

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.

MISSION

Making markets work well to create opportunities and choices for businesses and consumers in Singapore.

VISION

A vibrant economy with well-functioning and innovative markets.

VALUES

Integrity
Professionalism
Passion
Teamwork

Theme

“Stronger Together” reflects the relationship between CCCS and its stakeholders working together to make markets work well by building a competitive and resilient business ecosystem. The interlocking building blocks not only represent the importance and benefits of engagement and partnership, but also symbolise emerging stronger and more united from challenges and adversity.

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CHAIRMAN'S MESSAGE



Mr Max Loh Khum Whai
Chairman

2020 was a challenging year for many of us. The COVID-19 pandemic saw many businesses having to implement measures to mitigate the disruptions to supply chains, and to operate on a different modality.

In these unprecedented times, CCCS continued to work closely with stakeholders and maintained its core purpose and efforts of promoting competition and protecting consumers.

Key Achievements

A robust competition law and consumer protection regime is the bedrock of well-functioning markets. In administering and enforcing Singapore's Competition Act and Consumer Protection (Fair Trading) Act or CPFTA, CCCS adopts a two-pronged approach of enforcement and advocacy.

In FY2020, CCCS issued two infringement decisions, both relating to bid rigging, and imposed fines totalling over \$450,000. One infringement decision pertained to the collusion between providers of maintenance services for swimming pools, spas, fountains and other water features, and the other related to the collusion between providers of building maintenance services.

CCCS also closed investigations into anti-competitive conduct in the property valuation industry and the online food delivery and virtual kitchen sectors after the businesses involved took steps to address the competition concerns raised by CCCS. In addition, CCCS's interventions in two separate cases have led to suppliers signing undertakings to cease their unfair practices.

In the transport industry, CCCS lifted the directions it had previously imposed on ride-hailing firm Grab, following the commencement of the Point-To-Point Transport Regulatory Framework which took effect in October 2020. CCCS considered this timely, as the issues identified were more appropriately considered and addressed within the

context of the sectoral regulatory framework. Separately, the Competition Appeal Board ("CAB") upheld CCCS's infringement decision against Uber for its anti-competitive merger with Grab in 2018. The CAB's decision affirms the key findings made by CCCS and reinforces the message that while Singapore has a voluntary notification merger regime, merger parties should apply to CCCS for guidance or a decision if they have concerns or are unsure as to whether their merger may result in a substantial lessening of competition. Where they choose to implement their merger without first notifying CCCS despite potential competition concerns, they run the risk of infringing the Act.

The COVID-19 pandemic has accelerated the drive towards digital transformation. As the digital economy becomes an integral aspect of our economy, it is important that we understand the developments in digital markets and ensure that our existing framework remains relevant and robust. In this regard, CCCS undertook a market study on e-commerce platforms and published its findings and recommendations in September 2020. The study identified areas where further clarity and guidance by CCCS could be beneficial to assist businesses in complying with competition law in the digital space. Following the study, CCCS recommended updates to its competition guidelines and engaged e-commerce platforms to promote good trade practices for sellers.

To give suppliers greater clarity on how to comply with the CPFTA and help customers shop confidently, CCCS developed and published the Guidelines on Price Transparency which covered four key pricing practices – drip pricing, price comparison, discounts, and the use of the term 'free'.

Despite lockdowns and travel restrictions, CCCS maintained its active participation in regional and international platforms, including the ASEAN Experts Group on Competition, the International Consumer

Protection and Enforcement Network and the International Competition Network where it was appointed as co-chair of the Agency Effective Working Group for three years beginning May 2020. These engagements, although virtual, continued to facilitate the sharing of knowledge and best practices between CCCS and its international partners, and support cross-border cooperation. We remain committed to forging and deepening relationships with our foreign counterparts to promote the global and regional development of competition and consumer protection.

In Appreciation

I would first like to express my appreciation to my predecessor, Mr Aubeck Kam, for his capable leadership and his contributions to CCCS in the past six years. Under Aubeck's leadership, CCCS has safeguarded competition in markets and taken on its expanded role of protecting consumers. I would also like to thank Mr Kwek Mean Luck, formerly Solicitor-General, Attorney-General's Chambers, who completed his term on the Board on 31 December 2020. His contributions to CCCS are deeply appreciated.

Next, I take the opportunity to thank the management team and staff of CCCS for exhibiting resilience and dedication in a year filled with uncertainty and adversity. I would also like to thank my fellow commission members for their unwavering commitment and valuable contributions. At the same time, I extend a warm welcome to new Board Members Ms Koh Puay Eng Agnes, Ms Chandra Mallika and Mr Jaspal Singh, whose appointments took effect on 1 January 2021 as well as Mr Hri Kumar Nair, who was appointed on 1 February 2021.

Lastly, my appreciation goes out to all our partners and stakeholders whom CCCS has worked with through the years. Thank you for your support and I look forward to your future contributions towards making markets work well for both businesses and consumers.

CHIEF EXECUTIVE'S MESSAGE



Ms Sia Aik Kor
Chief Executive

The COVID-19 pandemic has had a significant impact on economies and societies across the globe, disrupting supply chains and our way of working and living. Despite the challenges we faced in 2020, CCCS maintained normalcy of its operations while continuing our mission of making markets work well. I am very grateful to my colleagues for rallying together, quickly adapting to the circumstances, and delivering on our objectives in such a time of crisis.

Competition and Consumer Protection: Year in Review

On the competition front, CCCS maintained our enforcement efforts against anti-competitive conduct. Two infringement decisions were issued against companies which engaged in bid rigging and a total of over \$450,000 was imposed in financial penalties. Bid rigging is one of the most harmful types of anti-competitive conduct as it distorts the competitive bidding process and prevents customers from getting the best value for their tenders. Putting a stop to such anti-competitive conduct remains one of our core priorities.

During the year, CCCS reviewed four mergers across different industries including renal dialysis, metro rolling stock, ship building and index licensing, of which two entailed in-depth Phase 2 reviews. The proposed merger of Korean shipbuilders saw CCCS looking deeper into whether there were viable alternative suppliers and close competitors in the global supply of commercial vessels such as oil tankers, containerships, liquefied natural gas carriers and liquefied petroleum gas carriers, where barriers to entry and expansion were generally high for new suppliers. In the proposed merger between index licensing providers, CCCS looked at the non-horizontal links between the parties and raised concerns in relation to the continued access to certain foreign exchange benchmarks, in response to which commitments were proposed.

On the consumer protection front, CCCS had obtained undertakings from suppliers in two separate cases to cease their unfair practices. In one case, the owners and operators of ABC Bargain Centre, Valu\$ and ABC Express retail outlets undertook to cease the use of "Closing Down Sale" and "Fire Sale" advertisements. In another case, the operator of the Expedia Singapore website ceased its false claims on the validity period of "Daily Deal" promotions. Advertisements or promotional prices that mislead consumers into believing that there is a price benefit which is only available for a limited

period can create an unwarranted sense of urgency for consumers to make an immediate purchase.

On the advocacy front, CCCS issued 21 competition advisories to various government agencies, advising on the impact of specific government initiatives on competition in the affected markets, covering issues such as digitalisation, industry transformation, the raising of industry standards and sustainability initiatives. These advisories allow government agencies to consider CCCS's advice on competition issues alongside other relevant considerations in the process of formulating or implementing various policies or initiatives.

CCCS maintained strong connections with our stakeholders and continued its regular engagement of businesses, trade associations and chambers through virtual events and meetings. Together with the Economic Society of Singapore ("ESS"), we organised the fourth run of the CCCS-ESS Essay Competition which saw a record-breaking 134 essays submitted across the Open and School categories.

In partnership with the Singapore Academy of Law ("SAL"), we organised the fifth run of the triennial CCCS-SAL Conference in March 2021, which for the first time was presented as a webinar series. Themed "Transcending Boundaries – Competition Law in a Digital Era", panellists comprising academics, competition practitioners and regulators from around the world and representatives from the business community and trade associations explored topics relating to competition law and digital platforms, harnessing and protecting data, mergers assessment and remedies in the digital economy, market definition in a borderless economy as well as navigating competition and consumer protection law compliance and enforcement challenges.

To enhance the understanding of competition issues among public officers, we organised two virtual workshops under the Community of Practice for Competition and Economic Regulations, an inter-agency platform for government agencies to share best practices on competition, consumer protection and regulatory issues. The first workshop provided policy officers with insights to the issues that arise from government participation in the market and how CCCS's competition impact assessment framework can be used to identify competition issues. The second workshop for economic

policy and industry development officers focused on competition matters for economic policies using tailored case studies.

In Focus: COVID-19 Pandemic

The disruptions brought by the COVID-19 pandemic necessitated that CCCS respond quickly and decisively to a constantly evolving situation. Due to supply chain disruptions, CCCS recognised that some competing businesses may have to work together to sustain and improve the supply of essential goods and services in Singapore. To provide these businesses with more clarity on such collaborations, while ensuring that they do not engage in egregious anti-competitive activities, CCCS issued the COVID-19 Guidance Note which clarified our position on such business collaborations. We also supported the government's decision to extend the Block Exemption Order for liner shipping agreements, given the uncertainties brought about by the pandemic.

CCCS also worked with other government agencies to facilitate discussions between landlords and tenants to establish a fair tenancy framework within the confines of competition law. The aviation industry was one of the more severely affected industries due to international border closures. In this regard, CCCS temporarily suspended the commitments that some airline alliances had offered relating to flight capacity and frequency. CCCS also reviewed its toolkit for airline mergers and alliances to ensure that the necessary tools were in place to deal with crisis-driven airline mergers and alliances.

Looking Ahead

We have formulated a new Five-Year Strategic Framework which will guide our work initiatives till 2025. CCCS's work initiatives for FY2021 have been developed around the following strategic thrusts, which include – enhancing the competition and consumer protection regulatory and enforcement regime to ensure that they remain relevant and robust; shaping government policies and initiatives to address competition concerns and safeguard consumers' interests; and widening and deepening stakeholder engagements to foster a culture of competition and fair trading practices.

The pandemic is still ongoing. CCCS will continue to work with our stakeholders as we approach a new normal and emerge stronger together.

COMMISSION MEMBERS



Chairman
(until 31 December 2020)
Mr Aubeck Kam
Permanent Secretary
Ministry of Manpower



Chairman
(from 1 January 2021)
Mr Max Loh Khum Whai
Chairman of Human Resource
Committee
Managing Partner,
Singapore & Brunei
Ernst & Young



Member
Ms Sia Aik Kor
Member of Human Resource
Committee
Chief Executive
Competition and Consumer
Commission of Singapore



Member
Prof Euston Quah
Member of Audit Committee
Albert Winsemius Chair
Professor of Economics
Head of Economics
Director, Economic Growth Centre
Nanyang Technological University



Member
Mr Kan Yut Keong
Chairman of Audit Committee
Retired Accountant
PricewaterhouseCoopers



Member
(until 31 December 2020)
Mr Kwek Mean Luck
Chairman of Human Resource
Committee
Solicitor-General
Attorney-General's Chambers



Member
Ms Cindy Khoo
Member of Human Resource
Committee
Director, Strategic Planning
Strategy Group
Prime Minister's Office



Member
Ms Loo Siew Yee
Member of Human Resource
Committee
Assistant Managing Director
Policy, Payments & Financial
Crime
Monetary Authority of Singapore



Member
(from 1 January 2021)
**Mr Jaspal Singh s/o
Gurbachan Singh**
Senior Research Fellow
Institute of Policy Studies



Member
Prof Wong Poh Kam
Member of Audit Committee
Professor, Department of
Strategy & Policy
NUS Business School
National University of Singapore



Member
Dr Faizal Bin Yahya
Member of Audit Committee
Senior Research Fellow
Institute of Policy Studies,
National University of Singapore



Member
(from 1 January 2021)
Ms Koh Puay Eng Agnes
Member of Audit Committee
Chief Risk Officer
Singapore Exchange



Member
(from 1 January 2021)
Ms Chandra Mallika
Chief Operating Officer
(Asia Pacific) & Deputy Chief
Country Officer
Deutsche Bank (Singapore)



Member
(from 1 February 2021)
Mr Hri Kumar Nair
Member of Human Resource
Committee
Deputy Attorney-General
Attorney-General's Chambers

SENIOR MANAGEMENT



1 Ms Sia Aik Kor
Chief Executive

2 Mr Lee Cheow Han
Assistant Chief Executive
(Legal, Enforcement & Consumer Protection)
[until 30 November 2020]

3 Mr Loke Shiu Meng
Assistant Chief Executive
(Legal, Enforcement & Consumer Protection)
[from 1 December 2020]

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

5 Ms Winnie Ching
Senior Director (Legal)

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

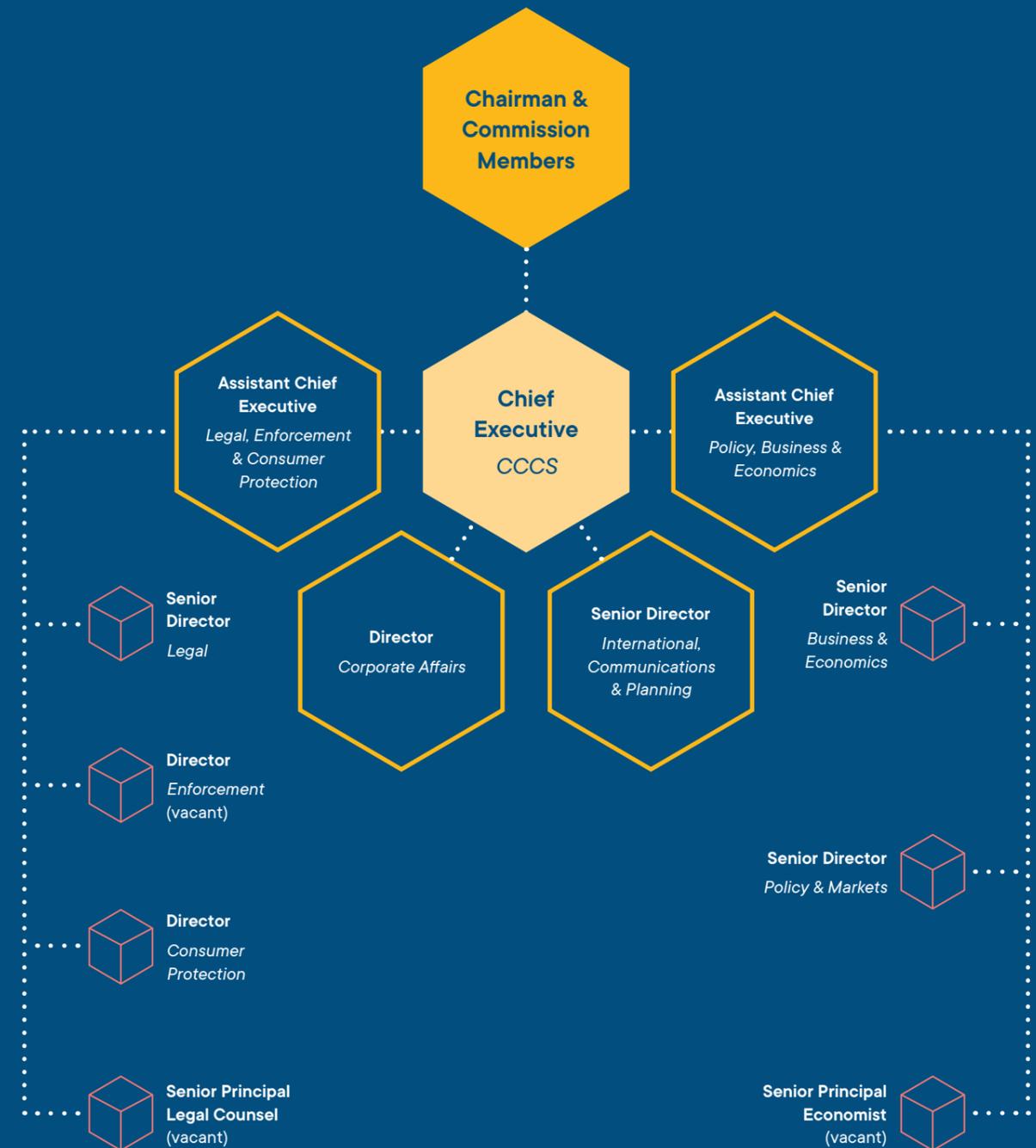
7 Dr Tan Hi Lin
Senior Director (Policy & Markets)

8 Mr Herbert Fung
Senior Director
(Business & Economics)

9 Mr Goh Aik Hon
Director (Corporate Affairs)

10 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 eleven 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 CCCS Chairman Mr Max Loh Khum Whai (with effect from 1 February 2021), with Mr Hri Kumar Nair (also with effect from 1 February 2021), Ms Loo Siew Yee, Ms Cindy Khoo and Ms Sia Aik Kor as its members. Previously, the Committee was chaired by Mr Kwek Mean Luck until 31 December 2020. 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 Prof Euston Quah, Prof Wong Poh Kam and Ms Koh Puay Eng Agnes (with effect from 1 February 2021) 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 FY2020. 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 2021

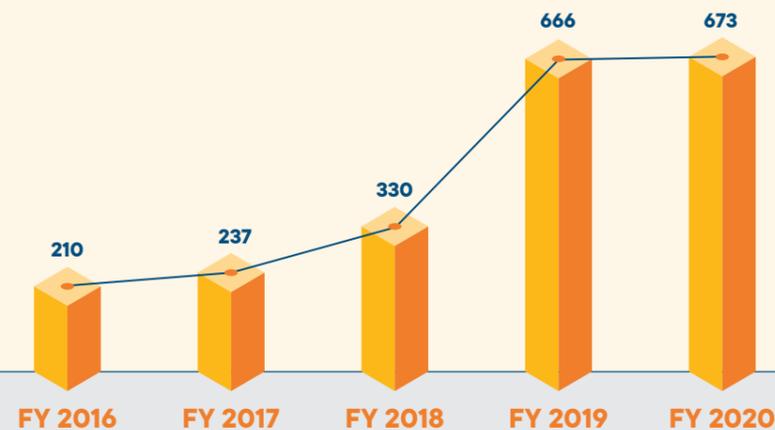
COMPETITION	FY 2017	FY 2018	FY 2019	FY 2020	SINCE CCCS STARTED (1 JANUARY 2005)
Preliminary Enquiries	8	7	8	10	146
Investigations (excluding Leniency)	2	3	4	4	52
Leniency	2	2	4	5	33
Notifications*	5	15	5	5	125
Confidential Advice	0	3	2	2	19
Appeals	1	0	0	2	12
Competition Advisories	34	20	26	21	233
Market Studies	2	2	2	2	27
TOTAL	54	52	51	51	647

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

CONSUMER PROTECTION	FY 2017	FY 2018	FY 2019	FY 2020	SINCE 9 DEC 2016
Preliminary Enquiries	0	13	24	3	40
Investigations	1	0	11	3	15
Government Advisory (CP)	0	0	0	1	1
	1	13	35	7	56



NUMBER OF COMPLAINTS HANDLED



CCCS INFRINGEMENT DECISIONS TO DATE

To date, CCCS has issued 18 infringement decisions and imposed financial penalties of over S\$73.1 million for anti-competitive conduct.

