

ON TOP OF OUR GAME

**COMPETITION
COMMISSION OF
SINGAPORE**

ANNUAL REPORT 2013/14

About Competition Commission of Singapore

The Competition Commission of Singapore (“Commission”) is a statutory body that was established under the Competition Act (Chapter 50B) on 1 January 2005. Its core function is to administer and enforce the Act, and it comes under the purview of the Ministry of Trade and Industry.

Today’s competition landscape is getting tougher. As businesses develop and grow, they search for new methods to give themselves the competitive edge. As they do so, CCS’s role is to ensure businesses compete on a level playing field. In this regard, CCS has two areas of focus – enforcement and advocacy.

CCS enforces the Competition Act by taking action against anti-competitive practices. It also advocates the importance of competition and explains the benefits of competition in the market place through innovative communications.

“On Top of Our Game” suggests the high level of competence and excellence CCS has proven—and continues to prove—in upholding competition policies across industries and advancing the Singapore economy in the process.

MISSION

**CHAMPIONING COMPETITION FOR
GROWTH AND CHOICE**

VISION

**A VIBRANT ECONOMY WITH COMPETITIVE
MARKETS AND INNOVATIVE BUSINESSES**

**A LEADING COMPETITION AUTHORITY KNOWN
FOR ITS PROFESSIONALISM**

CORE VALUES

PROFESSIONALISM, INTEGRITY, PASSION

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Highlight #1

Launched first ever Competition Policy and Law web portal and collaterals for ASEAN as Chair of the AEGC Work Group on Developing Strategy and Tools for Regional Advocacy

Highlight #2

Assumed Chairmanship of the Working Group on Competition for Regional Comprehensive Economic Partnership (RCEP)



Highlight #3

9th Infringement Decision and
1st International cartel case
against 4 Japanese Ball and
Roller Bearing Manufacturers
and their Singapore subsidiaries
for price fixing

Highlight #5

Completed 242 cases
since inception

Highlight #4

Proposed Infringement Decision
against 11 Air Freight Forwarders
for price fixing



Chairman's Message

Key Achievements

During the year in review, CCS's case load increased by almost 30% over the previous year. This underscores an increased awareness of anti-competitive conduct (for instance, with more leniency applications) amidst a growing understanding of the importance of a fair and competitive business environment. There is still more enforcement and advocacy work to be done, but we have established a good track record and set clear boundaries for companies, which will serve the Singapore economy well in the long run.

Two cartels operating in the ball bearings and air freight industries are particularly noteworthy. As the first international cartels handled by CCS, these cases are a significant milestone in the competition landscape in Singapore and effectively demonstrate the extra-territorial reach of Singapore's Competition Act. The two cases came to light through CCS's Leniency Programme, which is designed to allow companies involved in cartel activities to come forward with evidence to expose the cartel, while possibly having up to 100% reduction in financial penalties.

CCS also looked carefully at complex cases, such as Visa's Multilateral Interchange Fee (MIF) system and the

FY2013/2014 was a busy and fruitful year for CCS as we continued championing competition through enforcement and advocacy.

coordination of operations between Qantas and Jetstar, where business conduct could result in potentially anti-competitive effects on the industries involved. We decided to issue clearance decisions after our assessment suggested that there were either net economic benefits or no appreciable anti-competitive effects.

As the competitive dynamics of markets evolve over time, CCS maintains a close watch on changing business trends and the corresponding competition impact on various sectors. For instance, the aviation industry is seeing an increase in joint ventures as airlines gear up for growth opportunities in the Asia-Pacific region. To maintain an expert view of the changing competition landscape in the aviation industry, CCS commissioned a market study for an in-depth review of the scale and scope of benefits arising from airline joint ventures. The report was published in March 2014 and has enabled CCS to gain a deeper understanding of the competitive dynamics of the industry and make more expedient assessments of future aviation joint ventures.

Building awareness of competition law and policy in Singapore continues to be an important part of CCS's efforts to help businesses comply with the Competition Act. To this end, CCS officers regularly conduct outreach and educational sessions targeted at trade and business associations, law firms, schools and universities, and other stakeholders. To expand our advocacy efforts, we launched our first essay competition in partnership with the Economic Society of Singapore in January 2014. The competition, themed "Competition Policy and Law in Singapore: Opportunities and Challenges ahead", was open to all Singaporeans and permanent residents, and received very insightful submissions.

Forging and deepening relationships with our competition counterparts in the region and abroad remain a key focus as we seek to strengthen our enforcement regime in today's globalised business environment. CCS is an active member of the ASEAN Experts Group on Competition (AEGC) that encourages greater co-operation on competition policy among ASEAN countries,

in line with establishing the ASEAN Economic Community (AEC) by 2015. As Chair of the AEGC's Work Group on Developing Strategy and Tools for Regional Advocacy, CCS led and developed a web portal on competition issues in the region, and a series of competition collaterals which were launched in November 2013. This is a vital step towards helping businesses get up to speed on competition laws and policies in the region as they tap opportunities offered by the creation of a single market by 2015.

Looking Ahead

CCS will mark its 10th anniversary in 2015. This is a significant milestone for CCS and a good opportunity for us

to take stock of our journey as we developed from a young and new competition authority to become a competent and professional agency.

As awareness of competition law and policy in Singapore and the region increases, the case pipeline is expected to grow, even as cases become increasingly complex in nature. CCS will continue to adopt a rigorous and independent approach in administering our competition regime without imposing unnecessary burden on businesses.

Acknowledgements

I would like to express my gratitude to my fellow Commission members for

their invaluable commitment in guiding CCS on its decisions and policies, and to congratulate the management team and staff of CCS for establishing CCS as a well respected competition agency over the past years. Last, but not least, my appreciation also goes to all our partners and stakeholders for contributing towards the success of CCS.

I would like to take the opportunity to thank Mrs Tan Ching Yee, Permanent Secretary, Ministry of Health, who stepped down from the board on 31 December 2013, and Ms Yena Lim, who stepped down as Chief Executive on 30 September 2013, for their leadership and contributions to CCS during their tenures. We wish both of them all the best in their future endeavours.

Finally, a warm welcome to Mr Aubeck Kam, Permanent Secretary, Ministry of Communications and Information, who joined the Commission on 1 January 2014, and Mr Toh Han Li, who was appointed as the Chief Executive from 1 October 2013. I am confident they will bring CCS to new heights with their expertise and experience.



A handwritten signature in black ink, appearing to read 'Lam Chuan Leong'.

Mr Lam Chuan Leong
Chairman

Chief Executive's Message



I took over the role of Chief Executive in October 2013 and it has been a smooth transition. Having spent almost five years as Assistant Chief Executive (Legal & Enforcement) contributed greatly to this. I am grateful for my predecessor Ms Yena Lim's capable leadership during her tenure in which she groomed a team of dedicated and professional staff who have contributed much to the success of CCS. Looking forward, I am excited to share the achievements that CCS has made over the past year, as well as the plans going into our 10th year in 2015 and beyond.

Enforcing The Competition Act and Strengthening Our Capabilities

By enforcing the Competition Act, CCS ensures that Singapore's economy remains competitive and vibrant. At the end of FY2013/14, we completed a total of 49 cases, including 21 anti-competitive agreements, 8 abuse of dominance cases and 3 merger applications. In addition, we issued 8 notifications for guidance/decision, 12 competition

advisories to other public sector agencies and also completed 3 market studies.

I am particularly pleased to report a significant milestone that CCS achieved in the past year by bringing two cases against international cartels which presented a different set of challenges in terms of detection and enforcement, compared with those raised by domestic cartels.

The first case involved ball bearing manufacturers, against whom CCS imposed a total of S\$9.3 million in financial penalties. This marks the first time we acted against an international cartel in a manufacturing industry, and the penalty imposed was also the highest to date in a single case. Similarly, in the second case, we also acted against several transnational air-freight forwarders for their involvement in cartel activities.

Given Singapore's small and open economy, anti-competitive activities can have a deleterious impact on Singapore. Detection

of anti-competitive behaviour forms an integral part of our enforcement efforts. We have strengthened our capabilities to detect anti-competitive behaviour by building on the existing Leniency and Leniency Plus initiatives. We also reviewed and increased the maximum reward for whistle-blowers in our reward scheme. We hope this will encourage more individuals to come forward to provide useful information to CCS on competition infringements in Singapore.

For anti-competitive conduct by dominant firms and cartels, we have improved our detection capabilities by developing a set of indicators to assist us in identifying high-risk industries that are prone to such conduct, and will actively monitor these sectors for potential competition law infringements.

Some of you may be aware that CCS had introduced a confidential advice process in 2012 for parties who do not wish to announce their intentions to merge publicly, but nonetheless want an indication from CCS on the potentially problematic areas of the proposed transaction. We are very encouraged by the take-up rate of the scheme so far and plan to formalise the procedure. The Mergers Advisory Unit is also actively assessing un-notified merger cases for possible competition infringements.

