food quality, variety and price points offered by BreadTalk and Food Junction are also unlikely to be reduced post-merger as many competing third-party food vendors and shopping mall operators place emphasis on differentiation of food court concepts, food mix as well as price points.

CCCS found that the combined market share of BreadTalk and Food Junction post-merger remains below 20%, which is considerably lower than the larger food court operators such as National Trades Union Congress ("NTUC") Kopitiam and Koufu. Accordingly, the merged entity may be able to better compete with the other larger food court operators.

In addition, the barriers to entry for setting up food court operations in Singapore, as well as the existing barriers that food court operators face in expanding to locations where BreadTalk and Food Junction currently operate at and/or any other locations in Singapore, are not high.

There is also considerable competition not just between BreadTalk and Food Junction, but with the other food court operators, such that the two parties may not be each other's closest competitor.

18 October 2019

CCCS GRANTS CONDITIONAL APPROVAL FOR PRIVATE CLINICAL LABORATORIES MERGER

On 18 October 2019, CCCS granted conditional approval of Pathology Asia Holdings Pte. Ltd. ("PAH")'s completed acquisition of Innovative Diagnostics Private Limited ("Innovative") and Quest Laboratories Pte. Ltd. ("Quest") (collectively, "the "Parties"), after accepting commitments from PAH.

Both Innovative and Quest provide in-vitro diagnostic ("IVD") tests in Singapore, which can be used to detect diseases or other conditions, as well as monitor a person's health.

Innovative and Quest are each other's closest competitor pre-transaction, being the top two suppliers in the provision of IVD tests by private clinical laboratories in Singapore, to non-affiliated customers (i.e. customers without an in-house or vertically-integrated laboratory).

FINDINGS

CCCS had identified competition concerns arising from the transaction, based on information furnished by PAH and third-party feedback from customers and competitors. The concerns focus on the extent to which alternative providers are able to exert sufficient competitive constraint on the merged entity, especially for customers such as private hospitals which do not manage their in-house laboratories, and health screening companies.

ACTIONS TAKEN

To address the concerns identified by CCCS, PAH submitted a set of proposed commitments to address the concerns identified by CCCS, on which CCCS sought public feedback from 21 June to 5 July 2019.

While third party feedback received generally agreed that the proposed commitments will achieve their objectives, they also identified some deficiencies in the proposed commitments in addressing competition concerns arising from the transaction.

In response, PAH submitted a set of revised final commitments. After evaluating the feedback provided by third parties and the necessary revisions made by PAH, CCCS considered the final set of commitments to be sufficient in addressing the competition concerns.

19 February 2020

CCCS CLEARS MERGER OF WASTE COLLECTION SERVICES

CCCS approved the proposed acquisition by Sembwaste Pte. Ltd. ("SembWaste") of 100% issued shares of Veolia Singapore ES Singapore Pte. Ltd. ("VESS") from Veolia Environmental Services Pte. Ltd. on 19 February 2020.

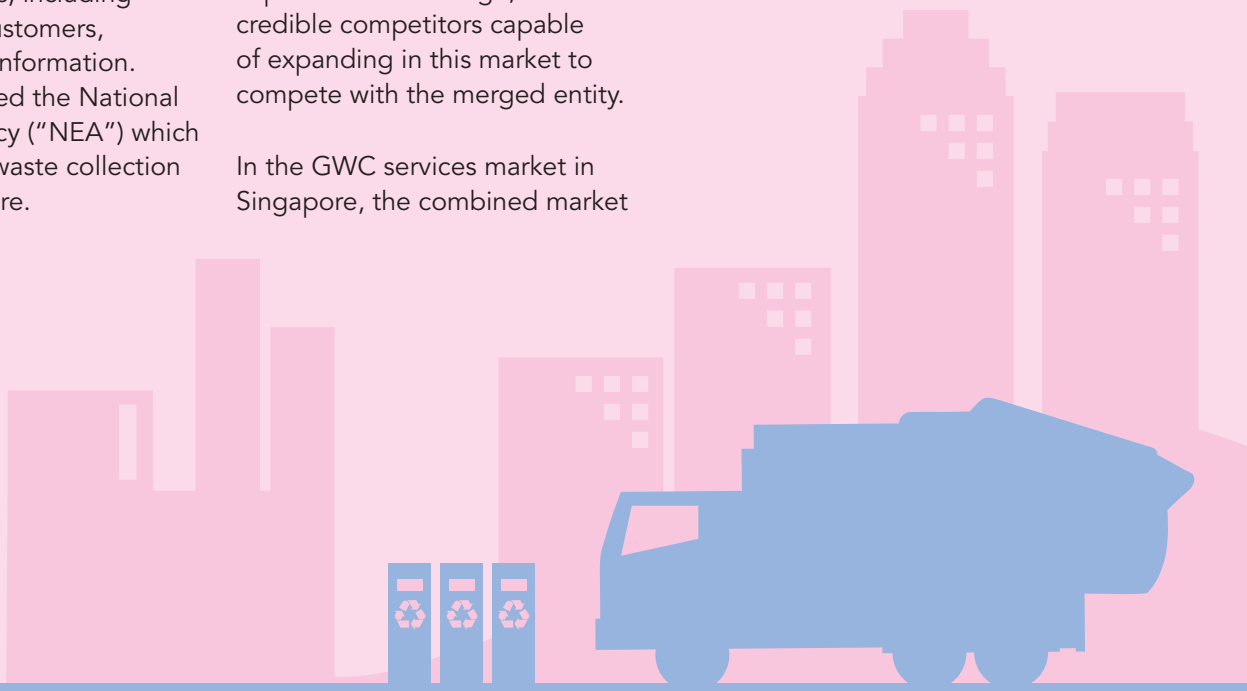
Both SembWaste and VESS overlap in the supply of Public Waste Collection ("PWC") and General Waste Collection ("GWC") services in Singapore.

CCCS conducted a public consultation from 15 January to 26 January 2020 and contacted some 70 key stakeholders, including competitors and customers, to gather relevant information. CCCS also contacted the National Environment Agency ("NEA") which is the regulator of waste collection services in Singapore.

CCCS looked at two relevant markets in Singapore – the market for PWC services and the market for GWC services. In each relevant market, CCCS found that the merged entity would continue to face sufficient competition from other suppliers in Singapore and overseas.

In the PWC services market in Singapore, CCCS found that the NEA is the sole customer, which suggests it may have some bargaining power to constrain any increase in pricing power by the merged entity. Barriers to entry and expansion are not high, with several credible competitors capable of expanding in this market to compete with the merged entity.

In the GWC services market in Singapore, the combined market share of SembWaste and VESS is below CCCS's indicative threshold, which suggests that competition concerns are unlikely to arise from the merger. In addition, the incremental market share arising from the merger is low. Customers have the option of switching suppliers in this market - since there are many alternative suppliers to choose from.



CCCS'S INDICATIVE THRESHOLD

CCCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless the merged entity will have a market share of 40% or more, or the merged entity will have a market share of between 20% to 40% and the post-merger CR3 (market share of the three largest players) is 70% or more.

26 February 2020

CCCS Clears Proposed Acquisition ARA LOGISTICS VENTURES I LIMITED OF SHARES IN LOGOS CHINA INVESTMENTS LIMITED

CCCS cleared the proposed acquisition by ARA Logistics Ventures I Limited ("ARA Logistics") of shares in LOGOS China Investments Limited ("LOGOS") on 26 February 2020.

A public consultation was conducted from 16 January 2020 to 30 January 2020, with 52 key stakeholders contacted, including competitors, customers as well as various government agencies, to gather relevant information to assess the takeover.

CCCS looked at two relevant markets that would be affected by the takeover – the supply of warehouse space rental in Singapore and the global supply of fund management services for industrial real estate assets. For both markets, it was found that the combined market share of ARA Logistics and LOGOS is below CCCS's indicative threshold, which suggests that competition concerns are unlikely to arise from the takeover.

For warehouse space rental, CCCS found that customers are able to switch to several alternative suppliers of warehouse rental space in Singapore.

Also, the merged entity would probably continue to face significant competition from existing and potential alternative suppliers. CCCS noted that barriers to entry and expansion are not high.

For the global supply of fund management services, CCCS found that both parties are unlikely to be each other's closest competitor as their investment portfolios differ in scope. There are also several fund managers available globally for customers to choose from. A lack of significant barriers that prevent a customer from switching service providers would likely constrain the merged entity's ability to exercise its market power post-acquisition.

30 September 2019

ONLINE TRAVEL BOOKING STUDY

On 30 September 2019, CCCS released its findings from a market study on the online travel booking sector in Singapore, focusing on the provision of bookings for flight tickets and hotel accommodation. This was the first market study by CCCS that examined both competition and consumer protection issues, since it took on the additional function of administering the Consumer Protection (Fair Trading) Act ("CPFTA") from 1 April 2018.