FINANCIAL YEAR COMPLETED	INFRINGEMENT DECISION CASE	PROHIBITION	FINANCIAL PENALTY IMPOSED*
FY2007	Pest Control Operators	Section 34	\$262,759.66
FY2009	Express Bus Services	Section 34	\$1,135,170.00
FY2010	Ticketing Service Provider	Section 47	\$769,000.00
	Electrical Works	Section 34	\$187,592.94
FY2011	Maid Agencies	Section 34	\$152,563.00
	Modelling Agencies	Section 34	\$313,606.00
FY2012	Ferry Operators	Section 34	\$286,766.00
	Motor Traders	Section 34	\$179,071.00
FY2014	Freight Forwarders	Section 34	\$7,150,852.00
	Ball Bearing Manufacturers	Section 34	\$6,515,450.00
FY2015	Financial Advisers	Section 34	\$909,302.00
FY2017	Electrical and Asset Tagging Services	Section 34	\$626,118.00
	Capacitor Manufacturers	Section 34	\$19,552,464.00
FY2018	Fresh Chicken Distributors	Section 34	\$20,116,163.00
	Ride-hailing Firms	Section 54	\$13,001,702.00
	Hotels	Section 34	\$1,522,354.00
FY2020	Building, Construction and Maintenance Services	Section 34	\$32,098.00
	Maintenance Services for Swimming Pools and Water Features	Section 34	\$419,014.00*
TOTAL			\$73,132,045.60

*Taking into account any reduction after appeals
 ^Tentative as appeal is on-going

IN THE CLEAR: MERGER OF DIALYSIS SERVICE PROVIDERS

29 MAY 2020

CCCS has approved the proposed acquisition of RenalTeam Pte. Ltd. ("RT") by Fresenius Medical Care Singapore Pte. Ltd. ("FMC SG") after concluding that it will not result in substantially lessened competition within the relevant markets in Singapore.

Patients are also able to easily switch between dialysis providers as alternative HD service providers with spare capacity are present in Singapore, as well as in the areas where FMC SG's and RT's dialysis centres are located.

Both FMC SG and RT operate private dialysis centres providing dialysis treatment, in particular haemodialysis ("HD"), to End Stage Renal Disease patients. Although a merger of the two companies will result in the largest market player in Singapore, CCCS noted that the barriers to entry and expansion are unlikely to be high, and hence allow potential and existing HD service providers to compete with the merged entity by establishing new dialysis centres or providing outsourced HD services.



CCCS also assessed that price coordination or collusion among the merged entity and competitors is unlikely, as it is discouraged by new competitors in the market and the potential growth in demand for HD services.

These factors mean that the merged entity will continue to face competition.

The assessment involved a two-week public consultation and engagement with government agencies as well as relevant stakeholders. ■

ON THE RIGHT TRACK: MERGER OF MOBILITY SOLUTIONS PROVIDERS

14 AUGUST 2020

CCCS has approved the proposed acquisition of Bombardier Transportation (Investment) UK Ltd ("Bombardier Transportation") by Alstom S.A. ("Alstom") after concluding an assessment that involved a two-week public consultation and engagement with key stakeholders including the Land Transport Authority of Singapore ("LTA") and operators of Mass Rapid Transit ("MRT") lines in Singapore.

these tenders more often than Alstom and Bombardier Transportation had. Their presence indicates that Alstom and Bombardier Transportation are unlikely to be each other's closest competitor; existing and potential suppliers are therefore also likely to constrain the merged entity's ability to raise prices.

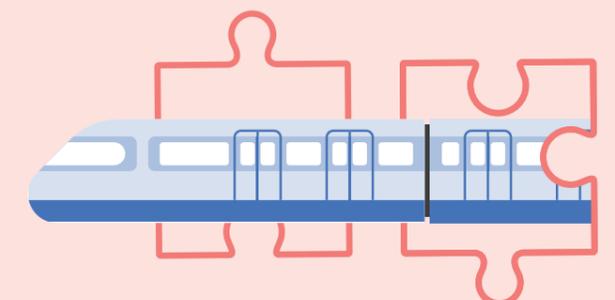
Both Alstom and Bombardier Transportation provide mobility solutions for Singapore's urban transport systems by supplying trains, urban signalling systems and other services including maintenance, repair services and spare parts.

Furthermore, as Bombardier Transportation has not won any tenders for the supply of urban signalling systems, it does not have any market share. Thus, the proposed acquisition will not result in an increase in combined market share.

In view of the findings, CCCS assessed that sufficient competition would likely continue after the acquisition. ■

In its assessment, CCCS considered the relevant markets of the supply of trains and urban signalling systems for MRT lines in Singapore. LTA is the sole customer of these goods and services, which it procures through open tenders, and its countervailing buyer power could serve to constrain the merged entity's ability to raise prices.

An analysis of tenders over the last decade also revealed that several other suppliers had won or participated in



MAKING MARKETS WORK WELL

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

SMOOTH SAILING FOR PROPOSED MERGER OF KOREAN SHIPBUILDERS

25 AUGUST 2020

After an in-depth review, CCCS has cleared the proposed merger between Korea Shipbuilding & Marine Engineering Co., Ltd (“KSOE”) and Daewoo Shipbuilding & Marine Engineering Co., Ltd. (“DSME”).

CCCS had initially raised competition concerns after completing its preliminary review of the proposed merger between KSOE and DSME, shipbuilding companies that supply commercial vessels such as oil tankers, containerships, liquefied natural gas (“LNG”) carriers and liquefied petroleum gas (“LPG”) carriers. CCCS then commenced an in-depth review. In its entire merger assessment, CCCS conducted two public consultation exercises and engaged with 157 stakeholders as well as various government agencies.

CCCS found that barriers to entry and expansion are high, particularly for new suppliers. For instance, a high level of technical expertise is needed for sophisticated vessel types such as LNG carriers and LPG carriers. Within vessel

types, barriers to entry and expansion are also higher for the construction of larger vessel classes due to physical constraints in dock size and equipment required. While customers do purchase vessels from multiple suppliers, it is not evident that they possess buyer power that constrains the merged entity’s market power. KSOE and DSME are also close competitors and main global suppliers of the largest class of oil tankers and LNG carriers.

However, CCCS found that the presence of viable alternative suppliers with excess capacities would be able to accommodate consumer-switching in the event that the merged entity increases prices. An examination of KSOE’s and DSME’s historical bidding data also suggested that other close competitors do constrain the companies’ bid prices. Customers also play a factor in limiting price collusion: private negotiations between shipbuilders and customers limit price transparency, and customers form their own perceptions in assessing the quality and experience of shipbuilders. ■

READING THE NUMBERS: CONDITIONAL APPROVAL FOR MERGER OF INDEX LICENSING SERVICE PROVIDERS

24 MAY 2021

Following a preliminary review which concluded on 2 July 2020, CCCS raised concerns on the proposed acquisition of Refinitiv Holdings Limited (“Refinitiv”) by London Stock Exchange Group plc (“LSEG”). An in-depth review was initiated on 31 August 2020, after which LSEG proposed a set of commitments to address CCCS’s competition concerns. CCCS commenced a public consultation on the proposed commitments on 27 January 2021.



Both LSEG and Refinitiv supply fixed income index licensing services to customers in Singapore. They are also linked by the inputs that they provide on a number of product categories, including clearing services and financial information products.

CCCS noted concerns from third parties about continued access to Refinitiv’s WM/Reuters foreign exchange benchmarks (“WM/R FX benchmarks”), which are considered critical inputs – with no reasonable substitutes – for index licensing and derivatives clearing services. This was identified as a competition concern, as the acquisition may reduce the merged entity’s incentive to continue supplying these inputs to rival providers.

LSEG addressed these concerns with a set of commitments, which included, among others, making the WM/R FX benchmarks available to all existing and future (a) customers for the purpose of providing index licensing services from Singapore or to users in Singapore and (b) clearing houses for the purpose of providing clearing services in Singapore or to serve customers in Singapore. CCCS accepted the commitments and granted conditional approval of the acquisition. ■

NO MONKEY BUSINESS: THREE CONTRACTORS PENALISED FOR BID RIGGING

4 JUNE 2020

On 4 June 2020, CCCS issued an Infringement Decision against three companies who were found to have rigged the bids for the provision of building, construction and maintenance services in procurement processes called by Wildlife Reserves Singapore (“WRS”). Financial penalties amounting to a total of S\$32,098 were imposed on Shin Yong Construction Pte. Ltd., Geoscapes Pte. Ltd. and Hong Power Engineering Pte. Ltd.

A complaint from WRS in April 2016 led to the commencement of an investigation into allegations of bid rigging of civil and electrical works for WRS’s attractions. CCCS found that representatives of the companies had exchanged bid information and coordinated their bids. This behaviour resulted in a distortion of the competitive bidding process and prevented WRS from obtaining the best prices for their tenders.

CCCS had issued the companies a Proposed Infringement Decision on 21 January 2020, but none of them submitted any responses or objections.

In addition to barring the companies from bidding for any future projects, WRS has taken other steps to protect itself from similar anti-competitive activities. These include centralising the handling of tenders and defaulting to the calling of open tenders so that new and existing vendors can participate. ■

3 firms fined \$32,000 for colluding to rig bids for WRS projects

Charmaine Ng

Three construction companies were found to have colluded to rig the bids for eight tenders and quotations called by Wildlife Reserves Singapore (WRS), said the Competition and Consumer Commission of Singapore (CCCS) yesterday.

Shin Yong Construction, Geoscapes and Hong Power Engineering had exchanged information and coordinated their bids for the WRS quotations between July 1, 2015, and Oct 6, 2016. They were fined a total of S\$32,098 for infringing Section 34 of the Competition Act, said CCCS. Geoscapes was fined S\$19,739, Shin Yong Construction S\$7,148 and Hong Power Engineering S\$5,211. CCCS said in a statement that it launched an investigation into the three companies after WRS submitted a complaint on Aug 28, 2015. WRS had received e-mails from an anonymous complainant on Aug 17 and 27 that year alleging rig-

ging of bids for its renovation, maintenance and construction projects. Simultaneous inspections were conducted on Oct 6, 2016, at the premises of the three firms as well as at other WRS vendors. Interviews were also held on site with Shin Yong project manager Toh Yong Soon, Geoscapes owner and director Koh Kian Hee, and Hong Power owner Tan Chuan Hong, said CCCS. Two former employees of WRS were also interviewed by CCCS, but were not identified.

Shortly after the inspections, all three companies applied for leniency under a CCCS programme that provides for such in return for cartel members’ cooperation in giving information and evidence of their activities. They admitted to colluding to rig bids in the quotations called by WRS. Meanwhile, WRS barred the firms from bidding for any of its projects. On Jan 21 this year, CCCS issued a proposed infringement decision to

the three firms. None submitted written representations to CCCS. CCCS chief executive Sia Aik Kior said bid rigging is one of the most harmful types of anti-competitive conduct as it eliminates the pressure on suppliers to submit their best offers to a customer. She added that customers have an important role to play in protecting themselves against bid rigging. “While any customer can be a victim of bid rigging, customers can protect themselves by spotting suspicious bids. Customers should study the bid submissions carefully to see if the bids submitted by suppliers are independent,” she said. Ms Kelly Chew, director of procurement at WRS, said the organisation has taken steps to protect itself from such anti-competitive activities in the future. “These include centralising the handling of tenders, defaulting to the calling of open tenders to encourage more vendors, including newcomers, to participate, and ensuring goods and services are delivered in line with the tender specifications,” she said, adding that WRS has an active whistle-blower policy shared with those they work with. With this case, CCCS has issued a total of five infringement decisions against companies for bid rigging. Motor vehicle traders and pest control companies were involved in previous cases. ngxtc@sph.com.sg

“WRS has built various preventive measures into our procurement policy to both protect the organisation and ensure there is a level playing field for vendors. ... These measures are supported by an active whistle-blower policy that is shared with everyone we work with.”

Ms Kelly Chew
Director, Procurement
Wildlife Reserves Singapore

Source: The Straits Times © Singapore Press Holdings Limited. Reprinted with permission.



IN DEEP WATER: THREE BUSINESSES PENALISED FOR BID RIGGING

14 DECEMBER 2020

On 14 December 2020, CCCS issued an Infringement Decision against three companies for rigging their bids in tenders for the provision of maintenance services for swimming pools, spas, fountains and other water features to privately-owned developments in Singapore. Financial penalties amounting to a total of S\$419,014 were imposed on CU Water Services Pte. Ltd. ("CU Water"), Crystalene Product (S) Pte. Ltd. ("Crystalene") and Crystal Clear Contractor Pte. Ltd. ("Crystal Clear").

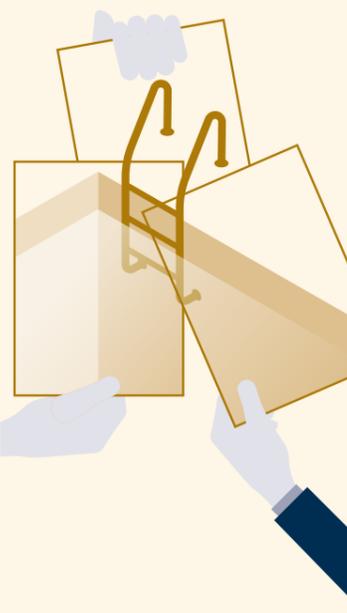
CCCS's investigations, which commenced in September 2017, revealed instances of bid rigging conduct that took place from 2008 to 2017 between CU Water and Crystalene, and separately, CU Water and Crystal Clear. The companies had engaged in a systematic pattern where one company would request a supporting quotation from the other. Often, the price of a supporting quotation was specified to the requested company and intended to be higher than the requesting company's own bid. In some instances, the bids were rigged through an understanding between the companies that one would not quote lower than the incumbent contractor. The non-incumbent would approach the incumbent to ask for a price to quote and provide a supporting quotation that it believed was higher than the quote of the incumbent.

Such conduct meant that there was no competitive pressure on the companies to submit their best offers to potential customers. As a result, potential customers were not able to obtain competitive offers that could best meet their requirements.

In levying financial penalties, CCCS had applied discounts to reduce the financial penalties of Crystalene and Crystal Clear on account of their leniency applications, their admissions to the infringing conduct and their cooperation under the Fast Track Procedure. ■

“Tenderers must independently prepare their bids. Any business that is approached to join in anti-competitive agreements should immediately reject the approach and publicly distance itself from any such discussions.”

Ms Sia Aik Kor
Chief Executive
Competition and Consumer
Commission of Singapore



3 water feature maintenance firms fined over bid rigging

Cartel-style activity over nearly a decade concerns 521 contracts and 220 customers

Cheryl Teh

Three water feature maintenance companies have been fined by the competition watchdog for conducting cartel-style bid-rigging activities for close to a decade.

The illegal bid rigging concerned 521 contracts and 220 customers, and took place between October 2008 and June 2017. Customers included hotels like the Shangri-La and Grand Copthorne Waterfront, as well as the management corporations and managing agents of condominiums.

For this collusion, the Competition and Consumer Commission of Singapore (CCCS) fined CU Water S\$308,660, Crystalene and Crystal Clear were fined \$41,541 and \$68,793, respectively, after receiving a "leniency discount" to have their financial penalties reduced

because they came forward to share information on the case. The watchdog began looking into the three companies' practices after a tip-off by a whistleblower in July 2017. It served the companies with legal documents in March this year to say they illegally rigged their bids in tenders called by privately owned developments.

In November 2017, CCCS conducted unannounced inspections at the companies' premises and interviewed key personnel. At that point, it received leniency applications from Crystal Clear and Crystalene. Investigations found that there were agreements between CU Water and Crystalene, as well as between CU Water and Crystal Clear,

to collude in their bids for tenders. Instead of submitting tender bids independently, one company would request a supporting quotation from another, which it believed would be higher than its own. The second company would then give the higher quotation to the customer. At times, one company would specify a price for the other to use in the supporting quotation.

These arrangements meant the companies were able to submit higher-priced quotations across the board. There was no competitive pressure to submit their best offers to the customers, said the watchdog. Customers were unable to obtain offers that best met their requirements and provided the best value, it added. The tenders affected by the ar-

HARMFUL BEHAVIOUR
Bid rigging is one of the most harmful types of anti-competitive conduct as it distorts the competitive bidding process, thereby preventing customers from getting the best value for their tenders.

MS SIA AIK KOR, chief executive of the Competition and Consumer Commission of Singapore.

rangements between CU Water and Crystalene were called from Oct 11, 2008 to May 29, 2017, while those affected by the agreements between CU Water and Crystal Clear were called from Aug 20, 2011 to June 16, 2017. CCCS chief executive Sia Aik Kor said, "Bid rigging is one of the most harmful types of anti-competitive conduct as it distorts the competitive bidding process, thereby preventing customers from getting the best value for their tenders." Ms Sia added that any business that is approached to join in anti-competitive agreements should immediately reject the approach and publicly distance itself from any such discussions. She urged businesses that are involved in a cartel to consider making a leniency application as soon as possible. "The first business to come forward and provide evidence of the cartel activities before CCCS commences a formal investigation will be given a full waiver of the financial penalty." "In addition, businesses that admit liability for their infringing conduct under the Fast Track Procedure will be eligible for a reduction of their financial penalty."