CCS will continue to review our work processes to ensure they remain business-friendly. A Commitments and Remedies Unit (CRU) was formed to fast track the closure of cases if the appropriate commitments are

offered. CCS is also reviewing the competition legislation and guidelines to ensure our competition regime remains credible, relevant and robust. We expect to complete the review by the end of FY2014.

Advocating Fair Competition by Engaging Our Key Stakeholders

One of my first steps as CE was to set up the Policy and Markets (PM) Division in January 2014. The primary role of the PM Division is to help CCS better engage other public sector agencies in Singapore and advise them on competition issues. The PM Division will conduct market studies to identify potential competition issues in industries, and collect information to assist CCS in our work. Research collaborations on competition issues with relevant institutions, such as the NUS Centre of Law and Business, will also be explored.

CCS is committed to reaching out to our key stakeholders to advocate the importance of fair competition in Singapore. We held dialogues with legal practitioners and economists through our Legal Roundtable and CCS Competition Economics Roundtable.

A Community of Practice for Competition and Economic Regulations (COPCOMER), which is an inter-agency platform for CCS, other government agencies and sector regulators to meet and discuss competition issues on a regular basis, was also established in December 2013.

In June 2014, CCS conducted our biennial stakeholder perception

survey to obtain feedback from our stakeholders. The survey helped us to identify any existing gaps in our work and stay sensitive to changing realities on the ground.

Come August, we are also co-organising the CCS-SAL Competition Law Conference with the Singapore Academy of Law. The Conference will serve as a platform for the local competition community to discuss emerging competition issues, with several renowned speakers slated to share their experiences on various competition topics.

Beyond our shores, CCS will continue to profile Singapore's competition regime and strengthen our links with other competition authorities and networks. In this regard, I am pleased to announce that CCS has been awarded the rights to host the Annual Conference of the International Competition Network (ICN) in 2016. This is a key competition event for the international competition community.

On the regional front, CCS continues to play an active role in the ASEAN Experts Group on Competition (AEGC) and will contribute towards shaping competition policy and law developments in the region as ASEAN moves towards establishing a single ASEAN Economic Community in 2015. To be held back-to-back with the CCS-SAL Conference in August 2014, CCS is hosting a regional workshop on "Promoting Competition Compliance in ASEAN".

CCS will continue to participate actively in the negotiations of the

competition chapter for several major free trade agreements (FTAs), such as the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP). Indeed, CCS is honoured to be selected the Chair of the Working Group on Competition for RCEP, and we will be working towards achieving a high-standard competition chapter that will benefit all parties in the region.

Enabling Our Staff

The people of an organisation are its most valuable asset and we value our staff at CCS. In this regard, we conducted a biennial Employee Engagement Survey in February 2014 to give us an objective sense of staff engagement and satisfaction with CCS. The results will guide us on how to strengthen various areas in the organisation so that CCS remains an employer of choice. We are also putting in place a structured learning and development framework that sets out the training roadmap for individual staff. Opportunities will be given to staff to take on secondments in other competition-related agencies to gain greater exposure and acquire skill sets to navigate the increasingly complex competition landscape.

We look forward to taking CCS into its next decade as we celebrate its 10th anniversary in 2015.



Mr Toh Han Li
Chief Executive

Commission Members

01

Mr Lam Chuan Leong
Chairman

Ambassador-at-Large,
Ministry of Foreign Affairs
(Until 3 April 2014)



02

Dr Andrew Khoo Cheng Hoe

(Member of Audit Committee)
Deputy Managing Director,
Corporate Development,
Monetary Authority of
Singapore



03

Prof Phang Sock Yong

(Member of Audit Committee)
Professor, School of
Economics, Singapore
Management University



04

Prof Tan Cheng Han, S.C.

Professor, Faculty of Law,
National University of
Singapore



05

Mr Aubeck Kam Tse Tsuen

(From 1 January 2014)
Permanent Secretary,
Ministry of Communications
and Information



01

02

03

04

05



06

Mr Toh Han Li
Chief Executive

*(Member of Human
Resource Committee)
(From 1 October 2013)*



07

Ms Chia Aileen

*(Chairman of Human
Resource Committee)
Assistant Chief Executive
& Deputy Director-General
(Telecom & Post), Infocomm
Development Authority*

08

Mr Wong Yew Meng

*(Chairman of Audit Committee)
Former Audit Partner,
PricewaterhouseCoopers*

09

Mr Aedit Bin Abdullah, S.C.

*(Member of Human
Resource Committee)
(From 1 April 2013)
Chief Prosecutor (Criminal
Justice Division), Attorney-
General's Chambers*



10

Mrs Tan Ching Yee

*(Until 31 December 2013)
Permanent Secretary,
Ministry of Health*

11

Ms Yena Lim

*(Chief Executive and Member of
Human Resource Committee)
(Until 30 September 2013)*



06

07

08

09

10

11

Senior Management



Left to Right:
Mr Toh Han Li
Chief Executive
(from 1 October 2013)

Ms Yena Lim
Chief Executive
(until 30 September 2013)

Mr Herbert Fung
Director,
Business & Economics

Mr Teo Wee Guan
Director,
Strategic Planning

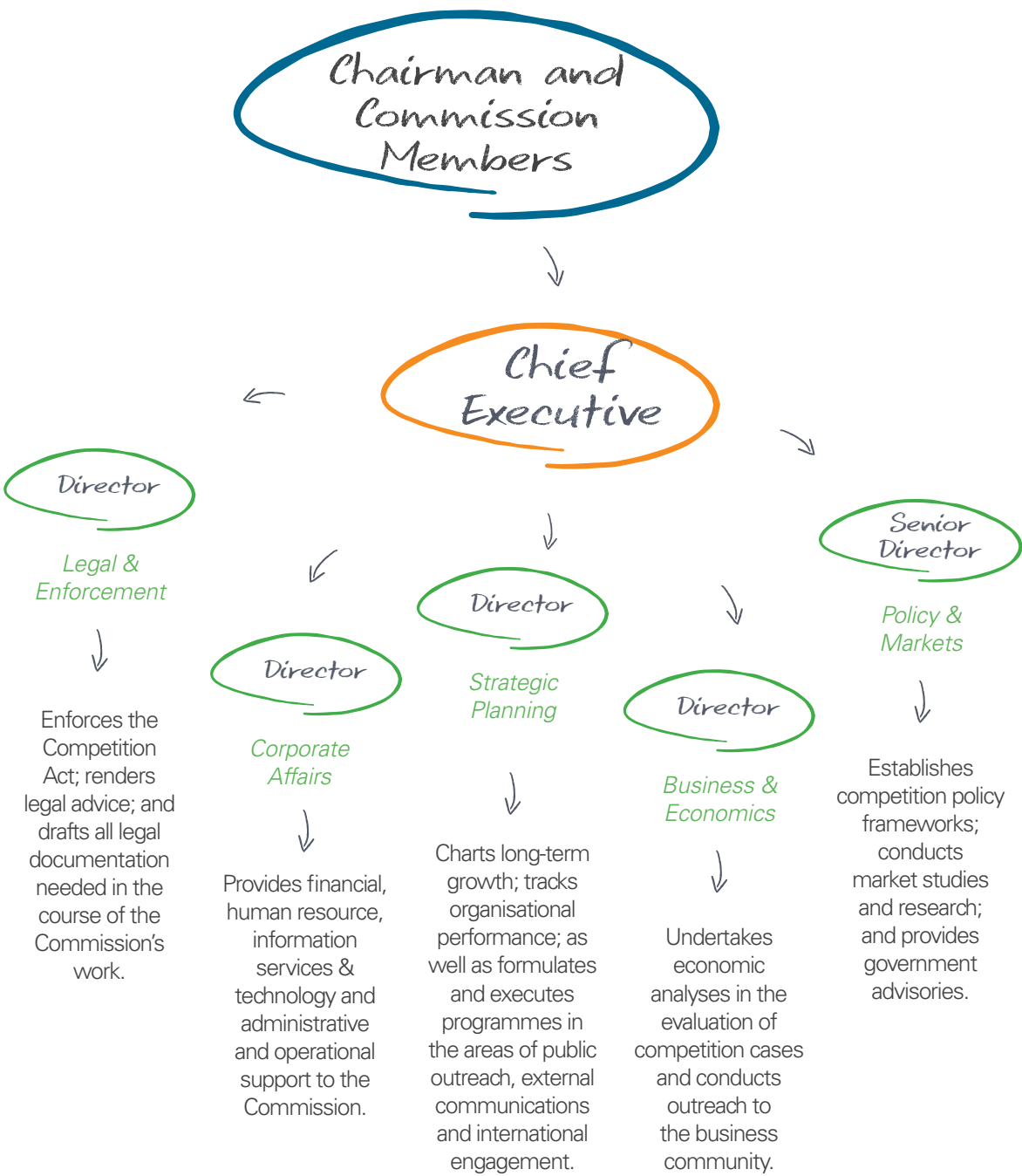


Left to Right:
Mr Goh Aik Hon
Director,
Corporate Affairs

Ms Ng Ee Kia
Senior Director,
Policy & Markets

Mr Lee Jwee Nguan
Director,
Legal & Enforcement

Organisation Chart



Corporate Governance

Chairman & Commission Members

The Commission oversees the key activities and strategies of CCS. It comprises the Chairman and eight Commission Members. They bring with them their expertise in legal, economic and financial domains from the public and private sectors. The Chairman and Commission Members are appointed by the Minister for Trade and Industry.