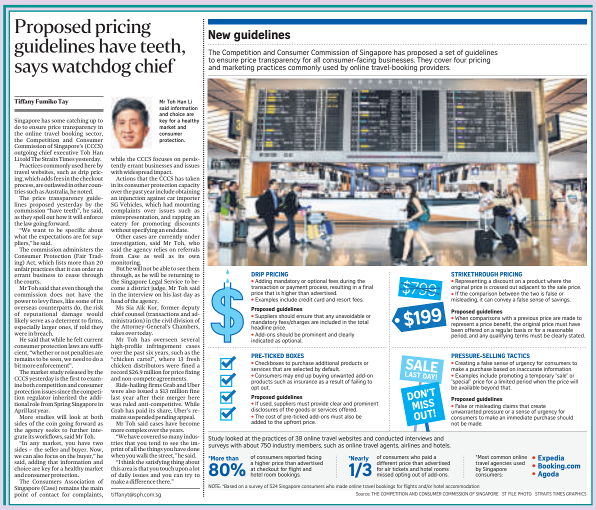
Four common practices of online travel booking providers that gave rise to consumer protection concerns were identified:

(A) Drip pricing
By not disclosing both mandatory and optional charges upfront, it can lure consumers into making a purchase based on incomplete price information and restrict competition by making it harder for consumers to compare product offerings across suppliers.

(B) Pre-ticked boxes
Consumers may end up buying unwanted add-on products if they fail to uncheck pre-ticked boxes.

(C) Strikethrough pricing
Misleading consumers into purchasing (or paying a higher price) should the comparison between a current and a crossed-out price be false or misleading.

(D) Pressure selling using false or misleading claims
Creates a false sense of urgency for consumers to make a purchase based on inaccurate or misleading information.



Proposed pricing guidelines have teeth, says watchdog chief

Tiffany Fumiko Tay

Singapore has some catching up to do to ensure price transparency in the online travel booking sector, the Competition and Consumer Commission of Singapore's (CCCS) outgoing chief executive Toh Han Li told The Straits Times yesterday.

Practices commonly used here by travel websites, such as drip pricing, which adds fees in the checkout process, are outlawed in other countries such as Australia, he noted.

The price transparency guidelines proposed yesterday by the commission "have teeth", he said, as they spell out how it will enforce the law going forward.

"We want to be specific about what the expectations are for suppliers," he said.

The commission administers the Consumer Protection (Fair Trading) Act, which lists more than 20 unfair practices that it can order an errant business to cease through the courts.

Mr Toh said that even though the commission does not have the power to levy fines, like some of its overseas counterparts do, the risk of reputational damage would likely serve as a deterrent to firms, especially larger ones, if told they were in breach.

He said that while he felt current consumer protection laws are sufficient, "whether or not penalties are remains to be seen, we need to do a bit more enforcement".

The market study released by the CCCS yesterday is the first to examine both competition and consumer protection issues since the competition regulator inherited the additional role from Spring Singapore in April last year.

More studies will look at both sides of the coin going forward as the agency seeks to further integrate its workflows, said Mr Toh.

"In any market, you have two sides – the seller and buyer. Now, we can also focus on the buyer," he said, adding that information and choice are key for a healthy market and consumer protection.

The Consumers Association of Singapore (Case) remains the main point of contact for complaints, while the CCCS focuses on persistently errant businesses and issues with widespread impact.

Actions that the CCCS has taken in its consumer protection capacity over the past year include obtaining an injunction against car importer SG Vehicles, which had mounting complaints over issues such as misrepresentation, and rapping an eatery for promoting discounts without specifying an end date.

Other cases are currently under investigation, said Mr Toh, who said the agency relies on referrals from Case as well as its own monitoring.

But he will not be able to see them through, as he will be returning to the Singapore Legal Service to become a district judge, Mr Toh said in the interview on his last day as head of the agency.

Ms Sia Aik Kor, former deputy chief counsel (transactions and administration) in the civil division of the Attorney-General's Chambers, takes over today.

Mr Toh has overseen several high-profile infringement cases over the past six years, such as the "chicken cartel", where 13 fresh chicken distributors were fined a record $26.9 million for price fixing and non-compete agreements.

Ride-hailing firms Grab and Uber were also issued a $13 million fine last year after their merger here was ruled anti-competitive. While Grab has paid its share, Uber's remains suspended pending appeal.

Mr Toh said cases have become more complex over the years.

"We have covered so many industries that you tend to see the imprint of all the things you have done when you walk the street," he said.

"I think the satisfying thing about this area is that you touch upon a lot of daily issues and you can try to make a difference there."

tiffanyt@sph.com.sg

Mr Toh Han Li said information and choice are key for a healthy market and consumer protection.

New guidelines

The Competition and Consumer Commission of Singapore has proposed a set of guidelines to ensure price transparency for all consumer-facing businesses. They cover four pricing and marketing practices commonly used by online travel-booking providers.

DRIP PRICING
- Adding mandatory or optional fees during the transaction or payment process, resulting in a final price that is higher than advertised.
- Examples include credit card and resort fees.

Proposed guidelines
- Suppliers should ensure that any unavoidable or mandatory fees/charges are included in the total headline price.
- Add-ons should be prominent and clearly indicated as optional.

STRIKETHROUGH PRICING
- Representing a discount on a product where the original price is crossed out adjacent to the sale price.
- If the comparison between the two is false or misleading, it can convey a false sense of savings.

Proposed guidelines
- When comparisons with a previous price are made to represent a price benefit, the original price must have been offered on a regular basis or for a reasonable period, and any qualifying terms must be clearly stated.

$799 $199

PRE-TICKED BOXES
- Checkboxes to purchase additional products or services that are selected by default.
- Consumers may end up buying unwanted add-on products such as insurance as a result of failing to opt out.

Proposed guidelines
- If used, suppliers must provide clear and prominent disclosures of the goods or services offered.
- The cost of pre-ticked add-ons must also be added to the upfront price.

PRESSURE-SELLING TACTICS
- Creating a false sense of urgency for consumers to make a purchase based on inaccurate information.
- Examples include promoting a temporary "sale" or "special" price for a limited period when the price will be available beyond that.

Proposed guidelines
- False or misleading claims that create unwarranted pressure or a sense of urgency for consumers to make an immediate purchase should not be made.

SALE LAST DAY! DON'T MISS OUT!

Study looked at the practices of 38 online travel websites and conducted interviews and surveys with about 750 industry members, such as online travel agents, airlines and hotels.

*More than 80% of consumers reported facing a higher price than advertised at checkout for flight and hotel room bookings.

*Nearly 1/3 of consumers who paid a different price than advertised for air tickets and hotel rooms missed opting out of add-ons.

*Most common online travel agencies used by Singapore consumers:
- Expedia
- Booking.com
- Agoda

NOTE: *Based on a survey of 524 Singapore consumers who made online travel bookings for flights and/or hotel accommodation

Source: THE COMPETITION AND CONSUMER COMMISSION OF SINGAPORE ST FILE PHOTO STRAITS TIMES GRAPHICS

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New guidelines to rein in online travel booking sites

Study shows Singaporeans have been paying more for trips due to opaque pricing and marketing practices

TIFFANY FUMIKO TAY

A sweeping study of the online travel booking space found that some Singaporeans have been paying more than they bargained for when booking trips.

Optional items added on by default and inaccurate "discount" deals are among the opaque pricing and marketing practices found to be used on these sites, the Competition and Consumer Commission of Singapore (CCCS) said yesterday.

The Commission is proposing guidelines on price transparency for all consumer-facing businesses.

The guidelines will provide more clarity on what constitutes an infringement of consumer protection laws, and set out the factors and circumstances that the commission will consider when assessing if advertised prices and related practices are misleading.

The growing use of online travel booking platforms prompted the CCCS to undertake a nine-month market study on the sector here, the findings of which were released yesterday.

It did not name the firms found to engage in the practices flagged as unfriendly to consumers.

The commission's chief executive Toh Han Li told The Straits Times that the consultation period for the proposed guidelines presents "an opportunity for them to clean up these issues".

Under the Consumer Protection (Fair Trading) Act, the CCCS is empowered to investigate errant businesses and file an injunction application against them.

In its study, the commission flagged four common pricing and marketing practices that could mislead consumers:
- Drip pricing, which refers to fees added on to the advertised price during the transaction process;
- Pre-ticked boxes that require opting out of additional products or services;
- Strikethrough pricing, where the one price is crossed out next to a "sale" price
- Pressure selling, which can create a false sense of urgency for consumers to make a purchase.

Of the more than 500 consumers surveyed, over 80 per cent reported facing a higher price than advertised at checkout for flight and hotel room bookings, largely for fees that were mandatory.

The commission said mandatory fees should be included in the headline price.

The study, conducted between July last year and April this year, comes as more people make their travel arrangements online.

According to a Google-Temasek report last year, the online travel booking market in South-east Asia grew at a compound annual growth rate of 15 per cent between 2015 and last year, when it hit US$29.7 billion (S$41 billion).

Singapore had the highest per capita expenditure in the region for this sector.

The CCCS study looked at the practices of 38 online travel websites and also surveyed 750 industry members.

Members of the public can provide feedback on the proposed guidelines until Oct 21.

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FOR MORE, READ THE STRAITS TIMES

The online travel booking market in South-east Asia hit $41 billion last year. TNP FILE PHOTO

Source: The New Paper © Singapore Press Holdings Limited. Reprinted with permission.