WHAT IS BID RIGGING?

Two or more suppliers/purchasers collude on bid submission for tenders. They may take turns to win a tender by agreeing on terms in a bid submission, or not participate in certain tenders after agreeing on who should win the tender.

Impact? Suppliers do not genuinely compete, resulting in customers not getting the best offers which a competitive process should provide.



QUICK TIPS FOR TENDER DESIGN

- Research the industry, including suppliers, goods & services, prices and trends
- Avoid unnecessary tender restrictions, so as to allow more suppliers to participate
- Define requirements clearly, specify desired outcomes
- Require bidders to declare any relationships with entities that may be competing bidders, and that bids submitted were determined independently
- Include a warning to bidders about the penalties for bid rigging

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THE VALUE OF CHANGE: CCCS CONCLUDES INVESTIGATION INTO THE SINGAPORE INSTITUTE OF SURVEYORS AND VALUERS

9 APRIL 2020

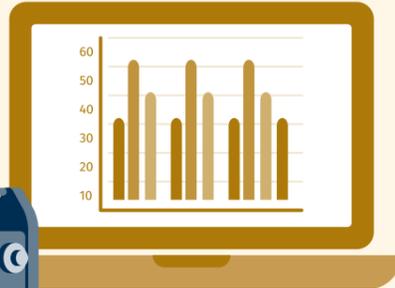
CCCS has concluded its investigation into alleged anti-competitive conduct by the Singapore Institute of Surveyors and Valuers (“SISV”) in light of SISV taking steps to address these concerns.

SISV is an industry body that comprises and represents, among others, land surveyors, quantity surveyors and valuers in Singapore.

The investigation, which was triggered by a complaint, found that SISV’s byelaws contained provisions that could lead to an adverse impact on competition. For example, a byelaw prohibited SISV members from competing on the basis of fees. This not only restricted the manner in which SISV members could compete with each other, but also limited customers’ choice. In CCCS’s

engagement with them, industry stakeholders had also revealed their uncertainty about SISV’s position on the use of IT and computer modelling in property valuations.

SISV responded with measures aimed at fostering competition and embracing technology. Of note, it removed and amended the provisions that had triggered the competition concerns. It also issued a press release dated 10 December 2019, in which it recognised that automated valuation models (“AVMs”) could facilitate pricing transparency for the public and enhance the efficiency and productivity of property professionals. On 23 December 2019, SISV encouraged members who are valuers to use tools such as IT and computer modelling or AVMs to assist them in performing valuations. ■



FOOD FOR THOUGHT: INVESTIGATING THE ONLINE FOOD DELIVERY AND VIRTUAL KITCHEN SECTORS

5 AUGUST 2020

CCCS has concluded its investigation into the online food delivery and virtual kitchen sectors following the cessation of anti-competitive conduct from some of the market players.

Virtual kitchens are commercial kitchen spaces provided to food and beverage (“F&B”) operators for food preparation, predominantly for online food delivery services. In recent years, Singapore’s three main online food delivery providers – Deliveroo, Foodpanda and GrabFood – have started to provide virtual kitchens to F&B operators, who are able to access their respective online food delivery services. Smart City Kitchens (“SCK”), which also provides virtual kitchens to various F&B operators, does not operate an online food delivery

service. Hence, it relies on the main online food delivery service providers to fulfil its online orders.

CCCS investigated conduct involving the refusal to supply online food delivery services to F&B operators using SCK’s virtual kitchens. Following the investigation, GrabFood and Deliveroo have voluntarily started supplying their online food delivery services to F&B operators in SCK’s virtual kitchens which already have access to Foodpanda’s online food delivery service.

Access to online food delivery services enables F&B operators to expand their customer reach, increasing competition in the market. As a result, consumers are able to enjoy a greater variety of choices and offers. ■

Watchdog halts probe into food delivery sectors

CCCS says Deliveroo, GrabFood both opened up services to Smart City Kitchens’ eateries after investigation began

Ng Keng Gene

Singapore’s competition watchdog has ceased investigations into the online food delivery and virtual kitchen sectors, a move prompted by a shared kitchen operator’s complaint in July last year that it had been shut out by Deliveroo and GrabFood.

After the Competition and Consumer Commission of Singapore

(CCCS) started its probe, both food delivery operators opened up their services to eateries using the facilities of Smart City Kitchens.

Deliveroo said yesterday it began doing so more than three months ago, while GrabFood said it had begun doing so in January.

Yesterday, the commission said that although the investigation has ceased, it will continue to monitor the conduct of market players in the online food delivery and virtual

kitchen sectors. Virtual kitchens, also called ghost or cloud kitchens, are shared commercial kitchen spaces provided to food and beverage (F&B) operators for food preparation, predominantly for online food delivery services.

In July last year, Smart City Kitchens appealed to CCCS to “help level the playing field” after being shut out by the two food delivery operators just weeks after starting its business.

Smart City Kitchens opened its first facility in Tampines in June last year. It houses 30 individual kitchens that are rented out to F&B operators for food deliveries.

As it is not affiliated with a delivery service, its tenants have to rely on the main online food delivery service providers: GrabFood, Deliveroo and Foodpanda.

A month after the facility opened, its tenants told The Straits Times that Deliveroo and GrabFood, which had initially agreed to list them on their respective apps, had changed their minds. The duo cited the tenants’ landlord as the reason.

In addition to providing delivery services, Deliveroo operates three shared kitchens of its own, while GrabFood launched a kitchen space in January, and Foodpanda has one kitchen.

BETTER UNDERSTANDING

We have had constructive discussions with Smart City Kitchens and now have a better understanding of its model and objectives and this has, in turn, led us to revisit our position on working with them.



A DELIVEROO SPOKESMAN explaining its decision to work with Smart City’s eateries.

delivery services to operators in Smart City’s facilities, thus giving the tenants “the choice of using multiple online food delivery providers to expand their consumer reach”.

A Deliveroo spokesman, in explaining its decision to work with Smart City’s restaurants, said yesterday: “We have had constructive discussions with Smart City Kitchens and now have a better understanding of its model and objectives and this has, in turn, led us to revisit our position on working with them,” he said.

GrabFood Singapore head Dilip Rousseanly said in January that although the company was contributing to the investigation process, it was not the subject of the probe. He also said then that GrabFood had begun working with some of Smart City’s tenants.

CCCS added that before the probe, the operators had access to Foodpanda’s services. It also noted that competition in the virtual kitchen sector remains dynamic, with players entering and competing for market share.

Smart City Kitchens, whose website shows it operates five virtual kitchens in Singapore, did not respond by press time.

It added that following its investigation, GrabFood and Deliveroo started supplying their online food

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GETTING THE GREEN LIGHT: CCCS RELEASES DIRECTIONS ON GRAB FOLLOWING COMMENCEMENT OF P2P REGULATORY FRAMEWORK

20 NOVEMBER 2020



CCCS has released the directions it had imposed on ride-hailing firm Grab on 24 September 2018. The decision was reached in view of the commencement of the Point-To-Point Transport Regulatory Framework (“P2P Regulatory Framework”) administered by the Land Transport Authority (“LTA”) and the Public Transport Council (“PTC”). The framework, which took effect on 30 October 2020, ensures that all licensed operators cannot prevent their drivers from driving for other operators.

In March 2018, CCCS had issued an Infringement Decision against Grab and Uber for their anti-competitive merger, which saw the sale of Uber’s Southeast Asian business to Grab for a 27.5% stake in Grab. CCCS also issued directions to both firms to lessen the impact of the

merger on drivers and riders, and to keep an open and contestable market.

Under the P2P Regulatory Framework, several companies, including Gojek, ComfortDelgro and Ryde, have been awarded operator licences; other existing taxi operators have also been issued limited licences to provide call booking services. There are a number of players in the P2P sector and the framework ensures that the P2P fares transparent and clearly communicated to commuters, with fare levels being determined by market forces.

CCCS will continue to work with LTA and PTC to ensure an open and contestable P2P market. ■

RED LIGHT FOR UBER’S APPEAL AGAINST INFRINGEMENT DECISION

13 JANUARY 2021

The Competition Appeal Board (“CAB”) has dismissed ride-hailing firm Uber’s appeal against the Infringement Decision issued by CCCS that Uber’s sale of its Southeast Asian businesses to Grab for a 27.5% stake in Grab substantially lessened competition within the ride-hailing platform market in Singapore.

The Infringement Decision, which was issued in March 2018, imposed financial penalties on both Grab and Uber, and also set out Directions to both firms to reduce the impact of the merger on drivers and riders, and to keep the market open to new players. Subsequently, Uber appealed to the CAB, seeking to either set aside the Infringement Decision or have the financial penalty reduced.

While Singapore’s voluntary notification merger regime does not mandate that parties notify CCCS of their mergers, those who do go ahead with implementing a merger without first notifying CCCS run not just the risk of infringing the Competition Act, but also the risk of CCCS rejecting any of their subsequent commitments to remedy the situation as inadequate or inappropriate.

Noting this, the CAB held that CCCS could consider the need to deter businesses from engaging in anti-competitive practices in deciding whether to accept commitments, even if the commitments would sufficiently remedy or prevent substantially lessened competition arising from the merger. ■



CCCS reiterates rules to Grab and Gojek after Uber’s S\$6.58m fine is upheld

By Sharanya Pillai
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Singapore
THE Competition Appeal Board (CAB) has dismissed Uber’s appeal against the finding that the ride-hailing firm’s March 2018 merger with Grab was anti-competitive.

Uber will thus have to pay the S\$6.58 million fine that the Competition and Consumer Commission of Singapore (CCCS) had imposed back in 2018. The US-based firm was also ordered to pay CCCS’ costs for the appeal.

An Uber spokesperson told BT: “We have received the ruling and are reviewing it.”

In a separate statement on Wednesday, the CCCS said that it continues to monitor any potential merger between Grab and Gojek, and reiterated that it has the power to take action against anti-competitive deals.

Should a Grab-Gojek merger breach competition law, the CCCS can issue directions and “impose financial penalties as it did in relation to the merger between Grab and Uber”, the watchdog said.

Back in September 2018, the CCCS had found that Uber’s sale of its South-east Asian business to Grab, in exchange for a 27.5 per cent stake in the Singapore-based firm, had led to a “substantial lessening of competition” in the city-state’s ride-hailing sector.

Grab did not contest the decision and paid a S\$6.42 million penalty. Uber appealed to the CAB to either set aside the decision or to reduce the penalty imposed.

However, in a decision made on Dec 29, the CAB upheld the fine on Uber, as well as directions that the CCCS had issued to Uber and Grab to lessen the impact of the merger on drivers, riders and the openness of the ride-hailing market to new players.

The board noted in its published decision: “The evidence suggested that the merger parties were aware or ought to have been aware that there were competition concerns with the transaction.”

Gojek’s entry into the Singapore market “has not been sufficient” to restore the substantial lessening of competition from the Uber-Grab deal, it added. Prior to the deal, Grab and Uber’s combined market share was more than five times that of ComfortDelGro, the next biggest player. It can also be inferred that Grab

had “deeper pockets” to maintain competitive advantages from the merger.

Evidence from after the CCCS’ decision “shows that Gojek’s entry has not been sufficient in scope to provide a sufficient competitive constraint on Grab”, the CAB said.

Grab’s reduction in rider discounts had also intensified from end-March to end-July 2018, “suggesting that it was at least contributed to in part by the reduction of competition brought about by the transaction”, the board said.

While Singapore has a voluntary notification merger regime, this does not mean that there are no risks to going ahead with a merger before notifying CCCS, it added.

In situations where the merger is irreversible, as was the case with Uber, the parties may also further risk that any commitments they offer subsequently to remedy or mitigate the situation may be rejected by the CCCS as inadequate or inappropriate.

The appeal board further held that in deciding whether to accept commitments, the CCCS can consider the need to deter businesses from engaging in anti-competitive practices and decide instead to issue directions to the merger parties, including financial penalties.

Notably, the CAB said that CCCS can do so even if the commitments offered by the parties are in fact sufficient to remedy or prevent any substantial lessening of competition arising from the merger.

CCCS chief executive Sia Aik Kor said: “The CAB’s decision affirms the key findings made by CCCS in the infringement decision and reinforces the message that mergers that substantially lessen competition in Singapore are prohibited.”

“Singapore’s voluntary notification merger regime aims to strike a balance between safeguarding competition and being pro-business.”

In its Wednesday statement, the CCCS added that it is “actively monitoring the potential merger reported in the news” of Grab and Gojek.

Media reports last year indicated that both firms were discussing a merger. On Jan 5, however, Bloomberg reported that Gojek is now exploring a merger with Indonesia’s Tokopedia.

Nevertheless, the watchdog said that it has sought further information from Grab and Gojek, and highlighted “the avenue available to the parties to seek clearance from CCCS”.

Both Grab and Gojek declined to comment.

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A SURE SIGN: RETAIL OUTLETS CEASE MISLEADING SALE ADVERTISEMENTS

16 OCTOBER 2020

As of 30 September 2020, the owners and operators of ABC Bargain Centre, Valu\$ and ABC Express have voluntarily ceased the use of advertisements containing the language “Closing Down Sale” and “Fire Sale” at all retail outlets.

Such advertisements convey the impression that the discounted prices will only be available for a limited period due to impending closure of the business. However, the advertisements at these retail outlets were displayed continuously and without any indication of an end date. This can lead customers to believe that there is a price benefit or a limited availability of goods when there is neither. CCCS considers misleading advertisements an unfair practice in breach of the Consumer Protection (Fair Trading) Act (“CPFTA”).

The owners and operators of the outlets undertook to remove the advertisements and to not falsely advertise



products as being available at a discounted price when no genuine price benefit or advantage exists.

CCCS accepted these undertakings, noting that efforts were taken to co-operate and ensure that advertising practices were compliant with the CPFTA. ■

征询竞消委后撤“关门大减价”广告 零售商承诺不再误导顾客

黄伟曼 报道
ngwaimun@sph.com.sg

整家店挂满“关门大减价”海报却没有结束营业的打算，本地多家日用品零售店日前撤下具误导性的限时促销广告，并承诺不再以这种广告手法宣传产品。

消费者下来到遍布全岛的“Valu\$”与“ABC Express”等邻里廉价日用品商店时，将不会再看到经常挂满整家店写着“关门大减价”（Closing Down Sale）或“限时低价售卖”（Fire Sale）等字眼的广告。

经营这些零售商店的ABC促销中心有限公司，在征询新加坡竞争与消费者委员会的意见后，已在上月底自愿撤下广告，以免误导消费者并抵触即将在下个月生效的《保护消费者公平交易法》。该公司也会通知所有特许经营商撤下广告。

竞消委昨天发表文章指出，该零售商是在去年针对商店使用的这类广告，征询委员会意见。



位于波东巴西的ABC促销中心之前的产品标价旁都写着“关门大减价”，但这只是零售店的促销手法。竞消委指出，这类宣传会误导消费者，不应持续，商店自上月30日已撤下广告。（档案照片）

竞消委认为，广告中出现的字眼容易让人误以为商店真的要结束营业，促销是限时的，但事实并非如此；若商店下来再重犯或出现其他不公平促销行为，竞消委也将保留进一步调查权利。

一些消费者或认为张挂这类广告是廉价日用品商店的特色，但据《联合早报》查询，网络上不时有消费者投诉零售商的这类

宣传手法。

竞消委表示将密切留意其他商家是否使用相同促销手法，并提醒供应商和零售商自行展开检讨，确保促销与运营遵守新法令下关于标价、折扣和免费优惠的条例。消费者若有相关投诉，可拨电消费者协会热线61000315寻求帮助，或上网www.case.org.sg查询更多信息。

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A DONE DEAL: EXPEDIA SINGAPORE STOPS FALSE “DAILY DEALS” PROMOTIONS

12 NOVEMBER 2020

Watchdog warns Expedia site operator over false claims

Wong Shiying

The website operator of online travel company Expedia Singapore – BEX Travel Asia – has ceased its false claims on the validity period of its “Daily Deals” promotions and said yesterday that it will not engage in further unfair practices.

consumer Protection (Fair Trading) Act (CPFTA).

The consumer watchdog began investigating BEX in April last year. CCCS found that there were at least 55 “Daily Deals” offers on the website, which claimed to expire at 11.59pm each day but the prices remained the same after midnight.

These misleading promotions included hotel deals and holiday package deals which were offered on the Expedia Singapore website and e-mailed to customers on BEX’s mailing list.

“Such false claims in relation to promotional prices mislead consumers into believing that there is a price benefit which is available only for a limited period, thus creating unwarranted pressure or a sense of urgency for consumers to make an immediate purchase,” said CCCS.

BEX had used such false promotional claims since 2016, but took such listings down in October last year while investigations were ongoing.

BEX said yesterday that it will ensure that promotions on the Expedia Singapore website will not claim to be available for a limited period if that is not the case.

Also, it will not claim that promo-

tions are valid for a specific period if they may end before then.

In addition, it said it will comply with the CPFTA and take prompt steps to cease any unfair practices in breach of the Act.

In response to queries from The Straits Times, an Expedia spokesman said the company has worked with the CCCS over the past few months on improving how its travel-related information is presented to consumers.

“We gave our commitment to the CCCS on a voluntary basis that we will review our internal marketing processes to ensure that we continue to help customers book travel that meets their requirements and provide all relevant information that customers need. The CCCS in turn, has closed its investigation into BEX Travel Asia,” said the spokesman.

CCCS said other businesses that engage in similar unfair practices

MISLEADING TO CONSUMERS

Such false claims in relation to promotional prices mislead consumers into believing that there is a price benefit which is available only for a limited period, thus creating unwarranted pressure or a sense of urgency for consumers to make an immediate purchase.



COMPETITION AND CONSUMER COMMISSION OF SINGAPORE

are being monitored closely. It urged all businesses to review their business practices to comply with the CPFTA.

On Nov 1, the CCCS’ guidelines on price transparency came into effect. They provide more clarity on what constitutes an infringement of consumer protection laws, and set out the factors and circumstances that the commission may consider in assessing if advertised prices and related practices are potentially misleading.