Human Resource (HR) Committee

The CCS HR Committee was set up in August 2007. With effect from 4 December 2013, Ms Chia Aileen took over the Chairmanship of the HR Committee from Mr Lam Chuan Leong. The committee members are Mr Aedit Abdullah, S.C., who was appointed to the HR committee with effect from 1 July 2013, and Mr Toh Han Li, who joined the committee after assuming the position of CE, CCS, on 1 October 2013. The HR Committee advises the Commission on the

formulation and implementation of appropriate HR policies as part of its continuous effort to ensure that CCS is a choice employer. It also oversees staff performance appraisals to ensure that staff are being objectively appraised and rewarded, and manages and decides on internal disclosure and staff disciplinary cases.

Business & Ethical Conduct

All CCS officers are subject to the provisions of the Official Secrets Act, as well as the Statutory Bodies and Government Companies (Protection of Secrecy) Act. In addition, the Competition Act contains provisions governing the disclosure of information by CCS staff. CCS officers are also bound by CCS's code of conduct and are obliged to adhere to internal policies to avoid conflict of interest.

Audit Committee

The Audit Committee is chaired by Mr Wong Yew Meng, with Dr

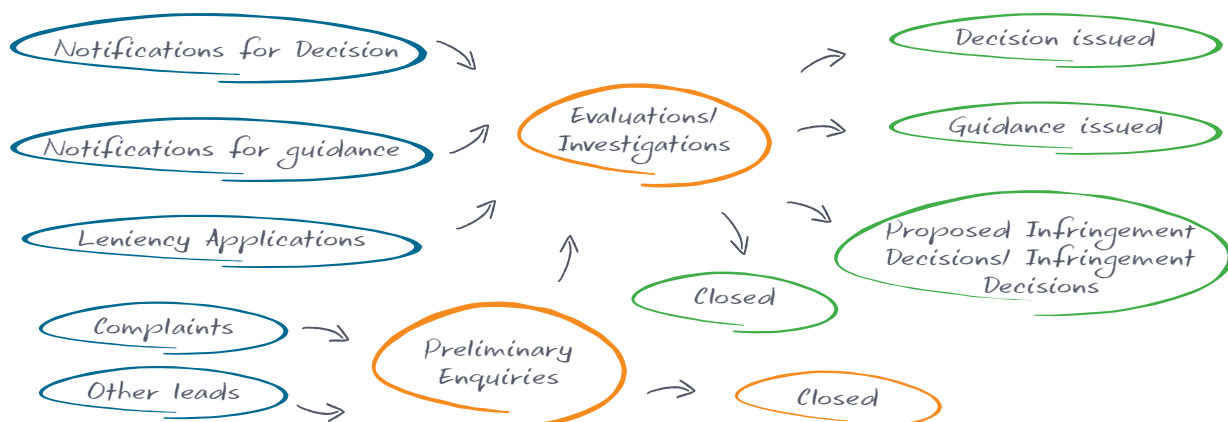
Andrew Khoo and Professor Phang Sock Yong as members.

The Audit Committee assists the Commission in carrying out its responsibilities in areas relating to internal control, auditing, financial and accounting matters, regulatory compliance, and risk management. In addition, the Audit Committee reviews the audited annual financial statements and the adequacy of CCS's accounting and internal control systems with the management, external auditors and internal auditors.

External Audit Functions

Deloitte & Touche LLP was appointed by the Minister for Trade and Industry in consultation with the Auditor-General to audit the accounts of CCS. The audited accounts are duly approved by the Commission and the Minister for Trade and Industry. The Auditor-General is also kept informed of these Audit reports.

CCS Case Management Workflow



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24
cases to
(Excludes Co

←
Innovation

**WE ENSURE
PLAYERS
PLAY BY
THE RULES**



Myths and Facts About the Competition Act

How well do you know Singapore's Competition Act? Review the following statements and decide whether each is a myth or a fact. (Hint: Check out our calendar 2014 for the answers!)

	MYTH	FACT
01. CCS is a price regulator.	<input type="radio"/>	<input type="radio"/>
02. CCS oversees competition issues in all sectors.	<input type="radio"/>	<input type="radio"/>
03. The energy and telecommunications sectors have their own regulators and are therefore excluded from the Act.	<input type="radio"/>	<input type="radio"/>
04. If you call a meeting with a few competitors to discuss if you should all raise prices in tandem, you run afoul of the Act.	<input type="radio"/>	<input type="radio"/>
05. Being the dominant player in the market is always frowned upon by CCS.	<input type="radio"/>	<input type="radio"/>
06. You always have to inform CCS before you proceed with an acquisition and merger.	<input type="radio"/>	<input type="radio"/>
07. You can apply for a leniency marker even if you don't have enough evidence of cartel activity.	<input type="radio"/>	<input type="radio"/>
08. Similar increases in the price of a good or service always means price fixing has taken place.	<input type="radio"/>	<input type="radio"/>
09. CCS only imposes financial penalties and/or issues directions for modification of conduct to those who run afoul of the Act.	<input type="radio"/>	<input type="radio"/>
10. CCS guidelines were finalised after input and feedback were sought from the public and considered.	<input type="radio"/>	<input type="radio"/>

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Innovation

**WE ENSURE
PLAYERS
PLAY BY
THE RULES**



CCS enforces the rules to level the playing field in order to foster a fair, vibrant and competitive marketplace.

Answers

- 01. Myth
- 02. Myth
- 03. Fact
- 04. Fact
- 05. Myth

- 06. Myth
 - 07. Fact
 - 08. Myth
 - 09. Fact
 - 10. Fact
-

We Ensure Players Play by the Rules

Ensuring a Fair, Vibrant and Competitive Marketplace

As a professional competition authority championing competition, CCS strives to level the playing field so Singapore's economy remains vibrant and characterised by competitive markets and innovative businesses. To this end, we have to ensure that all players know and abide by the rules and the Competition Act.

In FY2013/14, we completed 49 cases, up from 38 the previous year. Out of a total of 20 Preliminary Enquiries and Investigations, we issued Infringement Decision against one international cartel formed by Japanese ball and roller bearing manufacturers and their Singapore subsidiaries, and a Proposed Infringement Decision against another international cartel involving air freight forwarders. The number of notifications more than doubled to eight cases from only three the previous year. The year-on-year increase in workload underlined the growing awareness and importance of CCS's role in ensuring a fair competition business environment for businesses in Singapore.

CCS's Leniency and Leniency Plus Programme

CCS's Leniency Programme allows an undertaking to apply for a leniency marker even without substantial information or evidence of the cartel initially. Thereafter, the undertaking is allowed time to collect the information or evidence required to perfect the marker in support its leniency application. If the undertaking meets the relevant criteria and if it is the first to notify CCS, it will then be entitled to immunity from financial penalties (where CCS has not commenced investigation) or a reduction of up to 100% of the financial penalties (where CCS has commenced investigation). A subsequent leniency applicant, which co-operates with CCS and provides evidence of cartel activity, may be entitled to a reduction of up to 50% of the financial penalties. CCS's Leniency Plus Programme also allows an applicant under investigation for a cartel activity to report its involvement in another cartel to secure reduced penalties for the first case and immunity from financial penalties in the second case (where CCS has not commenced investigation into the same).