ACTIONS TAKEN

CCCS has set out its recommendations in its market study report regarding how businesses should conduct themselves to address these concerns. This is to encourage online travel booking providers to adopt transparent pricing practices, thereby enabling consumers to make an informed choice and allow businesses to compete on a level playing field.

Following the study, a set of guidelines on price transparency has been developed to assist suppliers of all consumer-facing industries in their display and advertisement of prices and pricing practices, to avoid misleading consumers and infringing the CPFTA. These guidelines will apply to all suppliers who are operating online or in physical stores.

CCCS has invited public feedback on the guidelines and is currently in the process of finalising these guidelines.

13 January 2020

CASE LAUNCHES FUEL KAKI

Fuel Kaki, a retail fuel price comparison website created for consumers was launched by the Consumers Association of Singapore ("CASE") on 13 January 2020. The website offers motorists on-the-go access to one-stop information on retail fuel prices and promotions, and the estimated effective prices that they will be paying - based on publicly available information at the petrol companies' respective stations and websites.

In 2017, CCCS conducted a market inquiry on retail petrol prices in Singapore which found that consumers who monitor and compare prices of retail petrol can enjoy substantial savings. The inquiry also found that promotion schemes offered by different petrol retailers had differing terms and conditions, rendering it difficult to compare. CCCS recommended developing a price comparison web portal and/or mobile application to improve the transparency of the effective retail petrol prices that consumers pay. This will help consumers to make well informed purchasing decisions and encourage greater competition amongst petrol retailers in Singapore.

CASE and CCCS engaged the relevant industry players to provide information on their respective retail fuel prices and promotions for Fuel Kaki.

Fuel Kaki allows users to:

1. Compare the listed fuel prices across different fuel retailers;
2. View loyalty programmes and promotions (e.g. discounts, rebates and cashback) offered by the various fuel retailers and other loyalty partners such as banks and payment platforms; and
3. Estimate the effective price per litre that they will pay after factoring in available instant discounts.

Check with Fuel Kaki to find the cheapest petrol

Website put up by Case can compare actual spending across brands and promotions

Christopher Tan
Senior Transport Correspondent

The Consumers Association of Singapore (Case) launched an online petrol pump price comparison website yesterday.

While there are already other such guides in the market, Fuel Kaki at https://fuelkaki.sg/ is the first to be interactive, allowing users to compare actual spending across brands.

It provides information in a more legible format and is more user-friendly than other similar portals. It also promises to offer more timely updates.

The website's strongest proposition is that it can calculate the effective price a consumer pays based on ongoing promotions and methods of payment, such as with credit cards or fuel cards.

Mr Melvin Yong, chairman of Case's consumer empowerment task force, said yesterday that while pump prices are generally transparent, the effective prices that motorists eventually pay could differ widely because of various card-based or loyalty-linked promotions.

He said this initiative – which follows a mobile app launched last September called Price Kaki that compares grocery and food prices – is "all about information availability".

He said the Fuel Kaki portal will evolve to be more user-friendly.

"We will see how useful it is to consumers," he said. "We will gather feedback and will consider other functions."

One example could be an alert whenever prices are adjusted, and another could be flashing the lowest price permutation.

He said that as consumers do not have available information, many fill up their car according to convenience or habit.

"Let's see how this will change consumer behaviour," he added.

Case said its site is supported by the Competition and Consumer Commission of Singapore (CCCS), and "will give motorists access to one-stop information on retail fuel prices and promotions in Singapore and the estimated effective prices that they will be paying".

The CCCS had noted that promotion schemes offered by petrol retailers "are not easily comparable" because of differing terms and conditions. It had recommended a comparison portal or mobile app "to improve the transparency of the effective retail petrol prices that consumers pay".

Case said its initiative has the support of ExxonMobil, which operates the Esso station network here.

Along with newcomer Sinopec, Esso's pump prices are not published, and consumers have to drive to their stations to find out the rates. Case said it took "some persuading for Esso to come on board". Nevertheless, it added that it is "pleased to have the support of Exxon".

Case said it will "endeavour to check on such pricing and promotion information, and update the website directly in a timely manner".

Motorists interviewed said they patronise petrol stations according to convenience and habit. But those who checked out Fuel Kaki were surprised at the actual cost differences between brands and cards.

Its strongest proposition is that it can calculate the effective price a consumer pays based on ongoing promotions and methods of payment, such as with credit cards or fuel cards.

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OUTREACH & ADVOCACY

CCCS reaches out to a spectrum of stakeholders to promote awareness of competition, and consumer protection laws and to encourage greater compliance. CCCS also works closely with other government agencies to engage and advise them on competition matters.

BCA'S RECOGNITION OF ACCREDITATION SCHEMES FOR MANAGING AGENTS INITIATIVE

The Building and Construction Authority ("BCA") consulted CCCS on its initiative of giving recognition to industry-led accreditation schemes for managing agent firms and individuals. The industry-led accreditation schemes aim to raise the professionalism and competency standards of managing agent firms and individuals.

CCCS considered the competition impact of BCA's initiative and provided suggestions to mitigate any potential competition concerns that may arise from the recognition and implementation of the accreditation schemes.

MOH'S INITIATIVE TO EXTEND SUBSIDIES FOR VACCINATIONS TO COMMUNITY HEALTH ASSIST SCHEME GENERAL PRACTITIONERS

The Ministry of Health ("MOH") consulted CCCS on an initiative to extend subsidies for vaccinations to Community Health Assist Scheme general practitioners. This was done so that nationally recommended vaccinations may be more affordable and accessible. CCCS provided competition advice in relation to MOH's proposed procurement methods for the vaccinations.

ADVISORY TO GOVERNMENT AGENCY ON DETERMINING FAIR RATES FOR SERVICES

CCCS was approached by a government agency for advice on its plans to survey industry players to indicate their rates for services. The purpose of this exercise was to assist the agency in determining fair rates for such services. However, there was the possibility that industry players who responded to the survey may collude to inflate their submitted rates, and the agency was considering measures to discourage such behaviour.

CCCS noted that, even without the need to collude, the survey provided an incentive for each industry player to submit inflated rates if they were aware that the submitted rates would influence the agency's determination of rates to be paid. To mitigate this risk, CCCS offered some suggestions for the agency's consideration:

Firstly, it should be explicit in the survey that industry players should independently present the actual rates that they have recently charged for their services, after taking into account any discounts or promotions.

A statement revealing the agency's intent to use the submitted rates for determining a fair rate to be paid by the agency should be removed. Industry players may be encouraged to submit more competitive rates if they thought that the agency intends to use the rates for selecting the industry players to engage.

CCCS also advised that more objective sources of information should be obtained, including rates paid by other customers and previous invoices.

The agency should consider requesting qualitative information, such as the industry player's experience or track record, to understand any differentials in the submitted rates.

Lastly, an alternative approach which combines both the survey and the procurement process can be considered by the agency. Specifically, industry players could be invited to submit their proposed rates and highlight that the eventual winners of the procurement process would be based on their proposed rates and quality attributes. This would allow the agency to better elicit a set of fair and competitive rates from industry players, supporting the value-for-money principle that underlies government procurement.

COMMUNITY OF PRACTICE FOR COMPETITION AND ECONOMIC REGULATIONS ("COPCOMER")

CCCS facilitates the Community of Practice for Competition and Economic Regulations ("COPCOMER"), an inter-agency platform, to share best practices and experiences on competition and regulatory matters. Through this exchange, COPCOMER seeks to encourage the adoption of effective regulatory and competition policies based on local experience and international best practices.

DISCUSSION ON COMPETITION, CONSUMER PROTECTION AND DATA PRIVACY ISSUES ARISING FROM DIGITAL PLATFORMS

On 12 November 2019, CCCS organised the COPCOMER Regulators Tea on the topic "Digital Platforms – Interplay between Competition, Consumer Protection and Data Privacy". Over 60 officers from 23 government agencies attended the event, with Ms Delia Rickard, Deputy Chair of the Australian Competition and Consumer Commission ("ACCC") delivering the keynote address in which she spoke on the ACCC's Digital Platforms Inquiry.

Digital marketplace, Carousell, and the Infocomm Media Development Authority also exchanged views and experiences in relation to competition, consumer protection and data privacy issues arising from digital platforms.

SEMINAR ON SAFEGUARDING CONSUMERS' INTERESTS

The COPCOMER seminar was held on 18 July 2019, where the Energy Market Authority ("EMA") shared its key regulatory measures to safeguard consumers' interests in the Open Electricity Market, while CCCS shared on the CPFTA. The seminar also discussed existing and emerging consumer issues, as well as the interaction between consumer protection and industry development functions.

OUTREACH TO TRADE ASSOCIATIONS OF THE LOGISTICS ALLIANCE

11 June 2019

CCCS, together with EnterpriseSG, organised a talk to the trade associations in the logistics sector on 11 June 2019, highlighting its role as well as the prohibitions under the Competition Act, with relevant case studies focusing on anti-competitive agreements. CCCS also shared tips on what trade associations can discuss, as well as the key features of the CPFTA.

CCCS PARTICIPATION AT PANASONIC COMPLIANCE AWARENESS MONTH

Sept 2019

In September 2019, CCCS participated in the activities for the Panasonic Factory Solutions Asia Pacific ("PFSAP") Compliance Awareness Month.