Under the Act, the CCCS is empowered to investigate errant businesses and file an injunction application against them.

If they do not cease the unfair practice, the businesses can be charged with contempt of court, which carries a fine of up to \$10,000, or up to a year’s imprisonment, or both.

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BEX Travel Asia Pte Ltd (“BEX”), which operates the Expedia Singapore website, has ceased its false claims and unfair practices relating to the validity periods of its “Daily Deals” promotions.

CCCS’s market monitoring efforts triggered an investigation into the promotions being offered on the website and in electronic mailers to subscribers. BEX represented that its “Daily Deal Deals” and “Daily Package Deals” were valid for 24 hours only, and that they would “change daily at 12:00 AM (Singapore Time)”. However, at least 55 “Daily Deal” offers still reflected the promotional price even after 11.59pm, contrary to what was communicated to customers.

Such false claims create unwarranted pressure or a sense of urgency for consumers to make an immediate purchase, as they are under the impression that these price benefits are available for a limited time only.

CCCS also found that some promotions had been made available for a shorter time period than what was represented. “Hot deals” that BEX purported to last for 24 hours had, in fact, expired in less than 24 hours. These false claims took place since 2016 and had ceased as of October 2019.

Following its investigation, CCCS administered a warning to BEX and accepted BEX’s undertaking to cease any unfair practices that breach the Consumer Protection (Fair Trading) Act and to co-operate with CCCS to ensure compliance with the Act. ■



CLARITY ON COLLABORATIONS: CCCS GUIDANCE NOTE FOR BUSINESS COLLABORATIONS DURING COVID-19

20 JULY 2020

In light of the COVID-19 pandemic, CCCS has issued a COVID-19 Guidance Note that sets out its approach to collaborations between competitors in response to these unprecedented times. This guidance provides businesses with more clarity on such collaborations.

Global lockdowns and other pandemic response measures have severely disrupted logistics and supply chains, with companies facing uncertainties over demand. As a result, companies may be required to temporarily and quickly collaborate in order to sustain or improve the supply of essential goods or services. For example, businesses may agree to share production lines or inputs to produce more testing kits to aid the healthcare sector.

Under normal circumstances, such collaborations may require further assessment for net economic benefits. However, given the exceptional nature of the pandemic, CCCS will assume that collaborations that sustain or improve the supply of essential goods or services in Singapore, which are limited in scope and time as set out in the COVID-19 Guidance Note, and which do not involve price-fixing, bid-rigging, market sharing or output limitation, are likely to generate net economic benefits and thus unlikely to infringe the Competition Act. CCCS will generally not investigate such collaborations.

The COVID-19 Guidance Note applies to collaborations put in place from 1 February 2020, and which will expire by 31 July 2021. Collaborations that only end after the COVID-19 Guidance Note expires will be evaluated against the criteria applicable under normal circumstances. ■

Competition watchdog allows tie-ups on essential supplies during pandemic

By Vivienne Tay
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Singapore
THE Competition and Consumer Commission of Singapore (CCCS) will "generally" not investigate certain collaborations between competitors when it comes to the supply of essential goods or services in Singapore, amid the ongoing novel coronavirus outbreak.

These collaborations should sustain or improve the supply of essential goods or services, be limited in scope and time, and also not involve price-fixing, bid-rigging, market sharing or output limitation.

In a guidance note issued on Monday, the competition watchdog said that it will assume – for a temporary period – that such tie-ups are "likely to generate net economic benefits" and are therefore "unlikely" to infringe the Competition Act.

This Covid-19 guidance note applies to such collaborations which commence from Feb 1, 2020 and expire by July 31, 2021.

For collaborations that end after July 31, 2021, CCCS will evaluate them using the criteria applicable under normal circumstances, for their entire duration. That is, CCCS will assess whether it raises competition concerns and if so, whether the tie-up fulfils the criteria of generating net economic benefits in normal circumstances.

The competition watchdog on Monday noted that the disruption arising from the pandemic may require companies to temporarily collaborate to sustain or improve the supply of essential goods or services. "Such collaborations may need to be put in place quickly during this period," CCCS said. Under normal circumstances, some of these partnerships would have required further assessment for net economic benefits.

An example of a collaboration that can fall under the latest guidance note would be where businesses agree to share production lines or in-

The competition watchdog said that it will assume – for a temporary period – that such tie-ups are "likely to generate net economic benefits" and are therefore "unlikely" to infringe the Competition Act.

puts to increase the total production of Covid-19 testing kits or its components.

Agreements, including collaborations, which satisfy the net-economic-benefits criteria under the Competition Act in normal circumstances are already excluded from Section 34 of the Act, thus they do not need to come under the Covid-19 guidance note.

Similarly, agreements entered into with, or on behalf of, the Singapore government or any statutory body are already excluded under Section 33(4) of the Act.

CCCS encouraged businesses to perform their own assessment first to determine whether their collaboration falls within the framework set out in the guidance note.

Those that wish to collaborate on essential goods and services but have queries may contact CCCS for clarification at cccs_feedback@cccs.gov.sg.

However, the competition watchdog cautioned businesses against taking advantage of the coronavirus pandemic "as a cover to engage in anti-competitive activities that do not generate net economic benefits." CCCS retains the discretion to investigate such cases.

More information on the Covid-19 guidance note can be accessed and downloaded from the CCCS website under the section "Competition Act and Guidelines".

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A FAIR PRICE TO PAY: CCCS GUIDELINES ON PRICE TRANSPARENCY

7 SEPTEMBER 2020

Guidelines on pricing practices to kick in on Nov 1

Move to curb errant practices spells out actions businesses must take so they don't infringe law

Tiffany Fumika Tay

Businesses that engage in misleading advertising practices such as showing prices that omit mandatory fees, for example, have two months to clean up their act.

A set of guidelines that specify pricing practices that may break the law will take effect on Nov 1 and apply to all physical and online suppliers, the Competition and Consumer Commission of Singapore (CCCS) said yesterday.

The price transparency guidelines, announced last year, set out how the CCCS will interpret and wield the Consumer Protection (Fair Trading) Act to stamp out errant practices, and spell out actions that businesses should take to ensure they are not infringing the law.

This comes as the CCCS is looking at beefing up its enforcement powers in administering the Act, including the possibility of being able to impose financial penalties without having to go through the courts.

The guidelines cover four areas: drip pricing, which refers to fees added on to the advertised price during the transaction process; false or misleading price comparisons; false discounts; and use of the term "free".

The full guidelines, published on CCCS' website yesterday, were prompted by a study on the online travel booking space last year, which found that some consumers ended up paying more than they had planned for due to opaque pricing and unfair practices.

A check by The Straits Times last October found that the use of tactics flagged by the commission, such as drip pricing and pressure selling, was widespread among travel bookings.

"Some have since changed their practices, a check revealed," it found. Expedia's Singapore site, for example, now displays a disclaimer that the headline price excludes taxes and fees.

Travel booking platform Agoda, however, advertised the same "daily deal" for a hotel room in two separate days last week. Moreover, the price remained the same even if one of the days was cancelled yesterday.

Moving over a crossed-out price applied as the final price for the hotel room brought up a warning that it was actually the highest price paid for a booking within the last year.

Agoda did not respond to queries. The CCCS said yesterday that consumers who encounter unfair practices should approach the Consumers Association of Singapore (CAS), adding that it will monitor the conduct of suppliers and take action against those that persist in unfair trade practices.

The commission's director for consumer protection, Mr Jack Tang, said during a virtual press conference yesterday that the CCCS takes a balanced approach in enforcing the rules, with education and negotiation being the first step.

He said the watchdog will look into businesses that persist in errant practices, adding: "If despite changes like Case approaching you and giving you chances to change and you don't, then we will take action."

While the Act also applies to overseas-based businesses that supply goods and services to consumers in Singapore, cross-border enforcement remains a challenge for regulators worldwide. Mr Tang noted, "In this aspect, consumer education is very crucial. So, consumers must make informed choices and if something seems too good to be true, please think twice before transacting."

Mr Lim Bow Chan, president of Case, said it received at least 346 complaints alleging unfair practices highlighted in the guidelines between 2018 and last year.

When such complaints are received in the future, Case will point businesses to the guidelines and remind them of their obligations, he said. Recalcitrant firms will continue to be referred to the CCCS for investigation and enforcement.

Ms Davina Wong, CCCS senior assistant director for consumer protection, noted that building trust with consumers will help businesses in the long run, particularly during the current economic climate, when consumers may be more cautious in how they spend their money.

Ms Shu Ah Lee, CCCS's chief executive, said the review is ongoing and more details will be announced later.

Stamping out fake discounts and hidden add-on fees

Guidelines that specify pricing tactics which may infringe consumer protection laws will kick in on Nov 1 and apply to all physical and online suppliers. Going forward, the Competition and Consumer Commission of Singapore will take action against those that persistently engage in these practices.

<p>Drip pricing</p> <p>Excluding mandatory charges or pre-selected add-ons in the advertised price.</p> <p>EXAMPLE</p> <p>An airline advertises a ticket price of \$1000, but the final price ends up being \$1500 after adding fees and surcharges.</p> <p>GUIDELINES</p> <p>All mandatory fees should be included in the headline price where fees cannot be reasonably calculated in advance. Their existence should be clearly indicated upfront. An opt-in approach should be used for add-ons.</p>	<p>Misleading price comparisons</p> <p>Advertising a price as having an advantage over a competitor when it does not.</p> <p>EXAMPLE</p> <p>Comparing the price of an online model with a competitor's newer model that has better specifications.</p> <p>GUIDELINES</p> <p>Ensure comparisons made with competitor prices are not false or misleading. Only prices of goods or services that are accepted to be similar or equivalent by consumers or trade norms should be compared, and suppliers should check and update reference prices regularly.</p>	<p>Misuse of the term "free"</p> <p>Advertising a product or service as being free when conditions are attached or there is no intention to provide it.</p> <p>EXAMPLE</p> <p>Increasing the price or reducing the quantity, quality or condition of a product or service to recover the cost of a gift or trial.</p> <p>GUIDELINES</p> <p>Ensure any representation that a good or service is free is not false or misleading. Any qualifiers, subsequent charges and terms and conditions should be stated clearly and prominently together with the "free" representation.</p>
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False discounts

Advertising a false discount off the usual price of a good or service.

EXAMPLE

Advertising a "limited period" discount when the price is available for an extended duration.

GUIDELINES

Discounts or comparisons with a usual or previous price benefit should be genuine and have a valid basis. "Limited" discounts should clearly state the applicable time period.

Fake price comparisons

Advertising a price as having an advantage over a competitor when it does not.

EXAMPLE

Comparing the price of an online model with a competitor's newer model that has better specifications.

GUIDELINES

Ensure comparisons made with competitor prices are not false or misleading. Only prices of goods or services that are accepted to be similar or equivalent by consumers or trade norms should be compared, and suppliers should check and update reference prices regularly.

Consumer protection laws under review to provide more teeth

Singapore's consumer protection laws may soon have more teeth, with the Government looking into strengthening the enforcement powers of the Competition and Consumer Commission of Singapore (CCCS).

CCCS assistant chief executive of legal, enforcement and consumer protection Lee Chew Han said yesterday that this could entail empowering the commission to issue fines for breaches of consumer protection laws without having to go through the courts.

While the CCCS can currently issue such penalties in fines for infringements of the Competition Act, it is unable to do so in its consumer protection role.

In response to a question at a media conference, Mr Lee said there is scope for the CCCS to review its administrative of the Consumer Protection (Fair Trading) Act, and "perhaps take a look at having some additional statutory powers, so that there can be faster and more effective enforcement of the Act".

Under the Act, CCCS can investigate errant businesses and file an injunction application to order them to cease an unfair practice, which can be charged with contempt of court, which carries a fine of up to \$10,000 and up to a year in jail.

But this can be a lengthy and inefficient process.

The commission has been awarded two injunction orders since it took over the administration of the Act from Spring Singapore in 2018.

The first – against a car importer – took 16 months to be granted after the non-defendant Spring had applied for it. The second, against an online retailer, was granted in two months.

Observers have said that Singapore's consumer protection laws and enforcement powers need to be beefed up to be more effective. They noted that the country lags behind others like Australia, where breaches of consumer protection laws can incur hefty fines on a par with penalties for anti-competitive conduct.

Ms Shu Ah Lee, CCCS's chief executive, said the review is ongoing and more details will be announced later.

CCCS has published its Guidelines on Price Transparency, which examine four key pricing practices that may mislead customers and infringe the Consumer Protection (Fair Trading) Act. To better assist suppliers, the Guidelines set out good practices that can help minimise potential disputes with consumers and recommends actions to ensure that prices are accurate and communicated clearly.



Source: The Straits Times © Singapore Press Holdings Limited. Reprinted with permission.

Pricing Practice	Recommended Actions & Good Practices for Suppliers
<p>Drip pricing</p> <p>Suppliers should disclose any mandatory or unavoidable charges clearly and prominently. The mandatory or unavoidable charges should be included in the headline price.</p>	<p>Suppliers are encouraged to use an "opt-in" or "opt-neutral" approach towards optional add-ons. This enables consumers to actively select the options they want.</p>
<p>Price comparison</p> <p>Suppliers should ensure goods or services used for price comparisons are similar or equivalent.</p>	<p>Suppliers are encouraged to check the referenced price periodically and withdraw or amend the comparison accordingly.</p>
<p>Discounts</p> <p>Suppliers should ensure that all discounts and price benefits offered are genuine. For time-limited discounts, suppliers should state the time period clearly and accurately to avoid misleading consumers.</p> <p>Suppliers are encouraged to keep records of past sales and prices to prove that the discounts given were genuine.</p>	<p>Suppliers should ensure that all discounts and price benefits offered are genuine. For time-limited discounts, suppliers should state the time period clearly and accurately to avoid misleading consumers.</p>
<p>Use of the term "free"</p> <p>Suppliers should clearly and prominently state any qualifiers, subsequent/deferred charges, and key terms and conditions imposed on consumers when stating that the price of a good or service is \$0 or "free".</p> <p>For free trials, suppliers are encouraged to notify consumers before the trial period is over, and to provide clear information on the cancellation process and any subsequent chargeable fees. ■</p>	<p>Suppliers are encouraged to keep records of past sales and prices to prove that the discounts given were genuine.</p>

Market Study

THE DIGITAL FACE OF COMPETITION AND CONSUMER PROTECTION: CCCS MARKET STUDY ON E-COMMERCE PLATFORMS

10 SEPTEMBER 2020

On 10 September 2020, CCCS published its findings from a market study on e-commerce platforms. The study is part of CCCS's efforts to monitor key developments in the digital economy and understand their impact on competition and consumers in markets within Singapore.

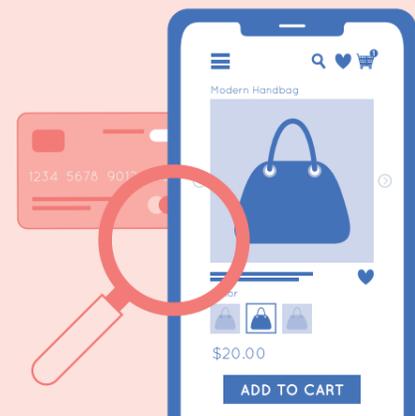
Competition Findings and Recommendations

- CCCS found no major competition concerns involving e-commerce platforms in Singapore. CCCS also noted that its existing competition framework is robust enough to address potential competition issues. Other findings include:
- Consumers check multiple platforms to find the best offers, and consider both price and non-price factors.
 - E-payment services by e-commerce platforms are unlikely to be a pre-requisite for a platform's success in Singapore.
 - The lack of data is not a critical barrier to entry for e-commerce platforms.
 - Data protection is not a key parameter of competition amongst e-commerce platforms currently.

The market study also identified areas where businesses operating in the digital space could benefit from further clarity and guidance from CCCS. Therefore, CCCS will be updating its competition guidelines to clarify the market definition for multi-sided platforms, the assessment of market power and abuse of dominance, and the assessment of mergers and acquisitions.

Consumer Protection Findings and Recommendations

E-commerce platforms play a key role in safeguarding consumers' interests. Providing a good customer experience and fostering trust are essential for success;



these factors have encouraged e-commerce platforms to implement measures that earn and maintain consumer trust, and also protect consumers from unfair practices. CCCS's findings are as follows:

- Some e-commerce platforms have targeted measures to protect consumers against unfair practices. Examples include guarantee features or pre-payment protection measures for consumers, and a non-compliance point system for sellers.
- However, a survey indicated that unfair practices are still encountered by consumers. The most commonly reported unfair practices are false claims of discounts or benefits and misrepresentations regarding limited quantities.