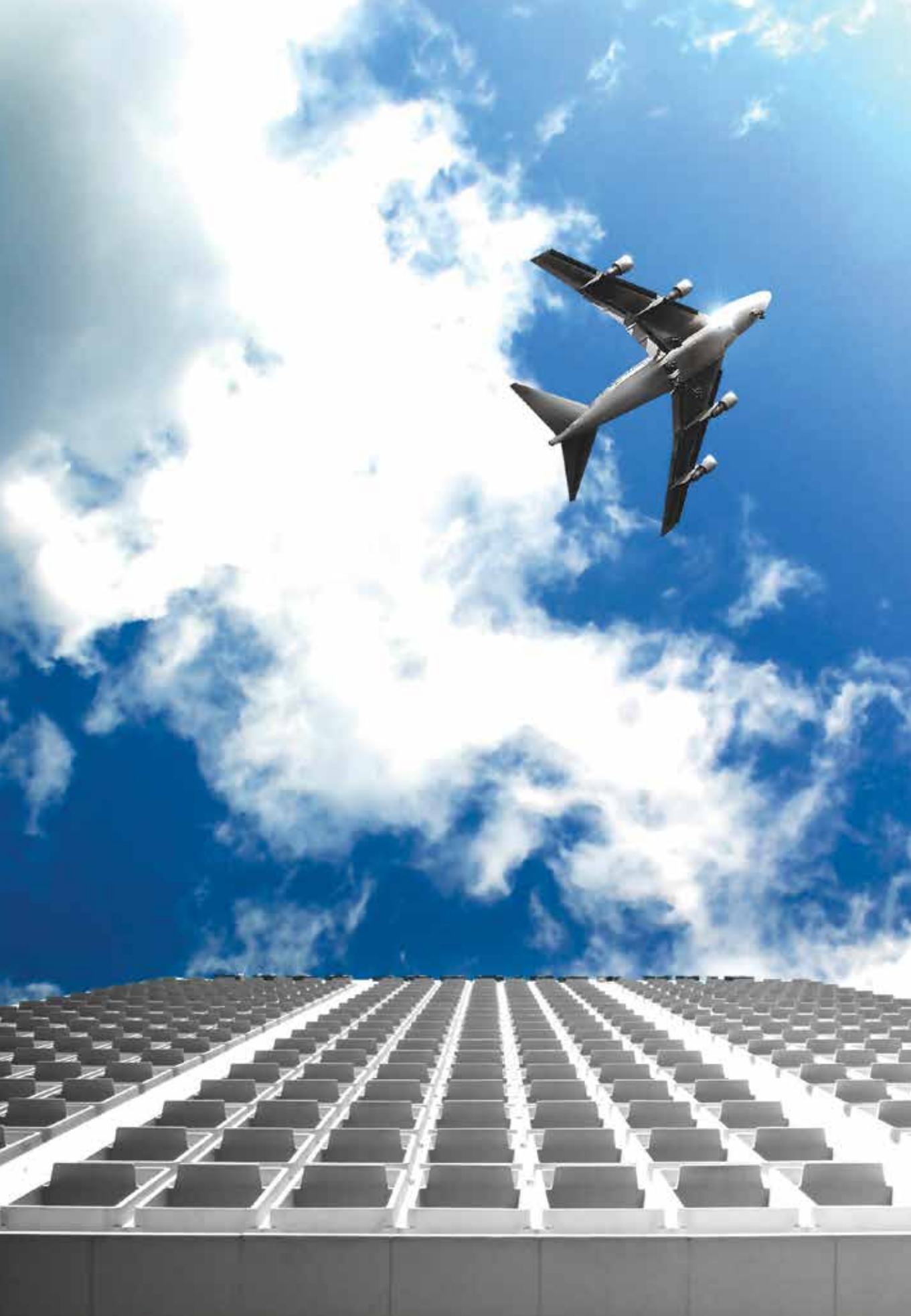
Summary of Completed Cases:

Status as at 31 March 2014

Status as at 31 March 2014		Complaints	Preliminary Enquiries/ Investigations	Notifications for Guidance or Decision	Merger Notifications	Confidential Advice	Leniency	Appeals	Competition Advisories	Market Studies	Total Workload (Excluding Complaints)
Active Cases		52	13	2	3	0	9	1	4	2	34
Completed Cases	FY2013/14	97	20	8	0	2	2	2	12	3	49
	FY2012/13	84	14	3	7	1	1	2	8	2	38
	Since CCS Started	850	103	24	36	4	9	7	45	14	242



**SETTING CLEAR
BOUNDARIES FOR
COMPANIES AND
MAINTAINING A CLOSE
WATCH ON CHANGING
BUSINESS TRENDS FOR
VARIOUS INDUSTRIES**



Transport: Aviation Industry

Aviation Market Study: Deeper Insights into Aviation Industry Dynamics

CCS gained a deeper understanding of the aviation industry's competitive dynamics through a market study completed on 11 February 2014. The results of the study has been published and forms the basis for us to make more informed and, most likely, more expedient assessments of future aviation agreements we review.

The study, done with the help of external consultant, ICF SH&E, analysed the competitive structure of the airline industry in Asia (including how it has responded to the challenges posed by global trends), as well as the developments and pressures of new business models that have emerged in the marketplace.

It also paid special attention to passenger traffic passing through Singapore, which is an international passenger aviation hub, and outlined the opportunities that might open up from changes in the international market, as well as the threats or risks that could arise from changes in the competitive market structure.

Ensuring Net Pluses for Market and Passengers

The aviation sector has been very important to Singapore's economy since the days of Seletar Airport. Today, air

travel has become increasingly common and Singapore remains a key aviation hub in Asia. Amidst a thriving Asia-Pacific region, ASEAN integration and the ASEAN Open Skies agreement, many Asian low-cost carriers are expanding while global alliances seek to woo and welcome new Asian carriers as members.

Over the past few years, alliances for co-operation and integration between airlines

have become a dominant feature of the airline industry and it is CCS's role to ensure that competition along routes to and through Singapore is not reduced or distorted as a result of these Joint Venture (JV) agreements. When reviewing such applications, CCS also considers whether the proposed conduct would result in better connectivity, lower fares, or increased capacity that benefit Singapore passengers.



Case Team Members (From Left to Right): Cindy Chang, Assistant Director, Legal & Enforcement; Timothy Chew, Deputy Director, Business & Economics; Priscilla Yee, Assistant Director, Policy & Markets

Transport: Aviation Industry

Between 2010 and the end of March 2014, CCS received a total of 10 notifications for decision for joint venture agreements and alliances in the aviation sector, the majority of which were made in the last three years. To date, CCS has reviewed and issued decisions for nine of these notifications.

The first two Joint Venture (JV) agreements cleared by CCS were also reviewed as part of the study mentioned above to help CCS better understand the actual effects of these JVs on competition in the relevant markets.

Green Light for Jetstar Pan-Asia Strategy

On 6 August 2012, Qantas Airways Limited and its wholly owned subsidiary, Jetstar Airways Limited, sought a decision from CCS on its Jetstar Pan-Asia Strategy. The strategy will see Qantas Airways establishing joint ventures with local airline partners in a number of Asian jurisdictions to operate low-cost carriers under the Jetstar brand and business model.

Under the strategy, the parties, including Jetstar Asia, Jetstar Pacific and Jetstar Japan, as

well as future Jetstar branded low-cost carriers operating in Asia, will coordinate network, scheduling, pricing, marketing, purchasing, customer service and resourcing decisions.

After reviewing the submissions provided by the parties and relevant third parties, CCS found that while some parts of the Proposed Conduct will raise competition concerns, the presence of low-cost carriers on routes generally increase the level of competitiveness through increased capacity and reduced prices from existing airlines on these routes.



Jetstar Pan-Asia Strategy

Case Team Members (From Left to Right): Cindy Chang, Assistant Director, Legal & Enforcement; Herbert Fung, Director, Business & Economics; Priscilla Yee, Assistant Director, Policy & Markets

At the end of the consultation process and after evaluating all evidence, CCS is satisfied that the Proposed Conduct will produce a net economic benefit within the relevant markets and a clearance decision was issued to the parties on 23 September 2013.

Net Benefit from Strategic Alliance between Singapore Airlines and Air New Zealand

Singapore Airlines Limited and Air New Zealand Limited agreed on 16 January 2014 to form a strategic alliance to provide international scheduled air passenger services, with a focus

on Singapore–New Zealand origin and destination (“O&D”) city pairs. The agreement incorporated proposals to coordinate revenue and cost sharing, pricing, capacity and scheduling for the designated routes.

After receiving a notification for a decision from Singapore Airlines and Air New Zealand on 30 January 2014, CCS started a public consultation on 5 February 2014 and gathered feedback from various parties, including key competitors, travel associations and relevant industry players. The feedback

turned out to be either positive or neutral. CCS also noted that while some aspects of the alliance could pose competition concerns, the alliance would result directly in efficiencies such as an increase in capacity in the relevant markets and the strengthening of Singapore’s position as an aviation hub.

Taking into account the fact that the net economic benefits will outweigh the anti-competitive effects of the alliance, CCS issued a clearance decision on 17 April 2014.



Singapore Airlines and Air New Zealand Strategic Alliance

Case Team Members (From Left to Right): Justina Sim, Competition Analyst, Business & Economics; Lynette Chua, Assistant Director, Legal & Enforcement

Transport: Cruise Industry

Proposed Acquisition of Singapore Cruise Centre Dropped

In May 2014, airport and cruise terminal services operators SATS Airport Services Pte Ltd and SATS-Creuers Cruise Services (SCCS) Pte Ltd pulled out of an agreement to purchase the Singapore Cruise Centre Pte Ltd (SCCPL) from Temasek Holdings. Under an agreement reached in September 2013, SATS was slated to buy the SCCPL for \$110 million, pending regulatory approval.

CCS received a Notification for Decision on the proposed

acquisition on 10 October 2013. Based on information furnished by the parties during the Phase 1 review, CCS was unable to conclude that the proposed acquisition would not raise competition concerns, especially in relation to Section 54 of the Competition Act, which prohibits mergers that have resulted, or may be expected to result, in a substantial reduction of competition within any market in Singapore.