CCCS conducted an education seminar on 13 September 2019, presenting an overview of competition and consumer protection matters to the management and division representatives of the PFSAP.

On 26 September 2019, the Learning Journey Roadshow for PFSAP was attended by nearly 300 employees, who gained more awareness about laws like the CPFTA and the Competition Act - through the information and case studies shared by CCCS. They were also able to pick up tips on how to safeguard themselves as consumers.

OUTREACH TO SINGAPORE VEHICLE TRADERS ASSOCIATION

4 Oct 2019

Officers from the CCCS conducted a talk to Singapore Vehicle Traders Association ("SVTA") members on 4 October 2019 titled "Be A Fair Trader". The talk was attended by approximately 25 SVTA members and covered topics such as the CPFTA as well as recent cases undertaken by CCCS.

COLLABORATION WITH ASIAN LAW & ECONOMICS ASSOCIATION (ASLEA)

June 2019

In June 2019, CCCS signed a Memorandum of Understanding ("MoU") with the Asian Law and Economics Association ("AsLEA"). The two-year MoU marks CCCS's role as a supporting organisation for the 2019 and 2020 AsLEA Conferences, with the goal of stimulating research on competition policy and law in ASEAN.

In collaboration with AsLEA, CCCS arranged a plenary session "Perspectives on Competition Issues in the New Economy" during the 15th AsLEA Annual Conference "Law and Economics in a Disruptive World" which was held on 28 June 2019 in Bangkok, Thailand. Representatives from several competition authorities in ASEAN shared their agency experiences on how the dynamics of competition have been altered and how authorities have responded to competition cases in the new economy. The session also discussed actual competition cases handled by the authorities in the region.

Academics and researchers were also invited to submit research papers/articles on competition issues in ASEAN - which were presented at a breakout session moderated by CCCS during the Conference. Numerous submissions were received, and the papers selected for presentation included topics relating to cross-border competition enforcement, harmonisation of competition laws in ASEAN, competition and innovation, as well as leniency.

THE SINGAPORE ECONOMIC REVIEW CONFERENCE

5-7 Aug 2019

CCCS presented an occasional paper titled "Are Fair, Reasonable and Non-Discriminatory (FRAND) commitments applicable outside the Standard Essential Patents (SEPs) domain? – An Economic Perspective" at the Singapore Economic Review Conference, which was held from 5 to 7 August 2019.

The paper addresses the question as to whether FRAND commitments could be used as a behavioural remedy to address competition cases in non-SEP cases. One of the key findings is that the circumstances which give rise to the economic justification for the use of FRAND commitments in SEP cases are not unique, but also appear in some non-SEP cases.

While there remain challenges in the application of FRAND commitments in non-SEP cases, the paper encourages competition authorities to explore using FRAND commitments as a behavioural remedy in addressing competition cases, such as those involving vertical effects in mergers and acquisitions, or abuse of dominance conduct such as refusal to supply.

44TH ANNUAL CONFERENCE OF THE FEDERATION OF ASEAN ECONOMIC ASSOCIATIONS

29 & 30 Nov 2019

The Economic Society of Singapore ("ESS") hosted the 44th Annual Conference of the Federation of ASEAN Economic Associations ("FAEA") on 29 and 30 November 2019 in Singapore. The theme of the conference is "The New ASEAN Economy". Academic papers on various economic topics, including antitrust/competition policies, were presented at the conference. CCCS sponsored one breakout session on antitrust/competition policies, while its officers tabled a paper on the topic of Fair, Reasonable and Non-Discriminatory ("FRAND") commitments.

TEMASEK JC
18 Sept 2019

EUNOIA JUNIOR COLLEGE
15 May 2019

YISHUN INNOVA JC
30 Aug 2019

OUTREACH SESSIONS TO SCHOOLS

CCCS believes engaging schools will help to develop and cultivate the next generation of corporate leaders who will understand and comply with our competition and consumer protection laws. Officers from the Business & Economics and the Policy & Markets Divisions held talks and lectures sharing the functions of CCCS, the Competition Act, the CPFTA, real-world application of economics, as well as CCCS's market studies and enforcement case studies to over 900 Junior College ("JC") students. Participating schools included Eunoia JC, Tampines Meridien JC, Yishun Innova JC, Temasek JC, Catholic JC, Saint Andrews JC and Dunman High School.

Engagement efforts extended to universities as well. Officers from the Legal, Enforcement, Business & Economics and the Policy & Markets Divisions conducted interactive seminars for over 200 business and economics undergraduates from the NUS Faculty of Arts and Social Sciences, NTU Business School and SMU School of Business. Topics discussed delved into economics concepts, the application of competition and consumer protection laws and government participation in markets.

CASE CONSUMER AWARENESS ROADSHOW

8–14 Apr 2019

From 8 to 14 April 2019, CCCS set up a booth at the Consumer Awareness Roadshow organised by CASE held at Waterway Point. During the roadshow, the Consumer Protection Division educated consumers on prepayment and online transactions. A survey was also conducted with attendees on their level of consumer sophistication.

CCCS, ASAS & HSA ENGAGE SOCIAL MEDIA INFLUENCERS ON #TRUTH

20 Sept 2019

On 20 September 2019, CCCS and the Advertising Standards Authority of Singapore ("ASAS") co-hosted #TRUTH, an influencer marketing engagement session, with support from the Health Sciences Authority ("HSA"). As the first combined outreach effort, the agencies sought to increase awareness of the regulations relevant to social media influencers.

The Consumer Protection Division shared on the CPFTA and how influencers should make clear disclosures and accurate representations.

This was followed by Mr Ryan Lim, Chairman, Social Media Sub-Committee, ASAS, who shared about the key components of ASAS's social media guidelines and expounded on the responsibilities between agencies, brand owners and influencers.

Ms Ng Ying Lu, a regulatory specialist with the Medical Advertisement & Compliance Monitoring Unit, Vigilance & Compliance Brand, HSA, also supported the event by giving a talk on areas that influencers should note when promoting cosmetic products and health supplements.

The session concluded with a panel question and answer segment with Mr Jack Teng, Director of Consumer Protection, CCCS, and Prof Ang Peng Hwa, Chairman, ASAS taking questions from attendees.

INTERNATIONAL ENGAGEMENTS

CCCS engages its foreign counterparts to exchange best practices and cooperate on cross-border cases. CCCS also works with its counterparts to raise awareness of competition and consumer protection issues, both regionally and internationally.

INTERNATIONAL CONSUMER PROTECTION ENFORCEMENT NETWORK ("ICPEN") CONFERENCES

9—10 May 2019

CCCS participated in key events organised by the International Consumer Protection Enforcement Network ("ICPEN"), including the ICPEN Conference in Zambia from 9 to 10 May 2019, and the ICPEN Conference and best practices workshop in Colombia from 23 to 27 September 2019. CCCS received useful insights on digital platforms, influencer marketing, behavioural insights in consumer protection, and cross border enforcement while also presenting its views on cross-border sharing of information and the supply of unsolicited goods and services in Singapore.

ICN ANNUAL CONFERENCE IN CARTAGENA, COLUMBIA

15—17 May 2019

The 2019 International Competition Network ("ICN") Annual Conference was held in Cartagena, Columbia from 15 to 17 May 2019. CCCS spoke at the Merger Working Group's plenary session on "Merger Review in the 2020s: The Challenges of Digitalisation, Globalisation and the Evolution of Merger Analysis", as well as the Advocacy's Working Group breakout session on "Competition Assessment: Great Results, can be Achieved with Small Force".

During the ICN annual conference, the multilateral framework on Competition Agency Procedures ("CAP") to advance basic principles on procedural fairness and transparency among competition agencies was launched. CCCS joined the framework on CAP as a founding member and was also re-elected as a member of the ICN Steering Group for a further two years (2019-2021).

CONCLUSION OF NEGOTIATIONS ON THE COMPETITION CHAPTER FOR THE MERCOSUR-SINGAPORE FTA

August 2019

Singapore was represented by CCCS in the first round of negotiations on the Competition Chapter for a Free Trade Agreement ("FTA") between Singapore and Mercosur, which took place on 25 to 26 April 2019 in Buenos Aires, Argentina. Negotiations for the Competition Chapter were successfully concluded in August 2019.

ANNUAL RANKING OF COMPETITION AUTHORITIES BY GLOBAL COMPETITION REVIEW

September 2019

In September 2019, CCCS was awarded a 3.5-star rating by the Global Competition Review in its 2019 annual ranking of the world's leading competition authorities. This is a half-star improvement from 2018's rating, as CCCS strives to operate a proactive and robust enforcement regime to promote competition and protect consumers in Singapore.

OECD GLOBAL FORUM AND COMPETITION COMMITTEE MEETINGS

2—6 December 2019

A CCCS delegation attended the Organisation for Economic Co-operation and Development ("OECD") Global Forum and Competition Committee meetings held from 2 to 6 December 2019 in France.

CCCS provided written submissions to the roundtables on Competition Provisions in Trade Agreements, Hub-and-Spoke Arrangements, Access to File and Confidential Information, as well as Merger Control in Dynamic Markets.