CCCS recommends that e-commerce platforms continue enhancing their consumer protection measures by raising sellers' awareness and understanding of the Consumer Protection (Fair Trading) Act and encouraging sellers to adopt good trade practices. ■

2 out of 3 online shoppers encounter unfair practices: Study

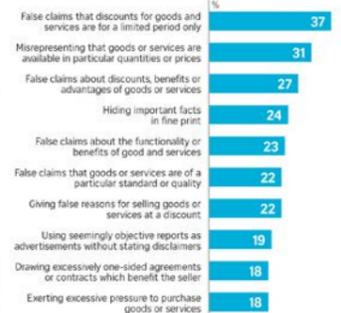
False claims relating to discounts or benefits among top complaints

Tiffany Fumiko Tay

While Mr. Al Wu was working at home in June, an Instagram advertisement for an adjustable-height desk caught his eye. Convinced by the sleek photos and rave reviews, he placed an order on the website, Bikurli Shop. But the delivered product – costing about \$70 – did not work as advertised. Mr. Wu told The Straits Times. More than two months and dozens of e-mails to the vendor later, he has yet to receive the product exchange he was promised. "They asked for cash on delivery, so there's not much I can do. I didn't have that level of caution," said the 44-year-old researcher, who rarely shops online. Such encounters with online sellers are not uncommon, according to a survey published by the Competition and Consumer Commission of Singapore (CCCS) yesterday. It found that over a three-month period, about two-thirds of consumers encountered unfair practices on online platforms. False claims relating to discounts or benefits, limited time deals and scarcity of goods or services were the top complaints. The survey of 650 people, conducted

online between November and December last year by economic consultancy Frontier Economics, formed part of a market study on the e-commerce landscape in Singapore. Misleading advertising practices like those highlighted in the survey have been addressed in the price transparency guidelines that will take effect from Nov 1, the CCCS noted in a 97-page report on the market study. The guidelines will set out how the agency will interpret and enforce consumer protection laws going forward. While the guidelines will apply to all vendors that supply goods and services to consumers in Singapore, observers noted the challenges in enforcing the law against overseas-based online sellers. Mr. Wu, for example, was told by the Consumers Association of Singapore (Case) that he had little recourse as the vendor in his transaction was not registered in Singapore. The market study found that some e-commerce platforms had measures in place to protect shoppers from unscrupulous sellers, such as pre-payment protection schemes. A spokesman for Lazada said its consumer protection measures include a demerit point system for errant sellers that can result in suspension. The five-month study also sought views from e-commerce industry players and platform suppliers. Industry members interviewed cited challenges in policing their platforms, with one characterising it as a cat-and-mouse game where bad sellers constantly find new ways to evade detection of unfair practices. The survey findings suggested that more could be done to foster a

Most common unfair practices



NOTE: Figures are from an online survey of 650 consumers in Singapore conducted between November and December last year. Respondents were asked to select from a list of unfair practices they had encountered while using websites and apps during the previous three months. This list is not exhaustive. Source: COMPETITION AND CONSUMER COMMISSION OF SINGAPORE STRAITS TIMES GRAPHICS

Source: The Straits Times © Singapore Press Holdings Limited. Reprinted with permission.

GOOD PRACTICES FOR SELLERS

SELL RESPONSIBLY. BUILD UP AND MAINTAIN A SOLID REPUTATION AS A TRUSTED SELLER.

- Include mandatory charges in the headline price.
- If these charges cannot be calculated in advance, disclose the existence of such charges together with the headline price.
- State key terms and conditions (T&Cs) such as warranties, shipping terms, refunds and returns prominently and clearly.
- Clearly display hyperlink to T&Cs where it is not possible to disclose such T&Cs upfront due to space constraints.



- Do not make false claims or exaggerate what your products can do.
- Be accurate, clear and precise in your description of product features.
- State the condition of your products (e.g. new/used).
- Check that the country of origin, functionalities and regulatory approvals of your products are truthfully stated on your listing.

For more guidance on pricing practices to avoid potential infringements of the Consumer Protection (Fair Trading) Act, refer to the CCCS Guidelines on Price Transparency at www.cccs.gov.sg

CCCS FIVE-YEAR STRATEGIC FRAMEWORK

The CCCS Five-Year Strategic Framework (FY2021 to FY2025) sets out the broad directions that CCCS will take to, among others, enhance relationships and collaborations with its stakeholders to co-create solutions that can overcome challenges of emerging trends in the next five years.

In developing this framework, CCCS engaged both internal and external stakeholders in an online conversation. Their active participation and valuable contribution enabled CCCS to identify emerging trends and issues and to assess how these will affect its operating environment.

Set against a rising digital economy, these dynamic trends and issues will give rise to more complex market structures and conduct. There will also be more cross-cutting issues that intersect between competition, consumer protection, and data privacy and protection. While cross-border competition and consumer protection issues pose a rising concern; domestically, businesses expect greater clarity from CCCS on how they can operate without contravening competition and consumer protection laws.

These insights have helped CCCS to identify five Strategic Thrusts that will pave the way towards achieving its new Desired Outcomes of forging efficient markets, conducive regulatory ecosystem, as well as an excellent and nurturing organisation. ■

CCCS FIVE-YEAR STRATEGIC FRAMEWORK

Vision: A vibrant economy with well-functioning and innovative markets

Mission: Making markets work well to create opportunities and choices for businesses and consumers in Singapore

Desired Outcomes



Strategic Thrusts



WORKING WITH OUR STAKEHOLDERS

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

CCCS-SAL CONFERENCE 2021: TRANSCENDING BOUNDARIES - COMPETITION LAW IN A DIGITAL ERA

The CCCS-SAL Conference is a triennial flagship event organised by CCCS and the Singapore Academy of Law (“SAL”) to highlight key developments and emerging trends in competition law and policy in Singapore. The fifth run of the conference was held digitally as a series of five webinars in March 2021, and featured distinguished local and international competition experts, including Emeritus Professor Richard Whish QC and Professor Massimo Motta.



Session 1: Competition Law and Digital Platforms

Expert speakers discussed the business strategies of digital platforms and explored the roles and responsibilities of digital platforms as “gatekeepers”. The speakers also examined the benefits and competition concerns surrounding data collection and the competition law implications of using algorithms.



Session 2: Harnessing and Protecting Data

- Intersection with Competition and Consumer Protection

This webinar touched on the various ways that digital-economy companies may harness data to compete and better serve consumers. The speakers also discussed how data usage may create tensions with antitrust and consumer data protection, and how the authorities may deal with data issues in the marketplace.



Session 3: Mergers Assessment and Remedies in the Digital Economy

Speakers looked into issues that arise from the assessment of mergers in an era of digitalisation. These include calculation of market shares, killer acquisitions, acquisition of data and network effects, and the use of remedies to address concerns that could arise.



Session 4: Market Definition in a ‘Borderless’ Economy

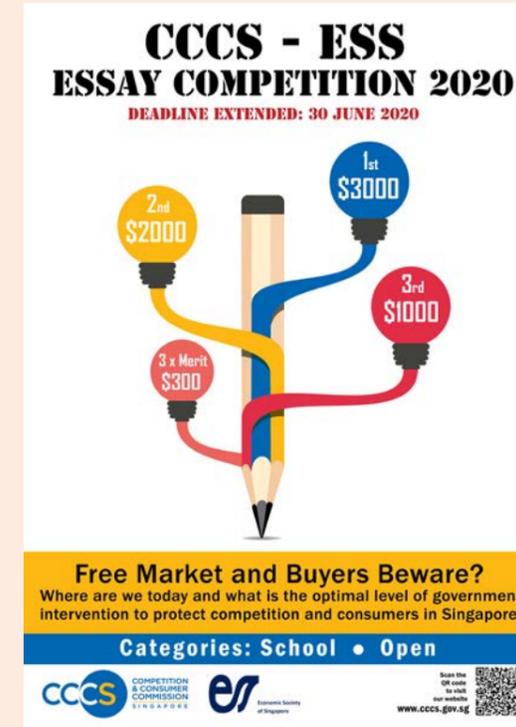
This session examined the extent to which various factors may impact the definition of the geographical market, including the locations of suppliers, customers, product delivery, service performance, invoice, and procurement decision. The session also discussed geographic issues in international transportation, digital platforms and international services.



Session 5: The Rise of the Digital Economy: Navigating Competition and Consumer Protection Law Compliance and Enforcement Challenges

This webinar updated participants on the latest competition and consumer protection law developments in Singapore and the world, in the context of the COVID-19 pandemic and the digital economy. It also explored how businesses and practitioners can safely navigate these challenges and discussed the future of international cooperation to address competition and consumer protection issues. ■

CCCS-ESS ESSAY COMPETITION 2020



Essay Excerpt:

“Regulators have a responsibility to ensure that firms provide consumers with ample information about their product; this is especially crucial given the policy assumption of reasonably well-informed consumers. [...] The digital economy presents a range of novel definitional, detection and enforcement problems for governments where market failure is concerned. However, the transition to a new normal characterised by fast-moving, highly networked markets can be managed with carefully calibrated amendments to existing legal and policy tools.”

Mr Goh Kyi Yeung (Columbia University)
Open Category – 1st Prize

“

Free Market and Buyers Beware?
Where are we today and what is the optimal level of government intervention to protect competition and consumers in Singapore?

”

CCCS successfully concluded the 4th run of the CCCS-ESS Essay Competition on 30 June 2020. A record-breaking 134 essays were received across the two categories (Open and School). The judging panel comprised CCCS Chief Executive, CCCS Board members and representatives from the Economic Society of Singapore (“ESS”) and CCCS’s Consumer Protection Resource Panel.

Essay Excerpt:

“The digital economy, with the proliferation of multi-sided markets where network effects are present, has brought about an additional consideration towards market failure caused by mergers. [...] Hence, when regulating mergers in the digital economy, the government needs to weigh the efficiency gains from network effects of market failure post merger.”

Mr Lee Chong Dao, Joshua
& Mr Khaw Wei Yi, Joseph
(Recently completed National Service)
School Category – 1st Prize

PROVIDING ADVICE TO GOVERNMENT AGENCIES

CCCS has a statutory duty to advise government agencies on national needs and policies in respect of competition matters. By understanding the competition impact of their initiatives, government agencies can better evaluate their proposals and explore alternative policy options if necessary.

CCCS has advised on a wide range of competition issues by assessing the impact of the proposed initiative on competition in the affected markets, and where possible, identifying ways to alleviate these competition concerns.



Advisory to NEA on its Beverage Container Take-back Scheme

The National Environment Agency (“NEA”) consulted CCCS on its plans to implement a new beverage container take-back scheme in Singapore. The legislative framework for the scheme will be introduced by 2022 as part of the first phase of the Extended Producer Responsibility approach to manage packaging waste. Under this scheme, consumers will pay a deposit when they purchase beverages, and this deposit will be refunded when the empty beverage container is returned at specified points.

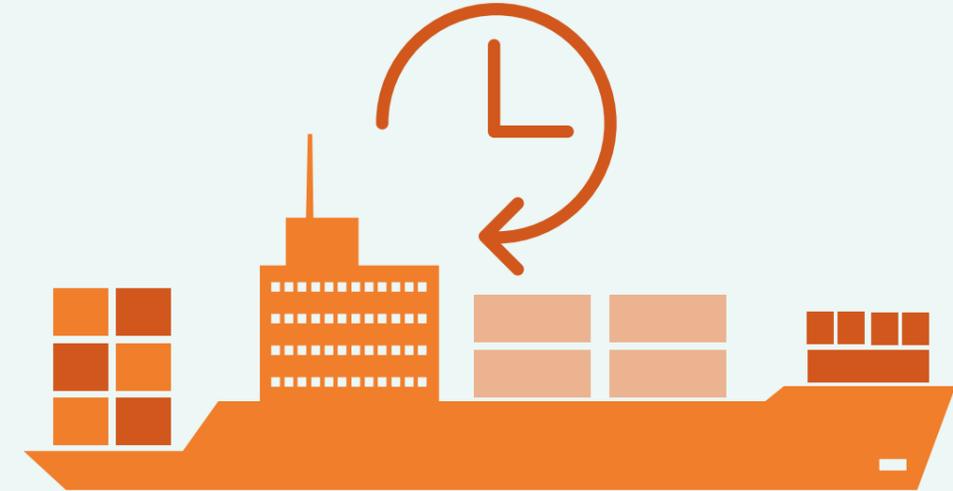
CCCS considered the competition impact of NEA’s plans and provided recommendations on how NEA can mitigate potential competition concerns. Examples include advising NEA to regularly review the parameters of the scheme framework to ensure that it does not unnecessarily restrict competition, and to consider putting in place safeguards to prevent the exchange of commercially sensitive information between industry players. Additionally, CCCS recommended that NEA regularly review target(s) set (e.g. recycling) and compliance costs to adapt to changing market conditions, and to ensure that the regulations remain relevant to the industry.



Advice to URA on the development of a more competitive environment for the deployment of electric vehicle (“EV”) charging infrastructure

With Singapore’s vision to phase out internal combustion engine vehicles and have all vehicles run on cleaner energy by 2040, the development of charging infrastructure has become an area of interest. In this regard, the Urban Redevelopment Authority consulted CCCS on the design of its competitive pilot tenders for EV charging deployment in public car parks and the creation of a more competitive environment for EV charging services in private car parks.

To this end, CCCS provided guidance on how to design a competitive tender for EV charging services in public car parks, including suggestions on how to (i) ensure sufficiently-sized car park bundles; (ii) provide sufficient information to tenderers; (iii) prevent EV charging operators from using market power to charge high prices; and (iv) carry out good practices to deter bid rigging. CCCS also provided advice on how to intensify competition for the supply of EV charging services in private car parks by encouraging commercial building owners to carry out competitive tendering processes and the implications of interoperability standards requirements.



Review of the Competition (Block Exemption for Liner Shipping Agreements) Order

On 26 August 2020, the Minister for Trade and Industry extended the Competition (Block Exemption for Liner Shipping Agreements) Order (“BEO”) for one year until 31 December 2021.

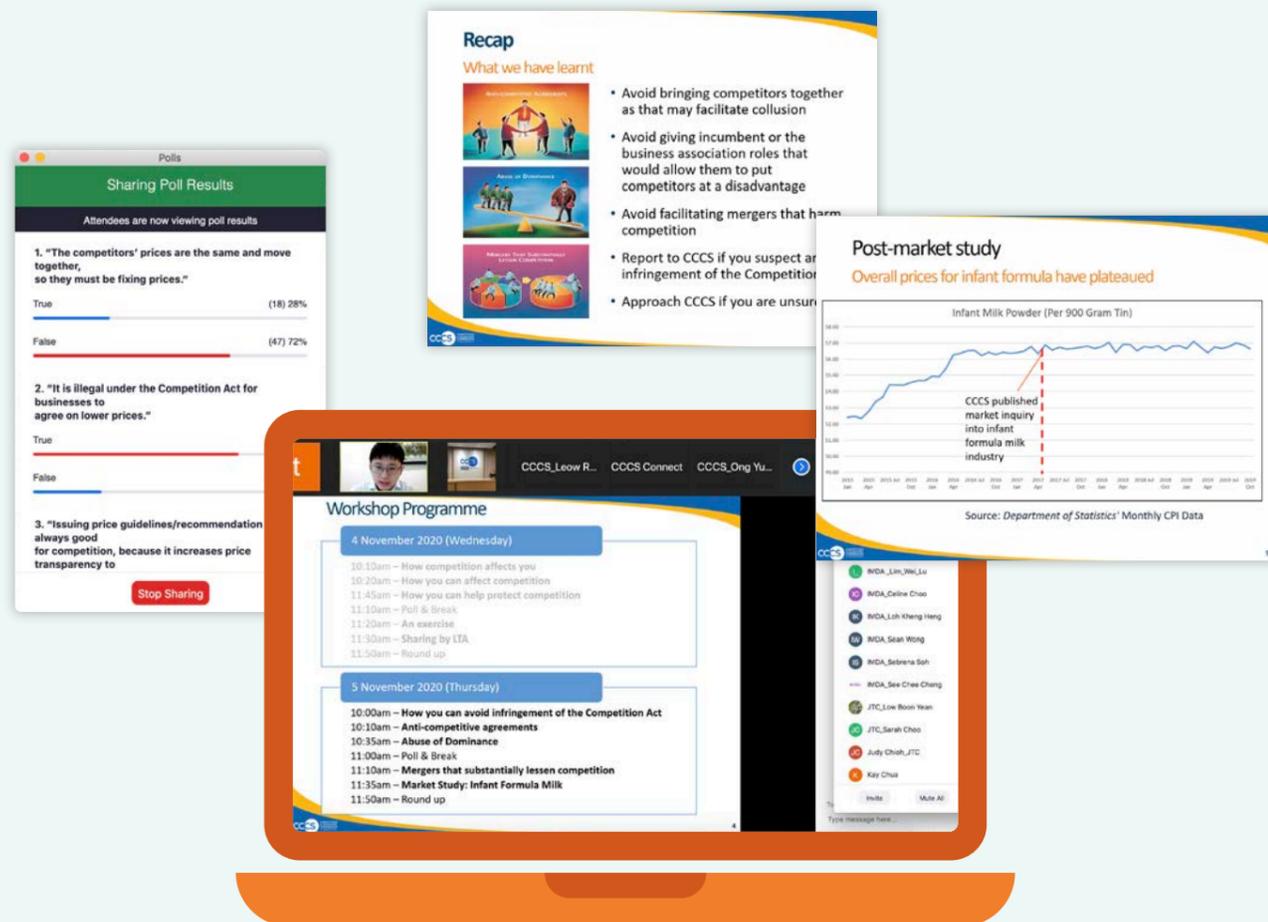
The BEO exempts certain types of liner shipping agreements (“LSAs”) from the prohibition against anti-competitive agreements under section 34 of the Competition Act (Cap. 50B), under specified conditions and obligations.

The COVID-19 pandemic had resulted in contractions in manufacturing and trade globally. Disruptions in

global supply chains and a dip in global demand had created significant market uncertainties and affected the outlook for the maritime sector internationally and in Singapore. Given the highly uncertain times brought about by the COVID-19 pandemic, and that the prevalence and importance of LSAs may evolve arising from the pandemic, it was necessary to account for such developments in assessing the appropriate approach for Singapore in the longer term.

CCCS supported the Minister’s decision to extend the BEO for an additional year. Prior to the BEO’s expiry, CCCS will assess and make a recommendation to the Minister on the BEO.

COPCOMER: COMMUNITY OF PRACTICE FOR COMPETITION AND ECONOMIC REGULATIONS



COPCOMER is an inter-agency platform for government agencies. Through regular activities such as seminars and workshops, COPCOMER facilitates the learning of market developments and the sharing of best practices and experiences on competition, consumer protection and regulatory issues.

COPCOMER Competition Workshop: “Competition Matters: What Public Officers Need to Know”

In November 2020, CCCS organised a COPCOMER competition workshop for public officers to gain a deeper understanding of the key prohibitions of the Competition Act, competition issues that arise from government

participation in the market, and how CCCS's competition impact assessment framework can be used to identify competition issues. Case studies, interactive quizzes and practical tips for engaging CCCS further helped to illustrate the applicability of these concepts. During the session, the Land Transport Authority shared its experience working with CCCS on an advisory.

More than 100 public officers from 20 agencies attended the workshop, which took place over two morning sessions on 4 and 5 November 2020. The overall feedback was positive; respondents found the workshop relevant and were able to apply the concepts learned. ■

PUBLICITY AND OUTREACH FOR GUIDELINES ON PRICE TRANSPARENCY

Media and Online Publicity

A virtual media briefing was held on 7 September 2020 to launch the Guidelines and explain its key pricing practices to the media. The session was attended by local online, print, television and radio news outlets.