SCCS manages and operates the Marina Bay Cruise Centre Singapore while SCCPL manages and operates the

International Passenger Terminal at Harbourfront Centre, Tanah Merah and Pasir Panjang ferry terminals. If the acquisition were completed, SATS would gain primary hold of the cruise terminal services market in Singapore.

The review proceeded to the Phase 2 review on 21 November 2013 as a result of competition concerns, but closed in May 2014 following the announcement by the parties concerned to terminate the sale-and-purchase agreement.



Case Team Members (From Left to Right): Justina Sim, Competition Analyst, Business & Economics; Tan Hi Lin, Deputy Director and Principal Economist, Business & Economics; Nimisha Tailor, Deputy Director, Policy & Markets; Jaime Pang, Legal Counsel, Legal & Enforcement; Candice Lee, Senior Assistant Director, Legal & Enforcement



Manufacturing: Ball and Roller Bearing Industry

Four Japanese Ball and Roller Bearing Manufacturers and their Singapore Subsidiaries Penalised for Price-Fixing

Lawyers in Singapore have observed that CCS, which was established in 2005, is starting to step up its enforcement and take on bigger cases.

“Clearly the honeymoon period is over and they will want to crack down on any such cartels which come to their attention” said Ken Chia, a lawyer with Baker and McKenzie in a Reuters report on 26 May 2014. “This is the first case involving a foreign cartel, but we expect more soon.”

The case in point involves four ball and roller bearing manufacturers and their Singapore subsidiaries. For years, at meetings in Japan from as early as 1980 to 2011, these four manufacturers discussed and agreed on the overall strategies for their Singapore subsidiary companies to implement so that each participant could maintain its market share and protect its profit and sales.

At similar meetings in Singapore from 1998 until March 2006, the Singapore subsidiary companies discussed the overall strategies decided by their Japan parent companies and the methods to protect their respective market shares and profits. After the meetings in Singapore ended



in March 2006, they were continued in Japan and attended by representatives from the Japan parent companies.

Over the years, the strategies and actions of the Parties included setting an agreed price list and making a minimum price agreement for Singapore, and also agreeing on the relevant exchange rates to be applied to derive the minimum prices for Singapore. When the price of steel began to increase, the Parties agreed on percentage price increases and exchanged information on the percentage price increases to be applied to aftermarket customers in Singapore.

The Investigation

Investigation into this case commenced in December 2011 after CCS received an application for immunity from Koyo under CCS’s leniency programme. The investigation revealed a secretive and sophisticated cartel in which the participants

engaged in covert conduct, including referring to each participant by code name. CCS also found that the Parties have a substantial share of the product market in Singapore.

The ball and roller bearing is a homogenous product, that is, a product from one manufacturer can be easily replaced by a similar product from another manufacturer. Without their anti-competitive agreements and exchange of information, the Parties would have to compete for their market shares through more competitive prices or non-price strategies, and customers would benefit from more competitive pricing and/or better product quality as a result.

After evaluating all the evidence, CCS concluded that the conduct, which included price-fixing agreements and exchanges of strategic information, such as future pricing intentions, amounted to a single overall infringement.

Manufacturing: Ball and Roller Bearing Industry

The \$9.3 Million Penalty

Price-fixing is one of the most serious infringements of the Competition Act. This case also marked CCS’s first international cartel case in the manufacturing sector that involved foreign-registered companies and their Singapore subsidiaries. On 27 May 2014, CCS issued an Infringement Decision against the four Japanese manufacturers and their Singapore subsidiary companies, and imposed a total penalty of \$9.3 million on them. In levying the financial penalties, CCS took into account factors such as the

nature of the infringement and the circumstances in which the infringement was committed, the duration of the infringement, aggravating and mitigating factors, as well as representations made by the Parties. In addition, reductions in financial penalties were given to the three leniency applicants as part of CCS’s leniency programme. The first undertaking to notify CCS was granted full immunity from the financial penalties while the subsequent leniency applicants were given reductions of up to 50% of the financial penalties.

Summary of Financial Penalties Imposed on the Parties

Undertaking	Financial Penalty
Koyo	Nil
Nachi	S\$7,564,950
NSK	S\$1,286,375
NTN	S\$455,652
Total	S\$9,306,977



Case Team Members (From Left to Right): Lynette Chua, Assistant Director, Legal & Enforcement; Loy Pwee Inn, Senior Assistant Director, Policy & Markets; Serene Seet, Senior Assistant Director, Legal & Enforcement; Lim Wei Lu, Competition Analyst, Policy & Markets; Stephanie Christine Panayi, Principal Legal Counsel, Legal & Enforcement; Soh Yan Wei, Assistant Director, Business & Economics



Logistics: Air Freight Forwarding Industry



Proposed Infringement Decision Against 11 Air Freight Forwarders

CCS issued a Proposed Infringement Decision (PID) against 11 freight forwarding companies and their Singapore subsidiaries/affiliates on 1 April 2014 after provisional findings showed that the Parties had infringed Section 34 of the Competition Act (Cap. 50B). The infringement resulted from their collectively fixing certain fees and surcharges, and exchanging

price and customer information in relation to the provision of air freight forwarding services for shipments from Japan to Singapore.

CCS commenced investigations after receiving an application for immunity under CCS's Leniency Programme from one of the Parties involved in the alleged cartel. In CCS's provisional view, information received during the course of the investigation proved that

the Parties were competitors and attended meetings in Japan where they exchanged information, discussed and agreed on certain fees and surcharges in relation to air freight forwarding services for shipments from Japan to other countries, including Singapore. The PID is limited to anti-competitive agreements and/or concerted practices involving the Japan to Singapore route.

Logistics: Air Freight Forwarding Industry

The PID is a written notice setting out the facts on which CCS bases its assessment of the Conduct of the parties concerned, and its reasons for arriving at a proposed decision. The PID is issued to give the parties concerned an opportunity to respond and provide any other information to CCS by way of representations. CCS will then consider all representations made before deciding whether to issue an infringement decision.

The 11 freight forwarders are:

1. Deutsche Post A.G.; DHL Global Forwarding Japan K.K.; DHL Global Forwarding Management (Asia Pacific) Pte Ltd and its subsidiary, DHL Global Forwarding (Singapore) Pte Ltd.
2. Hankyu Hanshin Express Co. Ltd and its subsidiary, Hankyu Hanshin Express (Singapore) Pte Ltd.
3. "K" Line Logistics, Ltd and its subsidiary, "K" Line Logistics (Singapore) Pte Ltd.
4. Kintetsu World Express, Inc. and its subsidiary, KWE-Kintetsu World Express (S) Pte Ltd.
5. MOL Logistics (Japan) Co. Ltd and its subsidiary, MOL Logistics (Singapore) Pte Ltd.
6. Nippon Express Co. Ltd and its subsidiary, Nippon Express (Singapore) Pte Ltd.
7. Nishi-Nippon Railroad Co. Ltd and its subsidiary, NNR Global Logistics (S) Pte Ltd.
8. Nissin Corporation and its subsidiary, Nissin Transport (S) Pte Ltd.
9. Vantec Corporation and its former subsidiary, Vantec World Transport (S) Pte Ltd.
10. Yamato Holdings Co. Ltd and its subsidiaries, Yamato Global Logistics Japan Co. Ltd and Yamato Asia Pte Ltd.
11. Yusen Logistics Co. Ltd and its subsidiary, Yusen Logistics (Singapore) Pte Ltd.





F&B Industry

F&N's Soft Drinks Non-Compete Clause Not Enforced

When Fraser & Neave Limited (F&N) sold Asia Pacific Breweries Limited and other assets in Asia Pacific Investment Pte Ltd (APIPL) to Heineken International B.V. on 15 November 2012, it included a Soft Drinks Non-Compete Clause in the APIPL Share Purchase Agreement.

This restricts Heineken from engaging in the manufacture, distribution, and sales of soft drinks for a period of two years.

In January 2013, CCS commenced an investigation into the Soft-Drinks Non-Compete Clause which prevented Heineken from entering the local soft drink market before 14 November 2014. F&N subsequently agreed

not to enforce the clause by giving a signed undertaking to CCS voluntarily.

Satisfied that the contractual barrier of entry into the Singapore soft drinks market had been removed for Heineken, CCS ceased its investigations without a finding of liability against either F&N or Heineken on 4 November 2013.



Case Team Members (From Left to Right): Herbert Fung, Director, Business & Economics; Stephanie Christine Panayi, Principal Legal Counsel, Legal & Enforcement; Terence Seah, Senior Assistant Director, Business & Economics; Jaime Pang, Legal Counsel, Legal & Enforcement; Priscilla Yee, Assistant Director, Policy & Markets

F&B Industry

Learning Point

In general, agreements that prevent, restrict or distort competition may be illegal under the Competition Act. Businesses that are unsure of whether their business conduct fully complies with the Competition Act (Cap. 50B) should seek independent legal advice or consider applying

for a Notification for Guidance or Notification for Decision with CCS. We encourage all businesses to review their competition compliance practices proactively to ensure their business conduct fully complies with the Competition Act.