In addition, Assistant Chief Executive (Policy, Business & Economics) Ms Ng Ee Kia presented CCCS's approach during a breakout session on Merger Control in Dynamic Markets and also discussed the types of challenges in designing remedies in dynamic markets.

23RD & 24TH MEETINGS OF THE ASEAN EXPERTS GROUP ON COMPETITION (AEGC)

8—11 April 2019, 14—18 October 2019

CCCS participated in the 23rd and 24th Meetings of the ASEAN Experts Group on Competition ("AEGC"). Singapore handed over the chairmanship of the AEGC to Malaysia at the 23rd Meeting. Under Malaysia's chairmanship, the AEGC agreed to undertake two studies aimed at improving cooperation on cross-border cases and achieving a better understanding of the exceptions and exemptions from competition laws of the various ASEAN Member States.

15TH EAST ASIA TOP LEVEL OFFICIALS' MEETING

9 July 2019

CCCS participated in the 15th East Asia Top Level Officials' Meeting ("EATOP") Meeting which was held in Ulaanbaatar, Mongolia on 9 July 2019 and shared experiences in the sessions on "Recent Developments and trends in National Competition Law and Policy", "Actual Cases and Challenges of Cross-border Enforcement and cooperation" and "Experience, Evaluation and coordination of Technical Assistance and related International Activities".

8TH ASEAN COMPETITION CONFERENCE

14—15 November 2019

The 8th ASEAN Competition Conference ("ACC"), was held in Phnom Penh, Cambodia on 14 to 15 November 2019. The conference discussed challenges faced by ASEAN's younger agencies in addressing competition issues and the immediate priorities in relation to business compliance, enforcement, monopolies/state-owned enterprises, cartels and the future of convergence in ASEAN competition law.

CCCS spoke on Singapore's approach in managing monopolies/state-owned enterprises, and also shared its experience in handling the Grab/Uber case.

19TH AND 20TH MEETINGS OF THE ASEAN COMMITTEE ON CONSUMER PROTECTION (ACCP)

27—30 May 2019, 25—28 Nov 2019

CCCS attended the 19th and 20th Meetings of the ASEAN Committee on Consumer Protection ("ACCP"). The meetings discussed various projects relating to consumer protection in the region, including implementation of the ASEAN Strategic Action Plan for Consumer Protection ("ASAPCP 2025").

MEMORANDUM OF UNDERSTANDING WITH THE COMPETITION BUREAU CANADA

16 September 2019

CCCS entered into a Memorandum of Understanding ("MoU") with the Competition Bureau Canada on 16 September 2019, marking the first MoU between CCCS and an overseas enforcement agency that covers both competition and consumer protection. The MoU will formalise and reinforce the existing cooperation and technical assistance activities between the two agencies, including areas such as case notification, enforcement coordination, information exchange as well as technical cooperation and experience sharing.

VISIT FROM HONG KONG COMPETITION COMMISSION

11 June 2019

CCCS hosted a visit by the Hong Kong Competition Commission on 11 June 2019. The Hong Kong delegation was led by Mr Brent Synder, Chief Executive of HKCC. Both parties shared experiences and views on the recent competition developments in their respective jurisdictions.

IN-HOUSE SEMINAR BY PHILIPPINE COMPETITION COMMISSION

28 November 2019

On 28 November 2019, the Philippine Competition Commission ("PCC") visited CCCS to share its experience on its approach to market definition for some of its recent cases, as well as how the PCC would determine the remedies required.

VISIT BY THE AUTORITÉ DE LA CONCURRENCE

19 February 2020

On 19 February 2020, CCCS hosted a visit from the Autorité de la concurrence, France's competition authority. The French delegation was led by Ms Isabelle de Silva, President of the Autorité de la concurrence. Ms de Silva provided insights into recent developments in France's competition policy and law as well as the various approaches used by the authority in dealing with competition related challenges in the digital economy.

TRAINING AND EXCHANGE WITH MINISTRY OF FINANCE & ECONOMY, BRUNEI DARUSSALAM

18—19 November 2019

CCCS was invited by Brunei's Department of Competition and Consumer Affairs under the Ministry of Finance and Economy, to share its experience on Singapore's consumer protection policy framework as well as CCCS's role in advocacy and enforcement. The 2-day training and exchange was attended by staff and officers from various government agencies in Brunei.

There was an exchange of insights on a wide range of consumer-related topics, synergies with competition function, international cooperation and the future of consumer protection law.

Topics discussed included consumer policy trends, consumer policy for sustainability, e-commerce and consumer product safety as well as online consumer reviews and ratings.

8TH CHINA COMPETITION POLICY FORUM

6—9 May 2019

A CCCS delegation led by Chief Executive, Mr Toh Han Li attended the 8th China Competition Policy Forum in Haikou, Hainan from 6 to 9 May 2019, where he also delivered a keynote speech. In one of the panel discussions, CCCS's Senior Director for Business & Economics, Mr Herbert Fung, shared the role that competition played in Singapore's development as a free trade port.

Separately, the CCCS delegation met with Director-General Wu Zhenguo of the Anti-Monopoly Bureau under the newly formed State Administration for Market Regulation ("SAMR AMB") of China. The delegations from CCCS and SAMR AMB discussed areas for further cooperation between China and ASEAN, as well as avenues for cooperation between both two agencies.

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KPMG

Competition and Consumer Commission of Singapore

Annual Report
Year ended 31 March 2020

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statement by the Members of the Commission

In our opinion,

(a) the accompanying financial statements of the Competition and Consumer Commission of Singapore (the "Commission"), set out on pages FS1 to FS32 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "PSG Act"), the Competition Act, Chapter 50B (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2020 and the results, changes in equity and cash flows of the Commission for the financial year ended on that date;

(b) proper accounting and other records have been kept, including records of all assets of the Commission whether purchased, donated or otherwise; and

(c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the financial year are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission.

The Members of the Commission have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Commission

Aubeck Kam Tse Tsuen
Chairman

Sia Aik Kor
Chief Executive

13 August 2020

KPMG

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Independent auditors' report

Members of the Commission
Competition and Consumer Commission of Singapore

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Competition and Consumer Commission of Singapore (the "Commission"), which comprise the statement of financial position as at 31 March 2020, the statement of income and expenditure and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS32.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "PSG" Act), the Competition Act, Chapter 50B (the "Act ") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2020 and the results, changes in equity and cash flows of the Commission for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Commission in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the List of Commission Members, List of Senior Management and Statement by the Members of the Commission prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with the provisions of the PSG Act, the Act and SB-FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Commission or for the Commission to cease operations.

The management and those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the year are, in all material respects, in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission; and

(b) proper accounting and other records have been kept, including records of all assets of the Commission where purchased, donated or otherwise.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *'Auditor's Responsibilities for the Compliance Audit'* section of our report. We are independent of the Commission in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission. This responsibility includes monitoring related compliance requirements relevant to the Commission, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's responsibility for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Commission.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
13 August 2020

Statement of financial position
As at 31 March 2020

	Note	2020 $	2019 $
Assets			
Plant and equipment	4	1,116,507	1,182,842
Right-of-use assets	5	7,037,148	–
Intangible assets	6	670,101	846,651
Non-current assets		8,823,756	2,029,493
Other receivables	7	248,698	321,594
Prepayments		133,434	231,606
Cash and cash equivalents	8	24,487,803	23,281,871
Current assets		24,869,935	23,835,071
Total assets		33,693,691	25,864,564
Equity			
Share capital	9	2,097,892	2,097,892
Accumulated surpluses		18,547,804	18,200,557
Total equity		20,645,696	20,298,449
Liabilities			
Lease liabilities	10	5,848,309	–
Provision for reinstatement costs		324,489	324,489
Deferred capital grants	11	1,258,735	1,924,467
Non-current liabilities		7,431,533	2,248,956
Lease liabilities	10	1,226,454	–
Trade and other payables	12	3,670,053	2,774,874
Amounts payable to the supervisory ministry	13	160,956	515,060
Provision for contribution to consolidated fund	14	71,123	27,225
Deferred capital grants	11	487,876	–
Current liabilities		5,616,462	3,317,159
Total liabilities		13,047,995	5,566,115
Total equity and liabilities		33,693,691	25,864,564

The accompanying notes form an integral part of these financial statements.