There has been wide and positive news coverage of the Guidelines, with close to 20 reports published across local news platforms, and an interview with Mr Herbert Fung, Senior Director of Business & Economics, that aired on Mediacorp's Channel 8 and on Chinese radio stations.

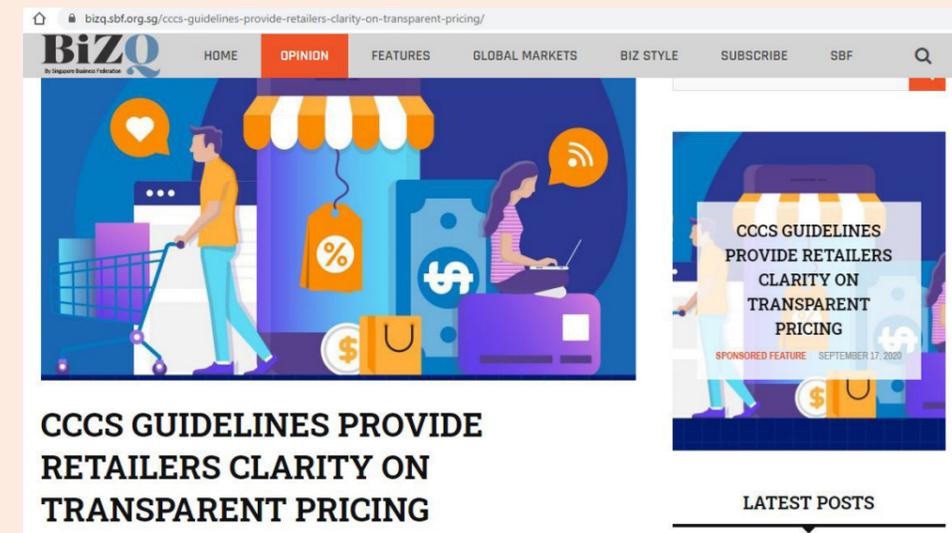
To supplement media coverage and increase the public's awareness of the Guidelines, CCCS leveraged targeted online advertising with platforms such as Facebook and the Google Display Network.

TACs and Suppliers

CCCS has been working with the Ministry of Trade and Industry and a number of Trade Associations and Chambers (“TACs”) to disseminate the key messages to suppliers through website advertisements and electronic direct mailers.

In particular, CCCS collaborated with TACs such as the Singapore Chinese Chamber of Commerce & Industry and the Singapore Business Federation to organise webinars to educate their members about the new guidelines. The webinars, held in October and November

2020, were attended by over 260 participants from both organisations. Other outreach sessions included a sharing session in November 2020 for suppliers of Chinese proprietary medicines, traditional medicines and health supplements in Singapore, and more recently in 2021, a presentation at the Singapore Hotel Association's Competition Law & Consumer Protection Seminar. ■



MONEYFM INTERVIEW ON CONSUMER PROTECTION

28 APRIL 2020

In an interview with MoneyFM, Mr Jack Teng, Director of Consumer Protection, spoke about how consumers can protect themselves against unfair trade practices by retailers. He highlighted the beauty industry, which according to statistics from the Consumers Association of Singapore, has consistently ranked among the top three industries with the most complaints received. One-third of complaints received in 2019 involved salespersons exerting undue pressure or influence on consumers. Mr Teng encouraged consumers to protect themselves by gathering enough knowledge of the products and services to help them make an informed purchasing decision. ■



OUTREACH TO THE GENERAL INSURANCE ASSOCIATION OF SINGAPORE

7 AUGUST 2020

Sharing of CCCS's observations
Distribution of insurance for MCSTs through intermediaries

- Potential impact on market competition:
 - » Providing pricing quote only to "first-in" intermediary:

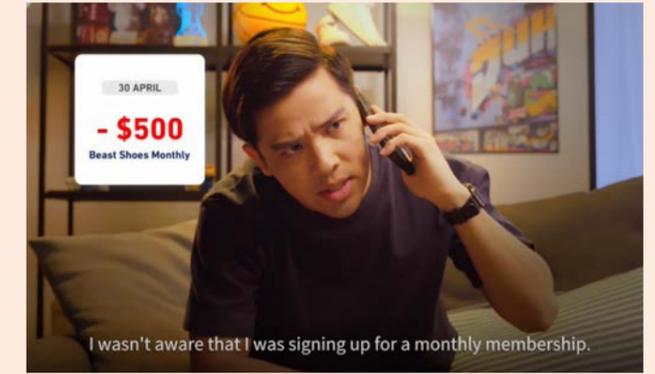
CCCS hosted a virtual outreach session for the General Insurance Association of Singapore on 7 August 2020. In addition to sharing a primer on the Competition Act, CCCS also shared its observations on industry practices pertaining to the distribution of insurance for Management Corporation Strata Titles ("MCSTs") through intermediaries, and how these may impact market competition and, in turn, insurers and their MCST customers. ■



CORPORATE VIDEO: "MAKING MARKETS WORK WELL"

"Making Markets Work Well", CCCS's latest corporate video, showcases its roles and responsibilities and provides an overview of the Competition Act and the Consumer Protection (Fair Trading) Act.

The video features CCCS's key interventions over the years - including exposing a decade-old capacitors cartel comprising five large global electronic firms - and highlights several unfair trade practices, including examples from the beauty and e-commerce industries. ■



OUTREACH TO SCHOOLS

In an effort to develop and cultivate future business leaders, CCCS engages schools and promotes the understanding of competition and consumer protection laws among students. In 2020, CCCS conducted several outreach sessions to junior college and university students.

National Junior College (3 August 2020)

Officers from the Policy & Markets Division conducted an online presentation for 240 economics students from National Junior College. The session, titled "Economics in Action: Making Markets Work Well", covered the three key prohibitions under the Competition Act, with a focus on mergers and acquisitions.

Why does competition matter?
You've probably thought about this question before...

- Past year A Level H2 Economics questions
- Personal experience

National University of Singapore (1 September 2020)

Officers from the Business & Economics Division gave a presentation on the role of economics in competition law and policy to university students taking Assoc Prof Burton Ong's Competition Law and Policy module. The online seminar saw a lively exchange of ideas between the CCCS officers and Prof Ong's class of about 40 students.

(11 November 2020)

The Policy & Markets Division conducted an outreach session on competition law and regulation in Singapore to about 40 economics students taking the Industrial Organisation module. The presentation, which took place virtually, covered the three key prohibitions under the Competition Act and included case examples.

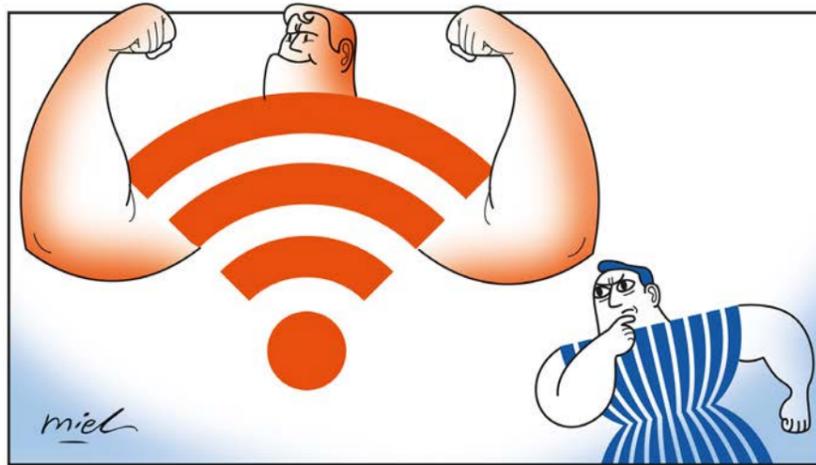
Tampines Meridian Junior College (24 November 2020)

The Policy & Markets Division reached out to 120 economics students from Tampines Meridian Junior College with an online presentation, "Economics in Action: Competition Act and the CCCS". The session covered the three key prohibitions under the Competition Act, with a focus on abuse of dominance. ■

OPINION PIECE: DO ASEAN-WIDE SUPER APPS NEED TO BE REGULATED?

Assoc Prof Burton Ong and Dr Tan Hi Lin examined the emergence of super apps, their impact on competition in the digital marketplace, and how regional co-operation

among ASEAN's competition authorities can help to ensure effective competition enforcement. The article was published on 27 May 2020 in *The Straits Times*. ■



Do Asean-wide super apps need to be regulated?

The pandemic is boosting e-commerce, with a growing role for competition law and policy across Asean to ensure open market access and fair practices

Burton Ong and Tan Hi Lin

For The Straits Times

The onset of the Covid-19 pandemic has hastened the migration of consumer spending from brick-and-mortar shopping malls to electronic-commerce (e-commerce) platforms, heralding a new era of growth for the digital economy. Movement restrictions are unlikely to be removed in the near future, with most businesses likely to be subject to more stringent capacity limitations and crowd control measures. These generate market conditions – in Singapore and across the region – that magnify the significance of e-commerce as a pillar of all affected economies. In South-east Asia, there is tremendous potential for cross-border e-commerce to drive regional economic integration and economic growth. Asean consumers are increasingly turning to their smartphones and mobile apps to engage in electronic transactions, whether it is to get a private-hire car, get food delivered, do e-payments or shop online. Successful e-commerce platforms operating across Asean today include Tokopedia from Indonesia and Lazada from Singapore. While Asean has experienced positive developments, there is still

potential for greater e-commerce adoption in the region. Firms face many challenges today, such as obstacles to foreign market access, and the lack of Asean-wide interoperable payment systems and digital services. In addition, the development of e-commerce platforms has been affected by the emergence of interconnections between previously unrelated markets and industries. For example, “super apps” that make it easier for consumers to transact in different markets and industries through a common platform have the potential to simultaneously impede and facilitate cross-border e-commerce transactions. During this pandemic, as businesses are forced to shut to reduce transmission risks, many are turning to e-commerce. Businesses that list their products on multiple e-marketplaces sell to consumers overseas may be able to make up for the loss of domestic sales. Even when the Covid-19 pandemic abates and restrictions are eased, the role of e-commerce in strengthening business resilience and supporting economic recovery across Asean is likely to stay. Super apps first emerged in China with apps such as Meituan, Alipay and WeChat leveraging the high recurring usage of their platforms to consolidate all types of different features onto a common application platform. For example, a social media chat app, typically

used many times a day, can include payment options and e-commerce, which let users shop and pay through the app. Similar developments can be found in South-east Asia. Both Indonesia's Gojek and Singapore-based Grab started as ride-hailing platforms but swiftly expanded to other services including their respective payment services. Grab in fact recently announced its collaboration with Singtel to bid for a digital banking licence in Singapore. With many Asean consumers already familiar with apps and their many uses, there is tremendous potential to develop interoperable Asean e-wallets that will significantly reduce payment friction related to intra-Asean tourism. Such e-wallets can expand and enhance cross-border e-commerce opportunities, especially for the large segment of unbanked citizens and small businesses in Asean. While super apps may attract us with the wide array of features offered, should we also be concerned that they might eventually dominate the e-commerce landscape to such an extent that they might impair competition in the digital marketplace? For example, a super app that has a dominant position in one market may offer its consumers bundled discounts – discounts for using the same app for more than one type of service – in order to encourage its users in this market to also use its

app for other services in different markets. If the super app successfully attracts a large enough number of such consumers to use it for bundled discounts, the resultant “network effects” may compel businesses in other markets to use that super app to access their consumers. If other apps without the market power are unable to replicate such strategies, would businesses ultimately be forced to list on these dominant platforms or to use their payment services exclusively? Super apps that utilise such exclusionary conduct to sustain their dominance after driving out competitors may, subsequently, be able to charge higher fees from businesses and consumers that transact on their platforms, raising the costs of cross-border trade for everyone. Without facing robust competition, developers of super apps may not be incentivised to engage in continuous product innovation unless the legal and regulatory environment ensures the market remains contestable, systems remain open and interoperable, and pricing practices remain transparent. This is where competition law and policy can play a role to facilitate e-commerce growth.

In 2018, the acquisition of American ride-hailing platform Uber's South-east Asian operations by Grab showed how quickly a merger of online players could be completed and made irreversible. The Competition and Consumer Commission of Singapore (CCCS) was quick to act on the merger, imposing fines on the merger parties for the irreversible harm to competition between ride-hailing platforms. It also imposed directions on the parties to restore market contestability and encourage new entry. The market saw the entry of Gojek a few months later. In an earlier case involving interoperability, the CCCS worked with a payment service provider to remove restrictions that prevented merchants from accepting other payment cards on common payment terminals. There are other risky behaviours in e-commerce by businesses that merit the competition authority's attention. One example is online price comparison platforms, as well as customer reviews and rating systems. These enhance consumers' ability to make informed choices and intensify price competition between online sellers. Unfortunately, misleading pricing practices are common, such as drip pricing (adding extras at the end of the transaction, often in a not very transparent manner – for example, adding the cost of travel insurance to a flight ticket). Another example is false time-limited discounts, giving consumers the impression an offer is about to expire in a few minutes. Such practices thwart consumers' ability and efforts to make informed purchasing decisions, and in turn impede the ability of honest businesses to compete on a level playing field. The CCCS is developing a set of guidelines on price transparency to address this issue.

COOPERATION AMONG ASEAN COMPETITION AUTHORITIES
The cross-border nature of e-commerce platforms may pose enforcement challenges to the competition authorities as some e-commerce websites may target domestic consumers but have limited physical presence domestically. This highlights the importance of regional cooperation among the competition authorities to achieve effective competition enforcement. The competition authorities in Asean have already begun to work together on common challenges. For example, the CCCS cooperated with Malaysia, the Philippines and Vietnam on the Grab-Uber merger, sharing non-confidential information. Memorandums of understanding (MOUs) between Asean competition authorities can help to facilitate enforcement cooperation. The CCCS has signed an MOU with the Indonesian Competition Commission to encourage notification of enforcement activities that potentially affect each other's interests, facilitate the exchange of information between the agencies, and support enforcement coordination in cases of mutual interest.

ROLE OF COMPETITION LAW AND POLICY
This is where competition law and policy can play a role to facilitate e-commerce growth.

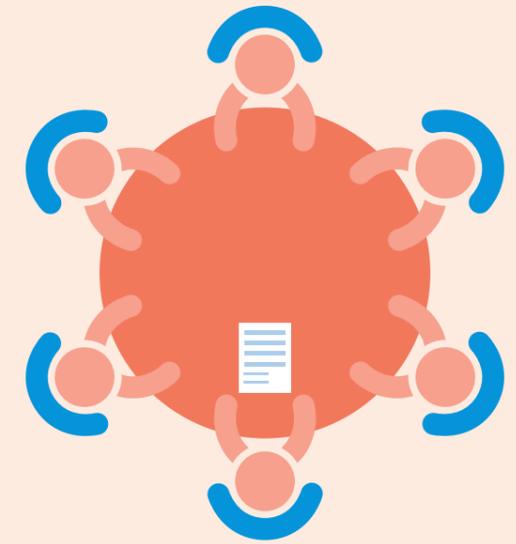
Asean member states are also taking important steps to bridge digital divides through the Asean Digital Integration Framework, to facilitate digital trade and innovation, while enabling seamless digital payments. As competition can also be affected by government policies and regulations, the authorities need to understand how their actions might have an impact on competition and market access. The competition authorities can play the role of advising other government agencies on their policies on e-commerce markets to avoid any unintended anti-competitive effects. For example, in developing the physical infrastructure necessary to support e-commerce in Singapore, the government-initiated Locker Alliance adopted an open access delivery network comprising parcel lockers and collection points to enable consumers to collect parcels at their convenience. An open and interoperable system helps to prevent any player from taking advantage of their market positions to exclude their rivals from using this national infrastructure. Another issue where government decisions affect competition in e-commerce is data portability. Empowering consumers with greater control over their data can support the growth of the digital economy and trade, as it allows consumers to get and reuse their personal information for different services. For example, they won't have to create a new account for every online shopping experience from a different website, but can use one. Recognising this, the CCCS collaborated with the Personal Data Protection Commission to study data portability and how it can be introduced to support a digital economy. These ongoing discussions with different regulators ensure that various issues that could affect e-commerce development are concurrently monitored and, hopefully, addressed. E-commerce will play an increasingly significant role in the way Asean nationals consume goods and services, and will continue to be a key front for Asean economic integration. For Asean to fulfil its e-commerce growth potential, competition law and policy can be deployed as a regulatory tool to facilitate the development of a vibrant digital ecosystem for the benefit of both businesses and consumers across the region. Whether regulating super apps, online shopping practices, or vetting internal government rules, the competition authorities can play a significant role in ensuring that the digital economy is open to competition and conducive to boosting Asean's growth.

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Associate Professor Burton Ong is Head of Competition Law Research at the EY Barker Centre for Law and Business, National University of Singapore. Tan Hi Lin is director of the Policy and Markets division of the Competition and Consumer Commission of Singapore. Celestine Song, assistant director at the same division, also contributed to this article.