For more information on the Competition Act, as well as how to file a complaint or notification for guidance or decision, please visit CCS website at www.ccs.gov.sg.





Financial: Payment Services

Clearance for Visa's Multilateral Interchange Fee System

On 18 September 2013, CCS cleared the Notification for Decision received from Visa Worldwide regarding its Multilateral Interchange Fee

(MIF) system. Visa Worldwide sought a decision from CCS as to whether its MIF system would violate the Competition Act, in particular, the section 34 prohibition against anti-competitive agreements. After extensive consultation with

the relevant stakeholders and a careful review of the facts and evidence, CCS found that the evidence available to us did not suggest that the MIF system had resulted in an appreciable adverse effect on competition in Singapore, in



Case Team Members (From Left to Right): Winnie Ching, Deputy Director, Legal & Enforcement; Soh Yan Wei, Assistant Director, Business & Economics; Nimisha Tailor, Deputy Director, Policy & Markets; Tan Hi Lin, Deputy Director and Principal Economist, Business & Economics

Not in Picture: Kong Weng Loong, Senior Assistant Director, Business & Economics

Financial: Payment Services

any of the relevant markets considered. Such being the case, CCS issued a clearance decision on Visa's MIF system.

CCS assessed the competitive effects of Visa's MIF system on the market involving bank issuers in Singapore, the

market involving Visa acquirers in Singapore, and the market for card scheme administration services in Singapore.

In making its assessment, CCS compared the present state of competition in each of these markets with the degree of

competition that would exist in those markets if the MIF system was not in place. On the evidence available to it, CCS concluded that Visa's MIF system had not infringed Section 34 prohibition of the Act.





Government: Advocacy

Creation of the Policy and Markets (PM) Division

To help CCS engage better with government and public agencies on policies pertaining to national competition matters, as well as to inquire whether specific markets are

functioning well, CCS set up the Policy and Markets Division in January 2014 to focus on engaging and advising government agencies on competition matters, and to conduct market studies and research projects.

The PM division is headed by Ms Ng Ee Kia, who rejoined CCS after seven years with Drew & Napier LLC as Head of its Competition and Regulatory Economics Department.



Policy & Markets Division

(From Left to Right): Ng Ming Jie, Senior Assistant Director; Lim Wei Lu, Competition Analyst; Nimisha Tailor, Deputy Director; Song Jer Kwang, Senior Assistant Director; Loy Pwee Inn, Senior Assistant Director
(Front Row From Left to Right): Priscilla Yee, Assistant Director; Ng Ee Kia, Senior Director
Not in Pic: Lau Shi Ern, Competition Analyst

Community of Practice (Competition and Economic Regulations)

To tap into the synergy between the Community of Practice for Competition and the Economic Regulations Community of Practice, the two groups were merged to form the Community of Practice (Competition and Economic Regulations) or COPCOMER on 1 December 2013. The new community will serve as a regular platform for

bringing government agencies and sector regulators together to share interesting case studies and relevant competition and regulation-related matters.

Members of COPCOMER:

Civil Aviation Authority of Singapore (CAAS)
Civil Service College (CSC)
Competition Commission of Singapore (CCS)

Energy Market Authority (EMA)
Infocomm Development Authority (IDA)
Land Transport Authority (LTA)
Maritime and Port Authority of Singapore (MPA)
Media Development Authority (MDA)
Ministry of Trade and Industry (MTI)
Public Service Division (PSD)

Government: Advocacy

CCS Competition Advisories

Throughout the year, CCS worked with different Ministries and statutory boards to understand the markets they regulate better and provide advice on competition issues covering a whole range of activities within these markets. This included, amongst other things, competitive impact assessments relating to asset divestments, initiatives to improve service quality and productivity in specific markets, programmes to improve the competitiveness of certain sectors of the Singapore economy, and national efforts to address social and economic issues. In addition, as part of its continuous efforts against cartels, CCS conducted training for procurement officers in government agencies to sharpen their ability to detect bid rigging activities. We also worked with government agencies in the design of their tender specifications to safeguard and enhance competition, as well as strengthen the legal recourse of those established to be victims of anti-competitive activities. Specific examples of how CCS has worked with government agencies are provided below.

Monetary Authority of Singapore

In April 2014, the Monetary Authority of Singapore (MAS) consulted the Competition Commission Singapore (CCS) on various initiatives that MAS has proposed under the Financial Advisory Industry Review (FAIR). FAIR was aimed at raising standards of practice in the financial advisory (FA) industry and improving efficiency in the

distribution of life insurance and investment products in Singapore. The final initiatives were announced in September 2013 and MAS is progressively implementing the initiatives over the next 6 to 12 months.

Taking into consideration the characteristics of the FA industry and the objectives of FAIR, CCS undertook a competition impact assessment in relation to the

initiatives that MAS consulted CCS on. In particular, CCS considered how each initiative would affect competition in the market and put forth several recommendations aimed at maintaining and enhancing competitive conduct in the market. MAS has incorporated these recommendations in the final FAIR initiatives.



(From Left to Right): Ng Ming Jie, Senior Assistant Director, Policy & Markets; Herbert Fung, Director, Business & Economics; Justina Sim, Competition Analyst, Business & Economics



(From Left to Right): Ng Ee Kia, Senior Director, Policy & Markets; Ng Ming Jie, Senior Assistant Director, Policy & Markets

National Parks Board

In March 2014, CCS provided the National Parks Board with general tips and information on international best practices on procurement processes that could be considered when designing tenders to maximise the benefits of competition and obtain best value-for-money. These best practices also covered ways to minimise the risk of bid rigging through prevention and detection techniques.

Workplace Safety and Health Council

In February 2014, the Workplace Safety and Health Council (WSHC) requested advice from CCS on its initiative for insurers to collect and share claim records of insured organisations. This is to allow insurers to price insurance premiums more accurately, and encourage companies to adopt better workplace safety and health practices to enjoy lower premiums potentially.

CCS worked with WSHC to understand the initiative in the context of the workplace health and safety insurance market in Singapore. We assessed that the initiative is unlikely to affect competition in the market adversely and hence unlikely to infringe the Competition Act. In addition, CCS made several recommendations for WSHC to consider in its implementation of the initiative so as to safeguard and enhance competition in the market.



(From Left to Right): Herbert Fung, Director, Business & Economics; Ng Ming Jie, Senior Assistant Director, Policy & Markets



**WE INSPIRE
PLAYERS
TO AIM
HIGHER**



With competition, businesses are encouraged to stay efficient, innovative and responsive to customers' needs, which ultimately benefits everyone.

True or False?

	TRUE	FALSE
01. The Competition Commission of Singapore is a statutory board.	<input type="radio"/>	<input type="radio"/>
02. CCS only conducts outreach and advocacy programmes for the public.	<input type="radio"/>	<input type="radio"/>
03. One of CCS's roles is to ensure businesses do not engage in cartel-like behaviour.	<input type="radio"/>	<input type="radio"/>
04. In FY2013/14, CCS issued a Proposed Infringement Decision against Visa's Multilateral Interchange Fee System.	<input type="radio"/>	<input type="radio"/>
05. The Infringement Decision in FY2013/14 against four Japanese Ball and Roller Bearing Manufacturers & their Singapore subsidiaries was CCS's 1st international cartel case.	<input type="radio"/>	<input type="radio"/>
06. CCS cleared the Strategic Alliance between Singapore Airlines and Air New Zealand because it will yield net economic benefits.	<input type="radio"/>	<input type="radio"/>
07. 10 Ministries and Statutory Boards are members of COPCOMER.	<input type="radio"/>	<input type="radio"/>
08. The CCS Animation Contest was first organised in 2014.	<input type="radio"/>	<input type="radio"/>
09. CCS's 1st Infringement Decision was issued in 2008 against pest control companies for collusive tendering.	<input type="radio"/>	<input type="radio"/>
10. CCS issues Infringement Decisions only for price-fixing.	<input type="radio"/>	<input type="radio"/>



**WE INSPIRE
PLAYERS
TO AIM
HIGHER**



With competition, businesses are encouraged to stay efficient, innovative and responsive to customers' needs, which ultimately benefits everyone.

CCS raises Competition Policy and Law awareness and inspires stakeholders to aim higher through its outreach programmes.

Answers

- | | |
|--|---|
| 01. True | 05. True |
| 02. False. CCS conducts outreach and advocacy programmes for all its stakeholders, including members of the public, competition practitioners, businesses and government agencies. | 06. True |
| 03. True | 07. True |
| 04. False. CCS cleared the Notification for Decision received from VISA Worldwide regarding its Multilateral Interchange Fee System. | 08. False. The contest started in 2012. |
| | 09. True |
| | 10. False. CCS issues Infringement Decisions for infringements of the Competition Act, including anti-competitive agreements such as price-fixing and bid rigging; abuse of dominance; and mergers that substantially lessen competition. |
-

We Inspire Players to Aim Higher

Advocating and Reaching Out

CCS regularly organises advocacy and outreach programmes on competition issues to inspire businesses to step up their game and aim higher. Many of our programmes are also created to raise awareness of the nature of our work among members of the public.