Statement of income and expenditure and other comprehensive income
Year ended 31 March 2020

	Note	2020 $	2019 $
Income			
Interest income		371,317	357,043
Application fee income		121,713	635,000
Other operating income		40,796	44,042
	15	533,826	1,036,085
Expenditure			
Depreciation of plant and equipment	4	(339,008)	(401,591)
Depreciation of right-of-use assets	5	(1,277,227)	–
Amortisation of intangible assets	6	(200,550)	(166,845)
Salaries, wages and staff benefits		(11,998,808)	(12,407,668)
Staff training and development costs		(436,045)	(621,245)
Information technology expenses		(1,448,957)	(1,524,458)
Operating lease expenses		(436,605)	(1,737,182)
Other operating expenses		(2,770,995)	(2,238,960)
Finance cost		(82,617)	–
		(18,990,812)	(19,097,949)
Deficit before government grants		(18,456,986)	(18,061,864)
Government grants			
Operating and other grants	16	18,397,729	17,826,122
Deferred capital grant amortised	11	477,627	408,589
		18,875,356	18,234,711
Surplus before contribution to consolidated fund	17	418,370	172,847
Contribution to consolidated fund	14	(71,123)	(27,225)
Net surplus for the year representing total comprehensive income for the year		347,247	145,622

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2020

	Share capital $	Accumulated surpluses $	Total $
Balance at 1 April 2018	2,097,892	18,054,935	20,152,827
Net surplus for the year, representing total comprehensive income for the year	–	145,622	145,622
Balance at 31 March 2019	2,097,892	18,200,557	20,298,449
Balance at 1 April 2019	2,097,892	18,200,557	20,298,449
Net surplus for the year, representing total comprehensive income for the year	–	347,247	347,247
Balance at 31 March 2020	2,097,892	18,547,804	20,645,696

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Deficit before government grants		(18,456,986)	(18,061,864)
Adjustments for:			
Depreciation of plant and equipment	4	339,008	401,591
Depreciation of right-of-use assets	5	1,277,227	–
Amortisation of intangible assets	6	200,550	166,845
Write off of plant and equipment		3,098	6,605
Interest income	15	(371,317)	(357,043)
Finance cost	10	82,617	–
		(16,925,803)	(17,843,866)
Changes in:			
Other receivables		69,877	80,380
Prepayments		98,172	82,887
Trade and other payables		648,546	(737,637)
Cash used in operations		(16,109,208)	(18,418,236)
Contribution to consolidated fund		(27,225)	–
Amounts payable to the supervisory ministry		(354,104)	(343,224)
Decrease in cash with AGD not available for general use		354,104	343,224
Net cash used in operating activities		(16,136,433)	(18,418,236)
Cash flows from investing activities			
Purchase of plant and equipment		(53,138)	(22,194)
Acquisition of intangible assets		–	(1,863)
Interest received		374,336	238,338
Net cash generated from investing activities		321,198	214,281
Cash flow from financing activities			
Government grants received		18,697,500	18,691,822
Payment of lease liabilities		(1,239,612)	–
Interest paid		(82,617)	–
Net cash generated from financing activities		17,375,271	18,691,822
Net increase in cash and cash equivalents		1,560,036	487,867
Cash and cash equivalents at the beginning of the financial year		22,766,811	22,278,944
Cash and cash equivalents at the end of the financial year	8	24,326,847	22,766,811

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Members of the Commission on 13 August 2020.

1 Domicile and activities

The Competition and Consumer Commission of Singapore (the "Commission") was established as a statutory board in Singapore under the provisions of the Competition Act, Chapter 50B (the "Act").

As a statutory board, the Commission is subjected to the control of its supervisory ministry, Ministry of Trade and Industry ("MTI"). The Commission is required to follow the policies and instructions issued from time to time by MTI and other government ministries and departments such as the Ministry of Finance ("MOF").

The principal place of business and registered office is located at 45 Maxwell Road, #09-01, The URA Centre, Singapore 069118.

The Commission's functions and duties are principally to:

a. maintain and enhance efficient market conduct and promote overall productivity, innovation and competitiveness of markets in Singapore;

b. eliminate or control practices having adverse effect on competition in Singapore;

c. promote and sustain competition in markets in Singapore;

d. promote a strong competitive culture and environment throughout the economy in Singapore;

e. act internationally as the national body representative of Singapore in respect of competition matters and consumer protection matters;

ea. promote fair trading practices among suppliers and consumers and enable consumers to make informed purchasing decisions in Singapore;

eb. prevent suppliers in Singapore from engaging in unfair practices;

ec. administer and enforce the Consumer Protection (Fair Trading) Act, Chapter 52A;

f. advise the Government, any public authority or any consumer protection organisation on national needs and policies in respect of competition matters and consumer protection matters generally; and

g. perform such other functions and discharge such other duties as may be conferred on the Commission by or under any other written law.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provision of the PSG Act, the Act and the Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes as promulgated by the Accountant-General.

This is the first set of the Commission's annual financial statements in which SB-SFRS 116 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the functional currency of the Commission.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amount recognised in the financial statements is included in the following note:

- Note 3.10 – Revenue recognition

2.5 Changes in significant accounting policies

New standards and amendments

The Commission has applied the following SB-FRSs, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2019:

- SB-FRS 116 *Leases*
- INT SB-FRS 123 *Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation* (Amendments to SB-FRS 109)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SB-FRS 12)

Other than SB-FRS 116, the application of these amendments to standards and interpretations did not have a material effect on the financial statements.

SB-FRS 116 *Leases*

The Commission applied SB-FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated surpluses at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under SB-FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SB-FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Commission determined at contract inception whether an arrangement was or contained a lease under INT SB-FRS 104 *Determining whether an Arrangement contains a Lease*. The Commission now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SB-FRS 116.

On transition to SB-FRS 116, the Commission elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Commission applied SB-FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SB-FRS 17 and INT SB-FRS 104 were not reassessed for whether there is a lease under SB-FRS 116. Therefore, the definition of a lease under SB-FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Commission leases many assets including office premises and office equipment. The Commission previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Commission. Under SB-FRS 116, the Commission recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Commission allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating leases under SB-FRS 17

Previously, the Commission classified leases of office premises as operating leases under SB-FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability.

The Commission has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Commission used a number of practical expedients when applying SB-FRS 116 to leases previously classified as operating leases under SB-FRS 17. In particular, the Commission:

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition*

On transition to SB-FRS 116, the Commission recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 April 2019 $
Right-of-use assets	636,632
Lease liabilities	(636,632)

* For the impact of SB-FRS 116 on profit or loss for the period, see note 10. For the details of accounting policies under SB-FRS 116 and SB-FRS 17, see note 3.5.

When measuring lease liabilities for leases that were classified as operating leases, the Commission discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 2.2%.

	1 April 2019 $
Operating lease commitments at 31 March 2019 as disclosed under SB-FRS 17 in the Commission's financial statements	990,734
Discounted using the incremental borrowing rate at 1 April 2019	984,767
Recognition exemption for leases of low-value assets	(135,927)
Commitment related to non-lease components	(141,066)
Commitment related to leases not fall under the definition of SB-FRS 116	(71,142)
Lease liabilities recognised at 1 April 2019	636,632

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Commission at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

(a) Non-derivative financial assets and financial liabilities

Recognition and initial measurement

Other receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Commission becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value.

(i) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Commission changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Commission makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Commission's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Commission's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Commission considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Commission considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Commission's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of income and expenditure and statement of comprehensive income. Any gain or loss on derecognition is recognised in statement of income and expenditure and other comprehensive income.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of income and expenditure and statement of comprehensive income. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of income and expenditure and statement of comprehensive income. These financial liabilities comprised trade and other payables and amounts payable to the supervisory ministry.

(ii) Derecognition

Financial assets

The Commission derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Commission neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Commission enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Commission derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Commission also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of income and expenditure and statement of comprehensive income.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Commission currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Commission has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if probable that the future economic benefits embodied within the component will flow to the Commission, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Capital work-in-progress is not depreciated.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Furniture, fixtures and equipment	8 years
• Office equipment	5 to 10 years
• Computer equipment	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets

Intangible assets that are acquired by the Commission and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are from 3 to 5 years. Development work-in-progress is not amortised.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leases

The Commission has applied SB-FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SB-FRS 17 and INT SB-FRS 104. The details of accounting policies under SB-FRS 17 and INT SB-FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Commission assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Commission uses the definition of a lease in SB-FRS 116.

This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Commission allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Commission recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Commission by the end of the lease term or the cost of the right-of-use asset reflects that the Commission will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of plant and equipment.

Depreciation is recognised as an expense in the statement of income and expenditure and other comprehensive income on a straight-line basis over the estimated useful lives of the assets as follows:

Office premises	Remaining lease term
Office equipment	Remaining lease term

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Commission's incremental borrowing rate. Generally, the Commission uses the Government's borrowing rate as an estimate of its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Commission is reasonably certain to exercise, lease payments in an optional renewal period if the Commission is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Commission is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Commission's estimate of the amount expected to be payable under a residual value guarantee, if the Commission changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Commission has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Commission recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Commission determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Commission classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Commission's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.6 Impairment

(i) Non-derivative financial assets

The Commission recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Commission are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Commission applies the simplified approach to provide for ECLs for other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Commission applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Commission assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Commission considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Commission's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Commission considers a financial asset to be in default when the receivables is unlikely to pay its credit obligations to the Commission in full, without recourse by the Commission to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Commission is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Commission expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Commission assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the receivables or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Commission on terms that the Commission would not consider otherwise;
- it is probable that the receivables will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Commission determines that the receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Commission's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Site restoration

In accordance with the applicable terms and conditions in the lease arrangement governing the Commission's use of assets under operating leases and a provision for reinstatement costs in respect of the leased premises, and the related expense, was recognised at the date of inception of the lease.

3.8 Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Commission has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

3.9 Government grants

Government grants are recognised initially at their fair value where there is a reasonable assurance that the grants will be received and the Commission will comply with the conditions associated with grants.