CCCS LEGAL ROUNDTABLE

21 AUGUST 2020

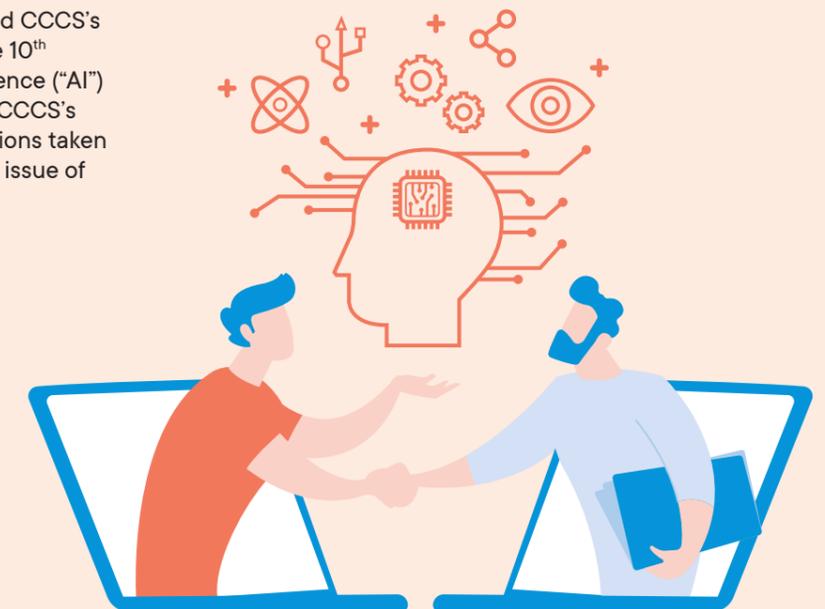
At the annual Legal Roundtable, CCCS updated practitioners on the Guidelines on Price Transparency and briefed them on the key amendments it was intending to make to several CCCS Guidelines and the rationale behind them, including, among others, the Guidelines on the Treatment of Intellectual Property Rights and Guidelines on Market Definition. The roundtable discussion was well attended by representatives from local and international law firms and other organisations. ■



10TH REGULATORS ROUNDTABLE ON AI GOVERNANCE

21 OCTOBER 2020

The Legal & Enforcement Division presented CCCS's E-commerce Platforms Market Study at the 10th Regulators Roundtable on Artificial Intelligence (“AI”) Governance. The presentation focused on CCCS's position on algorithmic collusion, and positions taken by overseas competition authorities on the issue of algorithmic collusion. ■



INTERVIEWS: UP CLOSE AND PERSONAL WITH CCCS CHIEF EXECUTIVE MS SIA AIK KOR



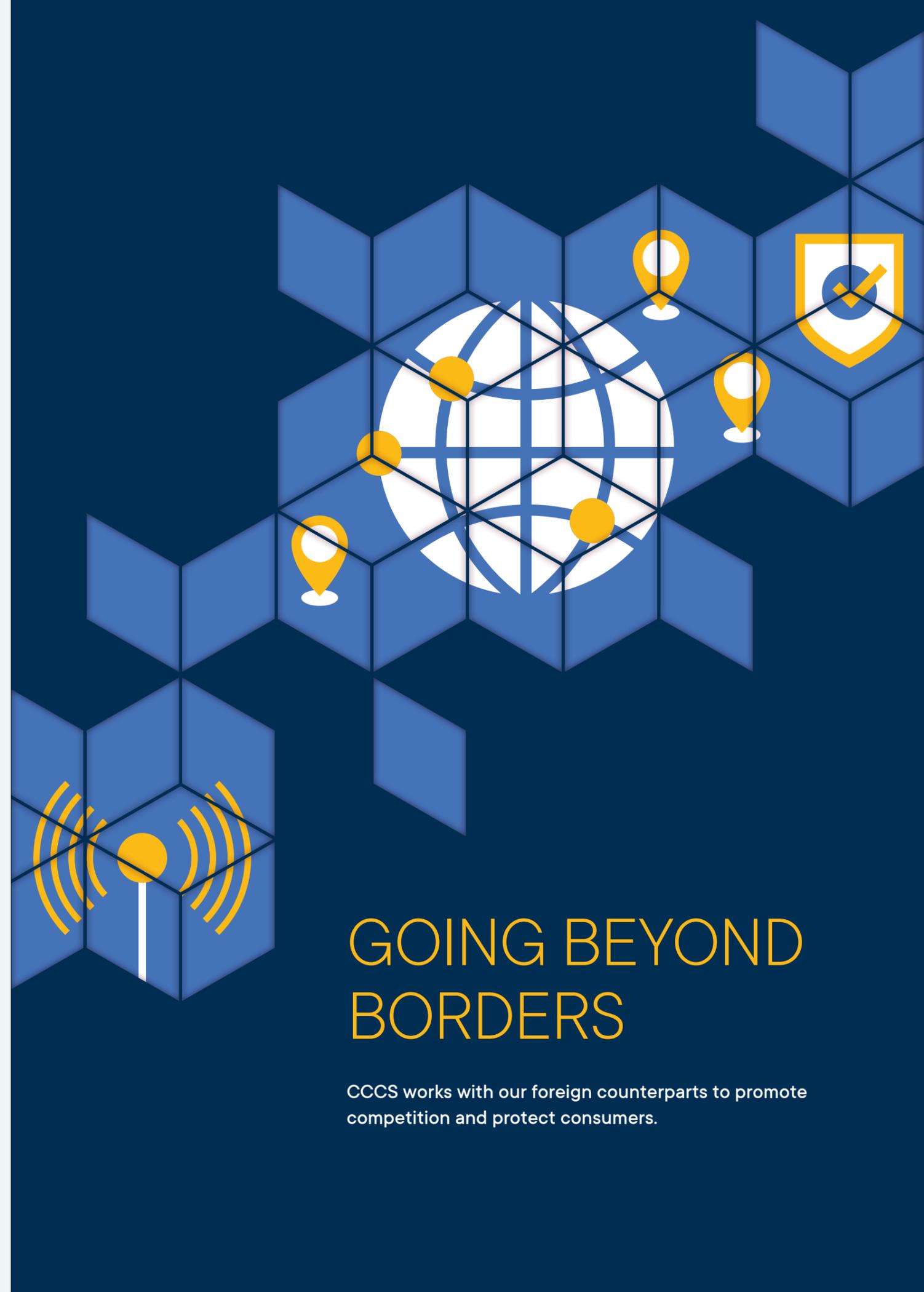
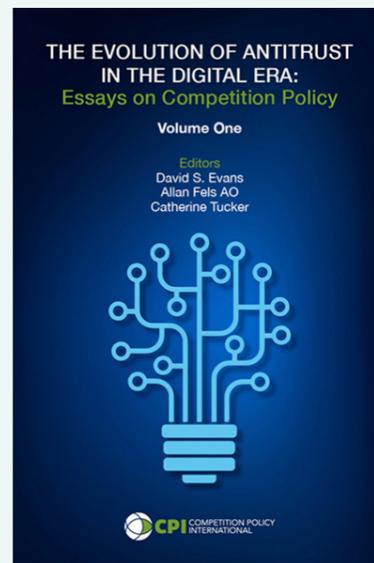
In separate interviews with MLex and Global Competition Review, Ms SIA AIK KOR spoke about her role as Chief Executive of CCCS, the challenges of the COVID-19 pandemic and her ambitions for the future. ■

ESSAY: THE ROLE OF COMPETITION LAW AND POLICY IN SUPPORTING ASEAN E-COMMERCE

E-commerce is a key front for ASEAN economic integration, given the increasingly significant role it plays in the purchase of goods and services by ASEAN consumers.

This essay examines how digital trade in the region might be simultaneously facilitated and impeded by regional market developments that impact the competitive landscape in which online merchants operate.

The essay was written by CCCS officers Dr Tan Hi Lin (Director, Policy & Markets Division), Ms Celestine Song (Assistant Director, Policy & Markets Division) and Assoc Prof Burton Ong (Head of Competition Law Research at the EW Barker Centre for Law and Business, National University of Singapore). It is part of *The Evolution of Antitrust In the Digital Era: Essays on Competition Policy (Volume One)*, a collection of essays published by Competition Policy International. ■



GOING BEYOND BORDERS

CCCS works with our foreign counterparts to promote competition and protect consumers.

INTERNATIONAL COMPETITION NETWORK

The International Competition Network (“ICN”) is the global body devoted to competition law enforcement. Its members comprise national and multinational competition authorities. CCCS is an active member of the ICN and, since 2015, has been a member of the ICN’s decision-making body, the ICN Steering Group.

Appointment of CCCS as co-chair of the ICN Agency Effectiveness Working Group (May 2020)

In May 2020, CCCS assumed the role of co-chair of the Agency Effectiveness Working Group (“AEWG”), alongside the Swedish Competition Authority and the Competition and Consumer Authority of Botswana. Together with the other AEWG co-chairs, CCCS will lead projects and initiatives to identify key elements of a well-functioning competition agency and develop best practices for agency strategy, planning, operations and procedures.

In the current ICN work year, CCCS is leading the “Case Initiation and Prioritisation” project to examine how early case prioritisation and management can contribute to effective and efficient enforcement.

CCCS was co-chair of the Advocacy Working Group for three years prior to its new role as AEWG co-chair.

ICN Annual Conference and Fall Webinar Series (September and October 2020)

The ICN Annual Conference was held virtually from 14 to 17 September 2020. Jointly organised by the US Federal Trade Commission (“FTC”), US Department of Justice and the ICN Working Group Co-Chairs, the event gathered representatives from competition agencies and non-governmental advisors; the opening day attracted over 2,500 participants online.

Ms Sia Aik Kor spoke in the Advocacy Working Group plenary session, “Competition Advocacy in the Digital Age”, on how CCCS’s working relationship with other government agencies has evolved with the emergence of digital markets. In the Chief Economist Session, Ms Ng Ee Kia, Assistant Chief Executive (Policy, Business & Economics), provided a Singapore perspective on the opportunities and challenges for economic analyses of the digital sector.

Following from the conference, CCCS organised a webinar on “Enforcement Priorities in Action: Agency Effectiveness Perspective” as part of the ICN Fall Webinar Series. The webinar facilitated insightful discussion around agencies’ motivations for case prioritisation, how they identified and set their enforcement priorities, the substantive criteria that guided their priority setting practices, and the challenges and practical issues faced when implementing the priorities. About 120 participants attended the session held on 13 October 2020. ■



INTERNATIONAL CONSUMER PROTECTION ENFORCEMENT NETWORK (“ICPEN”)

The ICPEN is a global forum focused on consumer protection concerns. Its members comprise consumer protection law enforcement authorities from around the world.

CCCS participated in key events organised by the ICPEN. These include the virtual ICPEN Conference (30 November and 2 to 3 December 2020) organised by the Canadian Competition Bureau and weekly ICPEN Best Practices Webinars in February 2021. Topics such as misleading environmental claims and enforcement in the digital economy were discussed. ■



ASIA-PACIFIC ECONOMIC COOPERATION (“APEC”)

25 FEBRUARY 2021

APEC Competition Policy and Law Group (“CPLG”) First Senior Officials’ Meeting

The CPLG is responsible for practical aspects of competition law and enforcement to develop and enhance competition law and policy in APEC member economies. In its 2021 annual meeting held on 25 February, 15 APEC members, including Singapore, updated on the competition policy and law developments in their respective economies. Members also discussed the implications of competition policy and law for structural reform and governance. ■



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (“OECD”)

OECD Special Meeting of High Level Representatives of Asia-Pacific Competition Authorities

The meeting was held virtually on 15 July 2020, with the theme of “Competition in Times of COVID-19”. Senior competition representatives were invited to share their agencies’ responses to COVID-19 and discuss the strategies put in place by competition authorities during the ongoing crisis. Ms Sia Aik Kor shared CCCS’s experience with and responses to the crisis.

OECD Global Forum on Competition

The Global Forum, held from 7 to 10 December 2020, brought together competition officials from over 110 authorities and organisations. CCCS provided



written submissions on “Economic Analysis in Merger Investigations” and “Using Market Studies to Tackle Emerging Competition issues”. Mr Herbert Fung spoke in the expert panel session on “Economic Analysis in Merger Investigations” and chaired one of the breakout sessions. ■

ASSOCIATION OF SOUTHEAST ASIAN NATIONS (“ASEAN”)

ASEAN Experts Group on Competition (“AEGC”)

The AEGC was established in 2007 as the official platform for discussing and coordinating competition policies in ASEAN, with the goal of promoting competition policy and law in the region. CCCS actively participated in various AEGC meetings held over the course of 2020.

9 June 2020 – 1st Online AEGC Meeting

In this meeting, the AEGC chairmanship was handed over to Mr Trinh Anh Tuan, Deputy Director-General of the Vietnam Competition and Consumer Authority. The meeting discussed the progress of the 2020 AEGC Priority Deliverables, including a mid-term review of the ASEAN Competition Action Plan (“ACAP”) 2016 – 2025. A session to share best practices in the context of COVID-19 was held between ASEAN Member States (“AMS”) and representatives from the United Nations Conference on Trade and Development (“UNCTAD”) and the Italian Competition Authority. The AEGC also endorsed a Joint Statement against COVID-19, which was published on the AEGC web portal and the websites of the various ASEAN competition authorities.

21 July 2020 and 6 August 2020 – 2nd and 3rd AEGC Online Meetings

The meetings discussed possible collaboration with the US Department of Justice as well as an upgrade of the Competition Chapter for the ASEAN-Australia-New Zealand Free Trade Agreement. The meetings also further discussed the mid-term review of the ACAP.

20 to 22 October 2020 – 25th Meeting of the AEGC

During this meeting, the AEGC carried out a mid-term review of the ACAP, which is a 10-year framework that will guide the AEGC in developing ASEAN into a competitive region with well-functioning markets. Arising from the review were a number of amendments to the ACAP, including the addition of new deliverables and initiatives. CCCS will work with other competition authorities in ASEAN to drive and implement these initiatives.

The meeting also discussed the progress of several ongoing AEGC projects. A toolkit to guide AMS on formulating and implementing their national enforcement strategy, was finalised at the meeting and subsequently published on the AEGC web portal. A handbook to raise awareness among businesses on the various competition regimes in ASEAN was also finalised and published.



ASEAN Committee on Consumer Protection (“ACCP”)

The ACCP was established in 2007 as the focal point to implement and monitor regional arrangements and mechanisms to foster consumer protection in the ASEAN region. CCCS participated actively in the ACCP meetings, which were held online in 2020.

2 June 2020 – 1st ACCP Online Meeting

In this meeting, AMS, the Australian Competition and Consumer Commission, the US FTC and UNCTAD, shared about the implications and measures to mitigate COVID-19. The ASEAN Secretariat also updated the meeting on the progress of the ACCP Key Deliverables 2020 and the mid-term review of the ASEAN Strategic Action Plan on Consumer Protection (“ASAPCP”) 2016 – 2025.

17 June 2020 – Mid-term Review of the ASAPCP

CCCS attended a meeting on the mid-term review of the ASAPCP. The review was conducted by consultants from the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (“GIZ”), a development partner of the ACCP.

22 June 2020 and 13 August 2020 – 2nd and 3rd ACCP Online Meetings

These meetings were attended by AMS representatives, including Singapore, and GIZ. Participants discussed the progress of several ongoing ACCP initiatives and projects, including the mid-term review of the ASAPCP.

16 to 18 November 2020 – 21st ACCP Meeting and 4th Project Steering Committee Meeting

The meetings were attended by AMS representatives, including Singapore, and two ACCP development partners, GIZ GmbH and the Australian Competition and Consumer Commission. AMS were briefed on the progress of the initiatives under the ASAPCP, and also provided feedback on certain initiatives. ■



GLOBAL COMPETITION REVIEW LIVE: ASIA-PACIFIC LAW LEADERS FORUM

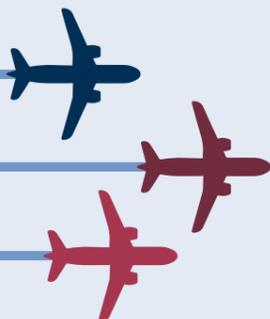
3 AND 4 SEPTEMBER 2020

The forum brought together regulators, in-house counsels and senior practitioners from the region to discuss topics such as the interplay of competition, consumer protection and data protection laws; merger regulation and the consideration of socio-economic factors; and the latest developments in the region. CCCS spoke about its latest developments at the forum’s ASEAN enforcers’ roundtable. ■



HONG KONG COMPETITION COMMISSION'S WEBINAR: "COMPETITION IN AVIATION AFTER COVID-19"

25 SEPTEMBER 2020



The Hong Kong Competition Commission and the Chinese University of Hong Kong Faculty of Law co-hosted a webinar which discussed the impact of the COVID-19 outbreak on the aviation sector and the initiatives undertaken by relevant government authorities to promote competition in the aviation sector. The webinar was attended by more than 100 participants, including officials from competition and aviation authorities, and academics specialising in competition in the aviation industry.

As a webinar panellist, Senior Assistant Director (Business & Economics) Mr Jonathan Chan spoke about CCCS's 2018 Airline Guidance Note and the review of CCCS's competition framework to handle crisis-driven airline mergers and alliances. The panel also included representatives from the Malaysian Aviation Commission, the Competition and Markets Authority of the United Kingdom, and the State Administration for Market Regulation of the People's Republic of China. ■

2020 DIGITAL ENFORCEMENT SUMMIT

OCTOBER AND NOVEMBER 2020

Competition Bureau Canada organised its first Digital Enforcement Summit, an event that spanned four days in late 2020: 6 October, 19 October, 10 November and 26 November. The summit discussed a range of digital issues across the full process of an investigation, from detection to resolution. Competition enforcement agencies, regulatory bodies and individuals from business, legal and academic communities shared best practices and challenges tackling emerging issues in the digital age.

Mr Herbert Fung, Senior Director (Business & Economics), spoke at a session on "Developments in Intelligence, Detection and Evidence", where he elaborated on the Singapore Government's efforts to encourage cross-agency data sharing and CCCS's experience collaborating with government agencies to build new enforcement tools such as a text comparison tool and a mapping tool. ■



PRESENTATION AT THE WEBINAR SIDE-EVENT OF THE DIGITAL CITIZEN AND CONSUMER WORKING GROUP

28 OCTOBER 2020

CCCS was invited to share at the Global Privacy Assembly's Digital Citizen and Consumer Working Group's ("DCCWG") webinar side-event on 28 October 2020. Earlier, a written paper by CCCS on the complements and tensions between privacy and antitrust had caught the eye of the DCCWG co-chairs, who noted that CCCS had taken formal steps to incorporate data protection as an element of consideration in its merger and abuse of dominance assessments.

At the webinar, Mr Ng Ming Jie, Deputy Director (Policy & Markets), presented the proposed amendments to CCCS Competition Guidelines and highlighted that the changes reflect a growing importance of data issues and provide greater clarity and emphasis on how CCCS deals with such issues in its assessments. ■



IBA 2020 – VIRTUALLY TOGETHER CONFERENCE

20 NOVEMBER 2020



The International Bar Association ("IBA") is an organisation of legal practitioners, bar associations and law societies. The IBA annual conference provides a platform for legal professionals to discuss the development of law and its role in business and society.