In FY2013/14, high-visibility events included the launch of a new Manga, the introduction of a CCS-ESS Essay Competition in partnership with the Economic Society of Singapore (ESS), and the third instalment of CCS's annual Animation Contest.

For each programme, we produced eye-catching collaterals to publicise and promote the events.

Throughout the year, CCS also initiated programmes aimed at working better with the Government and competition practitioners. Additionally, we were featured in publications that helped to heighten awareness of our existence and the work we do.

Outreach: Public



FUSED! Manga

CCS produced a new manga titled, "FUSED!," featuring the voluntary merger regime in Singapore. The story aims to help businesses understand how they can carry out self-assessments in potential merger situations. "Fused!" is the fourth title in the CCS Manga series.

CCS Reward Scheme Publicity Campaign

CCS conducted an online publicity campaign for the CCS Reward Scheme between February and April 2014. Advertisements were placed on high-traffic websites and news sites on the Google Display Network, and Google Search and Display was used to direct

traffic to the Reward Scheme webpage.

A suite of collaterals (magnet, 1-page leaflets in English and Chinese, and animated clips) were also produced to create greater public awareness and highlight the key concepts of the scheme.

Online web banner:



Collaterals:



Outreach: Public

CCS Animation Contest 2014

The third edition of the annual CCS Animation Contest 2014 was launched on 17 February 2014. The contest aimed to involve the community in CCS's outreach efforts and to spread competition messages to the public, using a creative and visual approach.

This year, we introduced a theme for the contest. Besides the three prohibitions of the Competition Act, contestants were also encouraged to feature the CCS Reward Scheme or Leniency Programme. We also developed a dedicated Facebook application for the contest and embarked on an online publicity campaign. The competition ran for three months and drew more than 30 entries, the highest number received since the contest started in 2012. Winners were announced on 9 July 2014.



2014 Calendar - A Dozen of Myths and Facts about Competition Policy and Law

To address common misconceptions among businesses and the general public about CCS and the work we do, CCS's 2014 Calendar featured the theme, "Competition Policy and

Law: a Dozen of Myths and Facts." The 12 most common misconceptions, selected from the type of questions or feedback received from channels such as our outreach sessions, hotline and general enquiry, are featured on the calendar, alongside the facts for quick and easy reference.

2014 Calendar

("A Dozen of Myths and Facts about Competition Policy and Law"):



Outreach at NUS Industrial Organisation Lecture

Ms Caris Tan, Assistant Director (Human Resource), and Ms Jayme Leong, Competition Analyst (Business & Economics), were at the NUS Industrial Organisation Lecture on 31

October 2013 to introduce the basic Competition Law framework in Singapore and the work of CCS to about 80 students, who showed interest in the cases presented, as well as career opportunities available to them within CCS.

Outreach: Public

CCS Animation Contest Award Ceremony 2013

The 2nd CCS Animation Contest concluded successfully with an award ceremony held at the MND Auditorium on 11 June 2013. There were a total of 19 entries, some from participants as young as nine years old since the new pre-tertiary category brought primary school pupils into the contest.

The new “Viewers’ Choice Award” for the video with the most votes also proved to be very popular. There was tremendous support for the online voting process, which also saw the number of fans on the CCS Facebook page growing to more than 1,100.

We are also encouraged by the number of attempts to portray

other types of anti-competitive practices, such as the abuse of dominance and anti-competitive mergers in this year’s contest, which demonstrated a greater awareness of the three prohibitions of the Competition Act. The winning entries can be found on CCS’s YouTube channel at www.youtube.com/theccs05.



Outreach: Businesses



Outreach at Panasonic Factory Solutions Asia Pacific

Panasonic Factory Solutions Asia Pacific ran a compliance campaign for about 400 employees from 23 to 27 September 2013. To generate greater awareness and enhance understanding of competition compliance, the Compliance Booth featured CCS's animation videos and educational collaterals. The videos helped to relay competition compliance messages in a fun and light-hearted manner. Participants also got to browse and bring



home collaterals on case studies and the dos and don'ts of the Competition Act. There was also a short quiz for participants and those who answered questions correctly won magnets with the key message: "Price-fixing is against the Competition Act".

(Top Left): Members from Factory Division visiting the booth and participating in a short quiz.

(Top Right): Management from Sales & Service Division visiting the booth.

Outreach at British Chamber of Commerce

Mr Timothy Chew, Deputy Director (Business & Economics), attended a Singapore Breakfast Club event at the British Chamber of Commerce on 14 August 2013, where he made a presentation on the developments in competition law in Singapore to chamber members who included lawyers and senior executives. The event generated a discussion among the participants on recent developments in Singapore, as well as how the Competition Act impacts their businesses.



Outreach to Life Insurance Association

Mr Herbert Fung, Director (Business & Economics), made a presentation on CCS and the Competition Act during an outreach session with the association on 29 August 2013. The objective of the presentation was to reach out to senior management of life insurance companies.

Outreach: Businesses

SCCCI 15th SME and 16th Infocomm Commerce Conference

CCS showcased its enforcement and outreach work during a two-day conference on 14 and 15 August 2013. Mr Herbert Fung, Director (Business & Economics), did a presentation

on the Competition Act and was part of a panel of speakers for a seminar titled, “Get Assistance. Grow Your Business”, held on the first day of the conference. A series of one-page (English and Chinese) leaflets was produced especially for SMEs.

Two of the leaflets covered what businesses should know about merger notifications and exchanging business information as a potential infringement of the Competition Law, while the other two presented studies on the first cases of price-fixing and abuse of dominance in Singapore.



Outreach: Businesses



Outreach at the Singapore Air Cargo Agents Association

Ms Priscilla Yee, Assistant Director (Policy & Markets), presented an overview of the Competition Act and regime in Singapore to an audience of 80 members of the Air Cargo Agents Association on 6 June 2013. Ms Yee and Mr Adam Nakhoda, Deputy Director (Legal & Enforcement), also took questions from the audience during a lively Q&A session.

Launch of First Ever Competition Policy and Law Portal & Collaterals for ASEAN

As the Chair of the ASEAN Experts Group on Competition (AEGC) Work Group on Developing Strategy and Tools for Regional Advocacy, CCS successfully launched the first ever AEGC regional web portal and a series of competition collaterals on ASEAN competition policy and law in November 2013. The website, which serves as a one-stop portal for updates on Competition Policy and Law developments in ASEAN, and the competition advocacy collaterals are a vital step towards helping regional businesses get up to speed on competition laws and policies in the region as they tap the opportunities offered by the creation of a single market by 2015.



Outreach: Businesses

Outreach at the Singapore Indian Chamber of Commerce & Industry

Ms Nimisha Tailor, Deputy Director (Policy & Markets), gave a presentation on the Competition Act and its relation to businesses to 27 members of the Singapore Indian Chamber of Commerce & Industry (SICCI) on 14 June 2013.

Mr Soh Yan Wei, Assistant Director (Business & Economics), was also present at the session. The participants, who were fully engaged and willing to share their views, gave positive feedback afterwards.



Outreach to the Singapore Paper Manufacturer Association

CCS officers met up with 15 members of the association on 11 July 2013. This session helped to shed light on the Competition Act and establish good relations with key players in the paper industry. The presentation was conducted by Mr Poh Lip Hang, Assistant Director (Business & Economics).

Outreach: Competition Practitioners

Presentation at Sidley Austin Competition Law Seminar

Mr Adam Nakhoda, Deputy Director (Legal & Enforcement), gave a presentation on the overview of competition law in Singapore at the Sidley Austin Competition Law Seminar on 4 March 2014. The audience of 30 Sidley Austin's clients included in-house counsels from multinational companies

in Singapore. Mr Nakhoda also presented on CCS's leniency programme, reward scheme for whistle-blowers, developments in the merger notification procedure, and the importance of international co-operation with overseas competition authorities and international competition networks to cross-border cartel investigations.



Outreach at the Legal Roundtable

CCS hosted a legal roundtable of competition law practitioners to discuss topics of mutual interest and give competition law practitioners an opportunity to voice concerns and make suggestions on how CCS's practices could be improved. Seventeen lawyers, representing 13 Singapore law firms and QFLPs, attended the roundtable on 3 December 2013. During the session, we also explained to practitioners the rationale behind some of CCS's procedures. Feedback from the practitioners indicated that the event was a resounding success and that they look forward to attending the meetings as and when we organise them.



Inaugural Meeting CCS Competition Economics Roundtable

The CCS Competition Economics Roundtable is a dialogue session that aims to advance thought leadership on competition economics and policy; discuss the role of competition policy in the formulation of government policies and regulation in Singapore; and serve as a feedback channel for

economists to highlight issues relevant to our work. We kicked off the inaugural dialogue session on 15 April 2014 with a presentation on the relationship between competition and productivity. This was followed by a lively discussion in which roundtable members offered their views on areas where CCS and competition policy could play a useful role beyond enforcement.