Government grants utilised for the purchase of depreciable assets are initially recorded as "deferred capital grants" on the statement of financial position of the Commission. Deferred capital grants are then recognised in the statement of income and expenditure and other comprehensive income over the periods necessary to match the depreciation of the assets purchased, with the related grants. Capital grants are recognised in profit or loss on a systematic basis over the useful life of the asset. Upon disposal of the asset, the balance of the related deferred capital grants is recognised in the statement of income and expenditure and other comprehensive income to match the net book value of assets written off.

Other government grants are recognised as income over the periods necessary to match the expenditure for which they are intended to compensate, on a systematic basis.

3.10 Revenue recognition

Revenue from sale of services in the ordinary course of business is recognised when the Commission satisfies a performance obligation (PO) by transferring control of a promised service to the applicant. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Commission expects to be entitled in exchange for transferring the promised services. Consideration payable to an applicant is deducted from the transaction price if the Commission does not receive a separate identifiable benefit from the applicant.

Application fees

Application fees income is recognised over time when the service is being provided.

Interest income

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.11 Financial penalties

Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. Financial penalties are collected on behalf of the supervisory ministry, and together with the interest accrued on financial penalties, are transferred to the Consolidated Fund at least once every quarter. Financial penalties are accounted for on a cash basis.

3.12 Contribution to consolidated fund

The Commission is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A. The provision is based on the guidelines specified by the Ministry of Finance. It is computed based on the net surplus of the Commission for each of the financial year at the prevailing corporate tax rate for the Year of Assessment. Contribution to consolidated fund is provided for on an accrual basis.

3.13 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Commission has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SB-FRSs, interpretations and amendments to SB-FRSs are not expected to have a significant impact on the Commission's statement of financial position:

- SB-FRS Conceptual Framework for Financial Reporting
- Amendments to SB-FRS 103 *Definition of a Business*
- Amendments to SB-FRS 1-1 and SB-FRS8 *Definition of Material*

4 Plant and equipment

	Furniture, fixtures and equipment	**Office equipment**	**Computer equipment**	**Assets under construction**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
At 1 April 2018	1,430,840	893,747	2,083,193	–	4,407,780
Additions	41,875	17,507	187,933	148,023	395,338
Reclassification	87,654	60,369	–	(148,023)	–
Disposals/Write off	(87,247)	(11,396)	–	–	(98,643)
At 31 March 2019	1,473,122	960,227	2,271,126	–	4,704,475
At 1 April 2019	1,473,122	960,227	2,271,126	–	4,704,475
Additions	–	–	222,633	53,138	275,771
Reclassification	–	–	53,138	(53,138)	–
Disposals/Write off	–	(23,235)	(374,099)	–	(397,334)
At 31 March 2020	1,473,122	936,992	2,172,798	–	4,582,912

	Furniture, fixtures and equipment $	Office equipment $	Computer equipment $	Assets under construction $	Total $
Accumulated depreciation					
At 1 April 2018	1,212,408	658,428	1,341,244	–	3,212,080
Depreciation	129,136	85,745	186,710	–	401,591
Disposals/Write off	(82,883)	(9,155)	–	–	(92,038)
At 31 March 2019	1,258,661	735,018	1,527,954	–	3,521,633
At 1 April 2019	1,258,661	735,018	1,527,954	–	3,521,633
Depreciation	37,221	88,082	213,705	–	339,008
Disposals/Write off	–	(20,137)	(374,099)	–	(394,236)
At 31 March 2020	1,295,882	802,963	1,367,560	–	3,466,405
Carrying amounts					
At 1 April 2018	218,432	235,319	741,949	–	1,195,700
At 31 March 2019	214,461	225,209	743,172	–	1,182,842
At 31 March 2020	177,240	134,029	805,238	–	1,116,507

5 Right-of-use assets

Leases as lessee (SB-FRS 116)

The Commission leases office premises and office equipment. The leases typically run for a period of one to three years, with an option to renew the lease after that date. For lease of office premises, the rental rates are renegotiated every three years to reflect market rentals.

Previously, these leases were classified as operating leases under SB-FRS 17.

The Commission leases IT equipment with contract terms of one to three years. These leases are of low-value items. The Commission has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Commission is a lessee is presented below.

	Office premises $	Office equipment $	Total $
Cost			
At 1 April 2019	633,138	3,494	636,632
Additions	7,670,290	7,453	7,677,743
At 31 March 2020	8,303,428	10,947	8,314,375

	Office premises $	Office equipment $	Total $
Accumulated depreciation			
At 1 April 2019	–	–	–
Depreciation	1,272,329	4,898	1,277,227
At 31 March 2020	1,272,329	4,898	1,277,227
Carrying amounts			
At 1 April 2019	633,138	3,494	636,632
At 31 March 2020	7,031,099	6,049	7,037,148

Extension options

The office premises lease contains two extension options of 3-year duration each exercisable by the Commission after the current non-cancellable lease period ends on 30 September 2022. Where practicable, the Commission seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Commission and not by the lessors. The Commission assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Commission reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Commission has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $3.5 million.

6 Intangible assets

	Acquired computer software $	Development work-in-progress $	Total $
Cost			
At 1 April 2018	935,996	278,250	1,214,246
Additions	470,363	–	470,363
Reclassification to plant and equipment	278,250	(278,250)	–
At 31 March 2019	1,684,609	–	1,684,609
Additions	24,000	–	24,000
Disposals/Write off	(146,448)	–	(146,448)
At 31 March 2020	1,562,161	–	1,562,161
Amortisation			
At 1 April 2018	671,113	–	671,113
Amortisation charge	166,845	–	166,845
At 31 March 2019	837,958	–	837,958
Amortisation charge	200,550	–	200,550
Disposals/Write off	(146,448)	–	(146,448)
At 31 March 2020	892,060	–	892,060
Carrying amounts			
At 1 April 2018	264,883	278,250	543,133
At 31 March 2019	846,651	–	846,651
At 31 March 2020	670,101	–	670,101

7 Other receivables

	2020 $	2019 $
Interest receivable	208,944	211,963
Other receivables	39,754	109,631
	248,698	321,594

Other receivables amount are not past due and not impaired.

8 Cash and cash equivalents

	2020 $	2019 $
Cash with AGD	18,691,583	19,812,411
Cash at bank	100,000	225,293
Deposits with AGD	5,696,220	3,244,167
	24,487,803	23,281,871
Less: Cash with AGD not available for general use	(160,956)	(515,060)
	24,326,847	22,766,811

The Commission participates in the AGD's Centralised Liquidity Management ("CLM") Scheme whereby the Commission's cash is pooled together and managed centrally by AGD, a related party. This does not affect the daily liquidity of the Commission. AGD pays interest on the Commission's cash with AGD. The weighted average effective interest rates range between 1.67% to 2.13% (2019: 1.44% to 1.98%) per annum.

Cash with AGD not available for general use relates to the financial penalties collected on behalf of the supervisory ministry, Ministry of Trade and Industry.

9 Share capital

	2020	2019	2020	2019
	No. of shares		$	$
Issued and fully paid ordinary shares, with no par value:				
At 1 April and 31 March	2,097,892	2,097,892	2,097,892	2,097,892

The shares have been fully paid for and are held by the Minister of Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183). The holder of these shares, which has no par value and do not carry any voting rights, is entitled to receive dividends from the Commission. There is no dividend payable in current year.

10 Lease liabilities

	2020 $
Current	1,226,454
Non-current	5,848,309
	7,074,763

Reconciliation of movements of lease liabilities to cash flows arising from financial activities

	Lease liabilities $
Balance at 1 April 2019	636,632
Changes from financing cash flows	
Payment of lease liabilities	(1,239,612)
Interest paid	(82,617)
Total changes from financing cash flows	(1,322,229)
Other charges	
New lease	7,677,743
Interest expense	82,617
Total other charges	7,760,360
Balance at 31 March 2020	7,074,763

Amounts recognised in profit or loss

	$
2020 – Leases under SB-FRS 116	
Interest on lease liabilities	82,617
Expenses relating to leases of low-value assets	99,670
2019 – Operating leases under SB-FRS 17	
Lease expense	1,737,182

Amounts recognised in statement of cash flows

	2020 $
Total cash outflow for leases	1,322,229

11 Deferred capital grants

	Note	2020 $	2019 $
At 1 April		1,924,467	1,467,356
Transfer from operating grants	16	299,771	865,700
Transfer to statement of income and expenditure and other comprehensive income		(477,627)	(408,589)
At 31 March		1,746,611	1,924,467
Representing			
Current		487,876	–
Non-current		1,258,735	1,924,467
		1,746,611	1,924,467

Reconciliation of movements of operating and deferred capital grants to cash flows arising from financial activities

	Operating and other grants	Deferred capital grants	Total $
Balance at 1 April 2018	–	1,467,356	1,467,356
Changes from financing cash flows			
Government grants received	17,826,122	865,700	18,691,822
Total changes from financing cash flows	17,826,122	865,700	18,691,822
Other charges			
Government grants income	(17,826,122)	(408,589)	(18,234,711)
Total other charges	(17,826,122)	(408,589)	(18,234,711)
Balance as at 31 March 2019	–	1,924,467	1,924,467
Balance at 1 April 2019	–	1,924,467	1,924,467
Changes from financing cash flows			
Government grants received	18,397,729	299,771	18,697,500
Total changes from financing cash flows	18,397,729	299,771	18,697,500
Other charges			
Government grants income	(18,397,729)	(477,627)	(18,875,356)
Total other charges	(18,397,729)	(477,627)	(18,875,356)
Balance as at 31 March 2020	–	1,746,611	1,746,611

12 Trade and other payables

	2020 $	2019 $
Trade payables	149,851	406,780
Accrual for payroll related costs	1,600,217	949,400
Accrual for operating and other expenses	1,435,857	747,261
Accrual for purchase of plant and equipment and intangible assets	322,841	656,433
Contract liabilities	161,287	15,000
	3,670,053	2,774,874

The average credit period for trade payables is of 30 days (2019: 30 days). No interest is charged on outstanding balances.