At IBA 2020, Ms Winnie Ching, Director (Legal), was a panellist in a session entitled "Antitrust enforcement in a digital age: is tech in the crosshairs?", which examined issues related to market definition for digital platforms, competition among platforms and remedies for mergers related to the technology industry. The panel also included Ms Maureen Ohlhausen (former US FTC Commissioner) and Ms Patricia Morita Sakowski (Deputy Chief Economist of the Brazilian Competition Authority, or CADE). ■

4TH ACCC-CCCS ECONOMISTS' EXCHANGE

16 DECEMBER 2020

This seminar brought together economists from CCCS and the Australian Competition and Consumer Commission ("ACCC") to share about their respective projects. The ACCC discussed the draft bargaining code for digital platforms and news media businesses; Ms Leow Rui Ping, Assistant Director (Policy & Markets), presented the findings and recommendations of the CCCS e-commerce platforms market study. ■



REGIONAL ROUNDTABLE ON MERGER CONTROL IN DIGITAL MARKETS

19 FEBRUARY 2021

The World Bank, in collaboration with the Indonesia Competition Commission, organised a regional roundtable on merger control in digital markets. The aim of the roundtable was to exchange insights and experiences on merger control in digital markets across competition authorities in the Asia-Pacific region. Ms Winnie Ching was the lead speaker for the session entitled "Remedies". During the roundtable, Ms Ching also shared CCCS's experiences in merger control and substantive analysis. ■





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Competition and Consumer Commission of Singapore

**Annual Report
Year ended 31 March 2021**

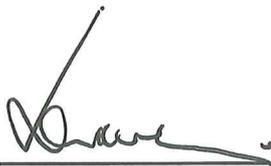
Statement by the Members of the Commission

In our opinion,

- (a) the accompanying financial statements of the Competition and Consumer Commission of Singapore (the “Commission”), set out on pages FS1 to FS30 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 2021 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



Max Loh Khum Whai
Chairman



Sia Aik Kor
Chief Executive

16 July 2021



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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 2021, 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 FS30.

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 2021 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.



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.

A handwritten signature in blue ink, appearing to read 'KPMG' followed by a stylized flourish.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
16 July 2021

Statement of financial position
As at 31 March 2021

	Note	2021 \$	2020 \$
Assets			
Plant and equipment	4	818,749	1,116,507
Right-of-use assets	5	5,767,277	7,037,148
Intangible assets	6	555,997	670,101
Non-current assets		<u>7,142,023</u>	<u>8,823,756</u>
Other receivables	7	80,395	248,698
Prepayments		379,443	133,434
Cash and cash equivalents	8	26,279,708	24,487,803
Current assets		<u>26,739,546</u>	<u>24,869,935</u>
Total assets		<u>33,881,569</u>	<u>33,693,691</u>
Equity			
Share capital	9	2,097,892	2,097,892
Accumulated surpluses		21,123,956	18,547,804
Total equity		<u>23,221,848</u>	<u>20,645,696</u>
Liabilities			
Lease liabilities	10	4,602,660	5,848,309
Provision for reinstatement costs		324,489	324,489
Deferred capital grants	11	866,775	1,258,735
Non-current liabilities		<u>5,793,924</u>	<u>7,431,533</u>
Lease liabilities	10	1,257,589	1,226,454
Trade and other payables	12	2,572,585	3,670,053
Amounts payable to the supervisory ministry	13	–	160,956
Provision for contribution to consolidated fund	14	527,645	71,123
Deferred capital grants	11	507,978	487,876
Current liabilities		<u>4,865,797</u>	<u>5,616,462</u>
Total liabilities		<u>10,659,721</u>	<u>13,047,995</u>
Total equity and liabilities		<u>33,881,569</u>	<u>33,693,691</u>

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

Statement of income and expenditure and other comprehensive income
Year ended 31 March 2021

	Note	2021 \$	2020 \$
Income			
Interest income		174,270	371,317
Application fee income		364,453	121,713
Other operating income		595,017	40,796
	15	1,133,740	533,826
Expenditure			
Depreciation of plant and equipment	4	(348,728)	(339,008)
Depreciation of right-of-use assets	5	(1,285,131)	(1,277,227)
Amortisation of intangible assets	6	(184,104)	(200,550)
Salaries, wages and staff benefits		(11,580,764)	(11,998,808)
Staff training and development costs		(95,844)	(436,045)
Information technology expenses		(1,613,802)	(1,448,957)
Operating lease expenses		(371,579)	(436,605)
Other operating expenses		(1,568,574)	(2,770,995)
Finance cost	10	(139,575)	(82,617)
		(17,188,101)	(18,990,812)
Deficit before government grants		(16,054,361)	(18,456,986)
Government grants			
Operating and other grants	16	18,665,330	18,397,729
Deferred capital grant amortised	11	492,828	477,627
		19,158,158	18,875,356
Surplus before contribution to consolidated fund	17	3,103,797	418,370
Contribution to consolidated fund	14	(527,645)	(71,123)
Net surplus for the year representing total comprehensive income for the year		2,576,152	347,247

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

Statement of changes in equity
Year ended 31 March 2021

	Share capital \$	Accumulated surpluses \$	Total \$
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	<u>2,097,892</u>	<u>18,547,804</u>	<u>20,645,696</u>
Balance at 1 April 2020	2,097,892	18,547,804	20,645,696
Net surplus for the year, representing total comprehensive income for the year	–	2,576,152	2,576,152
Balance at 31 March 2021	<u>2,097,892</u>	<u>21,123,956</u>	<u>23,221,848</u>

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

Statement of cash flows
Year ended 31 March 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Deficit before government grants		(16,054,361)	(18,456,986)
Adjustments for:			
Depreciation of plant and equipment	4	348,728	339,008
Depreciation of right-of-use assets	5	1,285,131	1,277,227
Amortisation of intangible assets	6	184,104	200,550
Write off of plant and equipment		–	3,098
Interest income	15	(174,270)	(371,317)
Finance cost	10	139,575	82,617
		(14,271,093)	(16,925,803)
Changes in:			
Other receivables		(19,967)	69,877
Prepayments		(246,009)	98,172
Trade and other payables		(1,148,438)	648,546
Cash used in operations		(15,685,507)	(16,109,208)
Contribution to consolidated fund		(71,123)	(27,225)
Amounts payable to the supervisory ministry		(160,956)	(354,104)
Decrease in cash with AGD not available for general use		160,956	354,104
Net cash used in operating activities		(15,756,630)	(16,136,433)
Cash flows from investing activities			
Purchase of plant and equipment		–	(53,138)
Purchase of intangible assets		(70,000)	–
Interest received		362,540	374,336
Net cash generated from investing activities		292,540	321,198
Cash flow from financing activities			
Government grants received		18,786,300	18,697,500
Payment of lease liabilities		(1,229,774)	(1,239,612)
Interest paid		(139,575)	(82,617)
Net cash generated from financing activities		17,416,951	17,375,271
Net increase in cash and cash equivalents		1,952,861	1,560,036
Cash and cash equivalents at the beginning of the financial year		24,326,847	22,766,811
Cash and cash equivalents at the end of the financial year	8	26,279,708	24,326,847

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 16 July 2021.

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 provisions 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.

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

The Commission has applied the following amendments to SB-FRS for the first time for the annual period beginning on 1 April 2020:

- Amendments to Reference to Conceptual Framework in SB-FRSs
- Amendments to SB-FRS 103 *Definition of a Business*
- Amendments to SB-FRS 1-1 and SB-FRS 8 *Definition of Material*
- Amendments to SB-FRS 109, SB-FRS 39 and SB-FRS 107 *Interest Rate Benchmark Reform*

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 fair value through profit or loss (“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 the statement of income and expenditure and statement of comprehensive income. Any gain or loss on derecognition is recognised in the 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 the 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 the 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 either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - 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.

Transferred assets are not derecognised when 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.

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 the 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 it is 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

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.

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.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. 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.

3.6 Impairment

(i) Non-derivative financial assets

The Commission recognises loss allowances for expected credit losses ("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 fair value through other comprehensive income ("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 stand-alone 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 POs if it relates specifically to those POs.

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

The following amendments to SB-FRSs have been issued but are not yet effective for the reporting period ended 31 March 2021:

Description	Effective for annual periods beginning on or after
Amendments to SB-FRS 116: <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to SB-FRS 103: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SB-FRS 16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SB-FRS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022

Annual Improvements to SB-FRSs 2018 – 2020 (*Amendments to SB-FRS 101, SB-FRS 109, Illustrative Examples Accompanying SB-FRS 116, and SB-FRS 41*)

1 January 2022

Amendments to SB-FRS 1: *Classification of Liabilities as Current or Non-current*

1 January 2023

The Council does not expect that the adoption of the amendments to SB-FRSs above to have any significant impact on the financial statements.

4 Plant and equipment

	Furniture, fixtures and equipment \$	Office equipment \$	Computer equipment \$	Assets under construction \$	Total \$
Cost					
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	<u>1,473,122</u>	<u>936,992</u>	<u>2,172,798</u>	<u>–</u>	<u>4,582,912</u>
At 1 April 2020	1,473,122	936,992	2,172,798	–	4,582,912
Additions	–	–	–	50,970	50,970
Disposals/Write off	(3,429)	(10,831)	(358,596)	–	(372,856)
At 31 March 2021	<u>1,469,693</u>	<u>926,161</u>	<u>1,814,202</u>	<u>50,970</u>	<u>4,261,026</u>
Accumulated depreciation					
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	<u>1,295,882</u>	<u>802,963</u>	<u>1,367,560</u>	<u>–</u>	<u>3,466,405</u>
At 1 April 2020	1,295,882	802,963	1,367,560	–	3,466,405
Depreciation	36,723	62,165	249,840	–	348,728
Disposals/Write off	(3,429)	(10,831)	(358,596)	–	(372,856)
At 31 March 2021	<u>1,329,176</u>	<u>854,297</u>	<u>1,258,804</u>	<u>–</u>	<u>3,442,277</u>
Carrying amounts					
At 1 April 2019	<u>214,461</u>	<u>225,209</u>	<u>743,172</u>	<u>–</u>	<u>1,182,842</u>
At 31 March 2020	<u>177,240</u>	<u>134,029</u>	<u>805,238</u>	<u>–</u>	<u>1,116,507</u>
At 31 March 2021	<u>140,517</u>	<u>71,864</u>	<u>555,398</u>	<u>50,970</u>	<u>818,749</u>

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.

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
At 1 April 2020	8,303,428	10,947	8,314,375
Additions	–	15,260	15,260
At 31 March 2021	8,303,428	26,207	8,329,635
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
At 1 April 2020	1,272,329	4,898	1,277,227
Depreciation	1,278,382	6,749	1,285,131
At 31 March 2021	2,550,711	11,647	2,562,358
Carrying amounts			
At 1 April 2019	633,138	3,494	636,632
At 31 March 2020	7,031,099	6,049	7,037,148
At 31 March 2021	5,752,717	14,560	5,767,277

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. Based on the assessment performed, the Commission is reasonably certain that the Commission will exercise the 1st extension option. Consequently, the lease period is computed based on the lease term of 6 years. The Commission did not perform any reassessment as there is no significant event or significant change in circumstances within its control in current year.

The Commission has estimated that the potential future lease payments, should it exercise the 2nd 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 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
Additions	70,000	–	70,000
At 31 March 2021	1,632,161	–	1,632,161
Accumulated amortisation			
At 1 April 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
Amortisation charge	184,104	–	184,104
At 31 March 2021	1,076,164	–	1,076,164
Carrying amounts			
At 1 April 2019	846,651	–	846,651
At 31 March 2020	670,101	–	670,101
At 31 March 2021	555,997	–	555,997

7 Other receivables

	2021 \$	2020 \$
Interest receivable	20,674	208,944
Other receivables	59,721	39,754
	80,395	248,698

Other receivables amount are not past due and not impaired.

8 Cash and cash equivalents

	2021	2020
	\$	\$
Cash with AGD	23,450,529	18,691,583
Cash at bank	–	100,000
Deposits with AGD	2,829,179	5,696,220
	<u>26,279,708</u>	<u>24,487,803</u>
Less: Cash with AGD not available for general use	–	(160,956)
	<u>26,279,708</u>	<u>24,326,847</u>

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 0.28% to 1.52% (2020: 1.67% to 2.13%) 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

	2021	2020	2021	2020
	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

	2021	2020
	\$	\$
Current	1,257,589	1,226,454
Non-current	4,602,660	5,848,309
	<u>5,860,249</u>	<u>7,074,763</u>

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	<u>(1,322,229)</u>
Other charges	
New lease	7,677,743
Interest expense	82,617
Total other charges	<u>7,760,360</u>
Balance at 31 March 2020	<u>7,074,763</u>
Balance at 1 April 2020	7,074,763
Changes from financing cash flows	
Payment of lease liabilities	(1,229,774)
Interest paid	(139,575)
Total changes from financing cash flows	<u>(1,369,349)</u>
Other charges	
New lease	15,260
Interest expense	139,575
Total other charges	<u>154,835</u>
Balance at 31 March 2021	<u>5,860,249</u>

Amounts recognised in profit or loss

	2021	2020
	\$	\$
Interest on lease liabilities	139,575	82,617
Expenses relating to leases of low-value assets	81,838	99,670
	<u>81,838</u>	<u>99,670</u>

Amounts recognised in statement of cash flows

	2021	2020
	\$	\$
Total cash outflow for leases	<u>1,369,349</u>	<u>1,322,229</u>

11 Deferred capital grants

	Note	2021 \$	2020 \$
At 1 April		1,746,611	1,924,467
Transfer from operating grants	16	120,970	299,771
Transfer to statement of income and expenditure and other comprehensive income		(492,828)	(477,627)
At 31 March		<u>1,374,753</u>	<u>1,746,611</u>
Representing			
Current		507,978	487,876
Non-current		866,775	1,258,735
		<u>1,374,753</u>	<u>1,746,611</u>

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 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
Balance at 1 April 2020	–	1,746,611	1,746,611
Changes from financing cash flows			
Government grants received	18,665,330	120,970	18,786,300
Total changes from financing cash flows	18,665,330	120,970	18,786,300
Other charges			
Government grants income	(18,665,330)	(492,828)	(19,158,158)
Total other charges	(18,665,330)	(492,828)	(19,158,158)
Balance as at 31 March 2021	–	1,374,753	1,374,753

12 Trade and other payables

	2021	2020
	\$	\$
Trade payables	112,461	149,851
Accrual for payroll related costs	764,500	1,600,217
Accrual for operating and other expenses	1,242,821	1,435,857
Accrual for purchase of plant and equipment and intangible assets	50,970	322,841
Contract liabilities	401,833	161,287
	2,572,585	3,670,053

The average credit period for trade payables is of 30 days (2020: 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:

	2021	2020
	\$	\$
At 1 April	160,956	515,060
Financial penalties collected	18,798,026	4,298,368
Financial penalties paid to the supervisory ministry	(18,958,982)	(4,652,472)
At 31 March	–	160,956
<i>Represented by:</i>		
Cash with AGD	–	160,956

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% (2020: 17%) of the net surplus of the Commission, after netting off the prior years' accounting deficit.

15 Income

	2021	2020
	\$	\$
Interest income on cash balances placed with AGD	174,270	371,317
Application fee income	364,453	121,713
Other operating income (a)	595,017	40,796
	1,133,740	533,826

(a) Other operating income mainly comprises a one-off reimbursement of costs of appeal \$581,577 from one appellant.

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.

	2021	2020
	\$	\$
Primary geographical markets		
Domestic	364,453	121,713

Contract balances

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

	Note	2021	2020
		\$	\$
Contract liabilities	12	401,833	161,287

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:

	2021	2020
	\$	\$
Revenue recognised that was included in the contract liability balances at the beginning of the year	161,287	15,000
Increases due to application fee received*	<u>(401,833)</u>	<u>(161,287)</u>

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

16 Operating and other grants

	Note	2021	2020
		\$	\$
Grants received from government during the year		17,176,300	17,077,500
Project grants received from government during the year		1,610,000	1,620,000
Transfer to deferred capital grants	11	<u>(120,970)</u>	<u>(299,771)</u>
		<u>18,665,330</u>	<u>18,397,729</u>

17 Surplus before contribution to consolidated fund

Surplus for the year has been arrived at after charging:

	2021	2020
	\$	\$
Salaries, wages and other allowances	10,258,475	10,716,893
Contribution to defined contribution plans, included in salaries, wages and staff benefits	<u>1,322,289</u>	<u>1,281,915</u>

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:

	2021	2020
	\$	\$
Short-term benefits and salaries paid to directors and above	3,481,295	3,320,389
Allowances paid to non-executive Commission Members	91,818	92,259
	3,573,113	3,412,648

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

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

	2021	2020
	\$	\$
Operating grants received from government	17,176,300	17,077,500
Project grants received from government	1,610,000	1,620,000
Office premises lease	1,652,161	1,603,799
Computer and IT related expenses	100,422	106,464
	17,538,883	17,407,763

19 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 2021 and 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:

	2021		2020	
	Not credit- impaired \$	Credit- impaired \$	Not credit- impaired \$	Credit- impaired \$
Not past due	80,395	–	248,698	–
Total gross carrying amount	80,395	–	248,698	–
Loss allowance	–	–	–	–
	80,395	–	248,698	–

Cash and cash equivalents

The Commission held cash and cash equivalents of \$26,279,708 at 31 March 2021 (2020: \$24,487,803). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aaa to Aa1 (2020: 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 2021 would have increased or decreased by \$234,505 (2020: \$187,916).

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 through 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 2020.

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 \$
2021					
Financial assets					
Other receivables	7	80,395	–	80,395	80,395
Cash and cash equivalents	8	26,279,708	–	26,279,708	26,279,708
		26,360,103	–	26,360,103	26,360,103

	Note	Amortised cost \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Financial liabilities					
Trade and other payables*	12	–	2,170,752	2,170,752	2,170,752
		–	2,170,752	2,170,752	2,170,752
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

* *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.