13 Financial penalties

Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. In accordance with the Finance Circular Minute No. M5/2016, legislated financial penalties are considered public moneys and are collected by the Commission on behalf of its supervisory ministry, MTI. All financial penalties collected by the Commission are paid into the Consolidated Fund in accordance with Section 13(2) of the Competition Act, Chapter 50B.

Movements in the amount payable to supervisory ministry on financial penalties collected are as follows:

	2020 $	2019 $
At 1 April	515,060	858,284
Financial penalties collected	4,298,368	11,985,599
Financial penalties paid to the supervisory ministry	(4,652,472)	(12,328,823)
At 31 March	160,956	515,060
Represented by:		
Cash with AGD	160,956	515,060

14 Provision for contribution to consolidated fund

The Commission is required to make contributions to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. 5/2005 with effect from 2004/2005. The amount to be contributed is based on 17% (2019: 17%) of the net surplus of the Commission, after netting off the prior years' accounting deficit.

15 Income

	2020 $	2019 $
Interest income on cash balances placed with AGD	371,317	357,043
Application fee income	121,713	635,000
Other operating income	40,796	44,042
	533,826	1,036,085

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with applicants, including significant payment terms, and the related revenue recognition policies:

Application fee income

Nature of services	The Commission provides guidance or decision in relation to agreement, conduct, mergers or anticipated mergers to the applicants.
When revenue is recognised	Revenue is recognised over time when the service is being provided.
Significant payment terms	Payment is received in advance, i.e. upon submission of application form.

Disaggregation of revenue from contracts with applicants

In the following table, revenue from contracts with applicants is disaggregated by primary geographical market.

	2020 $	2019 $
Primary geographical markets		
Domestic	121,713	635,000

Contract balances

The following table provides information about contract liabilities from contracts with applicants.

	Note	2020 $	2019 $
Contract liabilities	12	161,287	15,000

The contract liabilities primarily relate to advance consideration received from applicants in respect of the services to be provided.

Significant changes in the contract liabilities balances during the period are as follows:

	2020 $	2019 $
Revenue recognised that was included in the contract liability balances at the beginning of the year	15,000	240,000
Increases due to application fee received*	(161,287)	(15,000)

* *Excluding amounts recognised as application fee income during the year.*

16 Operating and other grants

	Note	2020 $	2019 $
Grants received from government during the year		17,077,500	16,974,900
Other grants received from government during the year		1,620,000	1,716,922
Transfer to deferred capital grants	11	(299,771)	(865,700)
		18,397,729	17,826,122

17 Surplus before contribution to consolidated fund

Surplus for the year has been arrived at after charging:

	2020 $	2019 $
Salaries, wages and other allowances	10,716,893	11,055,456
Contribution to defined contribution plans, included in salaries, wages and staff benefits	1,281,915	1,352,212

18 Related parties

For the purpose of these financial statements, parties are considered to be related to the Commission if the Commission has the ability, directly or indirectly, to control the party, exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Commission and the party are subject to common control or significant influence. Related parties may be individuals or other entities. In accordance with SB-FRS paragraph 28A, the Commission is exempted from disclosing transactions with government-related entities other than Ministries, Organs of State and other Statutory boards, unless there are circumstances to indicate that these transactions are unusual and their disclosure would be of interest to readers of financial statements.

Key management personnel compensation

Key management personnel of the Commission are those persons have the authority and responsibility for planning, directing and controlling the activities of the Commission. The core management are considered as key management personnel of the Commission.

Key management personnel compensation comprises:

	2020 $	2019 $
Short-term benefits and salaries paid to directors and above	3,320,389	3,538,376
Allowances paid to non-executive Commission Members	92,259	88,151
	3,412,648	3,626,527

Transactions with Ministries, Organs of State, Statutory Boards and other Government Agencies

The Commission leases and office premise from Urban Redevelopment Authority. In addition, the Commission engages information technology services from Government Technology Agency.

	2020 $	2019 $
Operating grants received from government	17,077,500	16,974,900
Other grants received from government	1,620,000	1,716,922
Office premises lease	1,603,799	1,586,882
Computer and IT related expenses	106,464	103,823

19 Commitments

Operating lease commitments

The future minimum lease payables under non-cancellable operating leases at 31 March 2019 but not recognised as liabilities, are as follows:

	2019 $
Not later than 1 year	919,609
Later than one year but not later than five years	71,125
	990,734

Operating lease payments represent rentals payable by the Commission for its office premises, office equipment and lease of laptops. Leases are negotiated and rentals are fixed for an average of 1 to 5 years with renewal options included in the contracts.

20 Financial instruments

Financial risk management

Overview

The Commission has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the Commission's exposure to each of the above risks, the Commission's objectives, policies and processes for measuring and managing risk, and the Commission's management of capital.

Risk management framework

The Members of the Commission has overall responsibility for the establishment and oversight of the Commission's risk management framework. Management is responsible for developing and monitoring the Commission's risk management policies. Management reports regularly to the Members of the Commission on its activities.

The Commission's risk management policies are established to identify and analyse the risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities. The Commission, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Commission if an applicant or counterparty to a financial instrument fails to meet its contractual obligations, and arises from its financial assets.

The carrying amounts of financial assets in the statement of financial position represent the maximum exposure to credit risk, before taking into account any collateral held. As at 31 March 2020, the Commission does not hold any collateral in respect of its financial assets.

Other receivables

Exposure to credit risk

A summary of the Commission's exposures to credit risk for other receivables are as follows:

	2020		2019	
	Not credit-impaired	**Credit-impaired**	**Not credit-impaired**	**Credit-impaired**
	$	**$**	**$**	**$**
Not past due	248,698	–	321,594	–
Total gross carrying amount	248,698	–	321,594	–
Loss allowance	–	–	–	–
	248,698	–	321,594	–

Cash and cash equivalents

The Commission held cash and cash equivalents of $24,487,803 at 31 March 2020 (2019: $23,281,871). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aaa to Aa1 based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Commission considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Commission is not subject to regulatory requirement to maintain minimum cash level. It is the policy of the Commission to maintain a level of cash deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

To manage liquidity risk, the Commission places surplus funds with AGD which are readily available where required. The undiscounted cashflow of the Commission's current financial liabilities at the reporting date approximate their carrying amounts and are expected to be settled within the next 12 months.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in interest rates.

The Commission's exposure to interest rate risk primarily arises from the cash participation in AGD's CLM Scheme. Interest rate risk on cash balances are managed through AGD's CLM Scheme. Surplus funds are placed with AGD.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for cash and cash equivalents balances at the reporting date. If interest rates had been 100 basis points higher or lower and all other variables held constant, the Commission's surplus before tax for the period ended 31 March 2020 would have increase or decrease by $187,916 (2019: $200,377).

Capital management

The Commission manages its capital base in consideration of current economic conditions and its plan for the year in concern. The request for grants from the Ministry of Trade and Industry is made though the annual budget exercise. The Commission is not exposed to any external capital requirements. However, it is required to comply with FCM No. 26/2008 under the Capital Management Framework for Statutory Boards. The capital structure of the Commission consists of accumulated surpluses and share capital. The Commission's capital structure remains unchanged since 31 March 2019.

Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are included in the table below. Further, for the current year the fair value disclosure of lease liabilities is also not required.

	Note	Amortised cost $	Other financial liabilities $	Total carrying amount $	Fair value $
31 March 2020					
Financial assets					
Other receivables	7	248,698	–	248,698	248,698
Cash and cash equivalents	8	24,487,803	–	24,487,803	24,487,803
		24,736,501	–	24,736,501	24,736,501
Financial liabilities					
Trade and other payables*	12	–	3,508,766	3,508,766	3,508,766
Amounts payable to the supervisory ministry	13	–	160,956	160,956	160,956
		–	3,669,722	3,669,722	3,669,722
31 March 2019					
Financial assets					
Other receivables	7	321,594	–	321,594	321,594
Cash and cash equivalents	8	23,281,871	–	23,281,871	23,281,871
		23,603,465	–	23,603,465	23,603,465
Financial liabilities					
Trade and other payables*	12	–	2,759,874	2,759,874	2,759,874
Amounts payable to the supervisory ministry	13	–	515,060	515,060	515,060
		–	3,274,934	3,274,934	3,274,934

* *excludes contract liabilities*

The carrying amounts are assumed to approximate the fair value for all financial assets and liabilities with maturity periods less than one year and where the effect of discounting is immaterial.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and financial liabilities as reported in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.