Outreach: Competition Practitioners

Competition Policy Session at the Asian Meeting of the Econometric Society

CCS co-hosted a meeting with NUS for 20 academics on 3 August 2013. The session, which discussed Competition Policy, was part of the Asian Meeting of the Econometric Society. Mr Herbert Fung, Director (Business & Economics), gave a presentation on “Unilateral conduct – the balance of over- and under-enforcement risks”. Other presenters included economists from the European Commission and the Japan Fair Trade Commission.



CCS's 5th Distinguished Speaker Series

CCS held its 5th Distinguished Speaker Series on 5 November 2013. The speaker, Dr Manuel Sebastião, Advisor to the Portuguese Central Bank and former-President of the Portuguese Competition Authority, spoke on “Competition Regulation within the Financial Sector”. The event was well received and attendees appreciated the insights and perspectives offered by Dr Sebastião.

Outreach: Competition Practitioners

Outreach at the IPM Community of Practice Forum

CCS was invited to speak on basic competition law and examine the pay-for-delay cases in the pharmaceutical industry at the Intellectual Property Management (IPM) Community of Practice forum. The event, organised by IPOS (Intellectual Property Office of Singapore), was held on 29 October 2013. CCS Chief Executive, Mr Toh Han Li, noted in his welcome address that although Intellectual Property (IP) and competition laws share the same basic objective of promoting economic efficiency and innovation, certain tensions might arise from the different ways IP and competition laws advance this objective. However, the IPOS-CCS Joint Committee can help in better understanding these interfacing issues.

Mr Tan Hi Lin, Deputy Director (Business & Economics), and Mr Lee Jwee Nguan, Director (Legal & Enforcement), also gave a presentation to an audience of 80 participants comprising competition practitioners from the economics and legal community, fellow competition authorities, as well as Government agencies.

Symposium on “Competition Law and Cartels: An Asian Perspective”

CCS and the Centre for Law and Business, National University of Singapore, co-funded a symposium on 5 and 6 August 2013 that brought together leading academics and competition practitioners from various Asian countries to discuss issues relating to competition law and cartels in Asia. Topics covered included cartel law, enforcement, and leniency programmes across various jurisdictions, including

China, Chinese Taipei, Hong Kong, India, Japan, Singapore, South Korea, and Vietnam.

Ms Yena Lim, then Chief Executive of CCS, highlighted CCS’s interest in developing the research community in Singapore, and forging stronger ties with academic institutions to stimulate sharper thinking and lead research in the areas of competition law and economics. This will contribute to more robust policy formulation and decision making in the future.



Outreach: Competition Practitioners

Outreach at 3rd Annual Asia Counsel-to-Counsel Exchange

The Asia Counsel-to-Counsel Exchange, held on 12 September 2013, was designed to provide General Counsel, Head of Legal, Head of Compliance from various industries with a platform to share best practices, business challenges and leadership knowledge. Mr Lee Jwee Nguan, Director (Legal & Enforcement), was invited to speak at the session on “Challenges of ASEAN’s Competition Laws and Policies before 2015 Integration”.

In addition to the challenges in implementing competition law in ASEAN, Mr Lee also spoke about CCS’s leniency programme, merger procedure guidelines and the competition compliance programme. The informative and concise presentation was well received by the audience of about 60 attendees and the other panelists, who included Mr Trinh Anh Tuan, Head of International Board (Vietnam Competition Authority), and Mr Saswata Mukherjee, Legal Director (Unilever Asia).

Outreach at Legal Week Corporate Counsel Forum

Mr Lee Jwee Nguan, Director (Legal & Enforcement), gave a presentation at the forum’s panel discussion themed, “Remaining Compliant with Fast-Changing Competition Landscape”, on 22 October 2013. The objective was to discuss how businesses can remain compliant to competition laws in ASEAN and, in particular, Singapore.

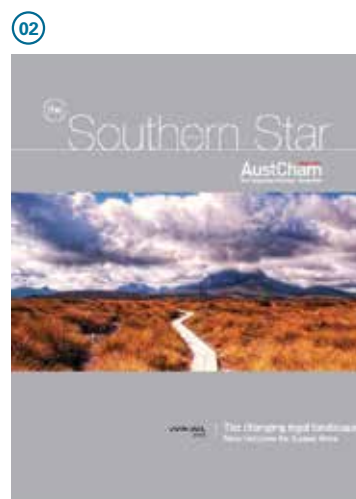
More than 50 trade associations and in-house legal counsels attended the event which included a discussion on why compliance is necessary, the effects in the case of an infringement, how an effective compliance programme should be structured, and the various resources available to businesses to set up compliance programmes.



CCS in Publications

CCS has been featured regularly in both local and international publications, contributing to competition literature around the world. These articles not only highlight our enforcement and advocacy work, but also provide insights on the Singapore Competition regime for local and international audiences.

01. “Can Buyer Power be used as a Defence – A View from Singapore” by Ms Cindy Chang, Assistant Director (Legal & Enforcement) and Terence Seah, Senior Assistant Director (Business & Economics) – an article on whether “buying power” can be used as a defence in merger, dominance and antitrust proceedings, in *The Journal of European Competition Law & Practice* 2014 (January 2014).



02. “Competition Law and CCS in Singapore” by Ms Priscilla Yee, Assistant Director (Business & Economics), and Ms Jayme Leong, Competitive Analyst (Business & Economics) – an article on the overview of the competition regime in Singapore and how and why businesses should stay competitive to spur innovation, efficiency and productivity, in *AustCham's The Southern Star* (June 2013).



03. “Interview with Mr Toh Han Li, Chief Executive, Competition Commission of Singapore” – A sharing of the latest happenings and initiatives undertaken by CCS and the challenges we are facing, both locally and abroad, in the *Law Gazette* November 2013.

04. “Singapore: CCS” by Mr Toh Han Li, Chief Executive, CCS – an article on some past achievements and the key work priorities for CCS in 2014, in *Global Competition Review (GCR)'s Asia-Pacific Antitrust Review 2014*.



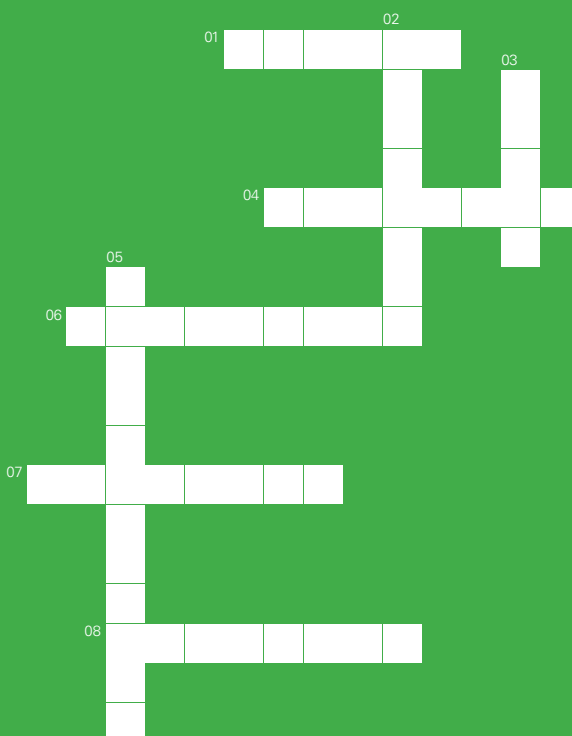
**WE STRIVE TO BE
ON PAR
WITH THE BEST**



By enabling each other as a team, we move forward towards best practices and strengthen Singapore's competition regime.

WE STRIVE TO BE ON PAR WITH THE BEST

Why We Need Competition



Across

01. The CAB is an independent body to go to when a party which CCS has made a decision against wishes to plead their case . What does the "A" represent?
04. What is the acronym for the Community of Practice (Competition and Economic Regulations)?
06. CCS's core values are Professionalism, _____, Passion.
07. You can apply for a _____ marker from the CCS if you wish to report a cartel activity you are involved in.
08. ESS partnered CCS to launch an essay competition. What does the E stand for _____?

Down

02. CCS's two areas of focus to ensure a level playing field for all businesses are _____ and enforcement.
03. Title of CCS's fourth Manga.
05. If CCS discovers a price fixing activity, it can issue an _____ decision against the companies concerned.



**WE STRIVE TO BE
ON PAR
WITH THE BEST**



By enabling each other as a team, we move forward towards best practices and strengthen Singapore's competition regime.

Aligning ourselves
with international best
practices to achieve
excellence.

Answers

Across

- 01. Appeal
- 04. COPCOMER
- 06. Integrity
- 07. Leniency
- 08. Economic

Down

- 02. Advocacy
 - 03. FUSED
 - 05. Infringement
-

We Strive to be on Par with the Best

Since we were established as a statutory board in 2005, CCS has evolved to become a competent and professional agency on par with the best competition regulators in the world. Our international relations and co-operation with overseas competition authorities and international competition networks, manifested through various visits, meetings, conferences and joint events with other regulators, are part of our efforts to profile Singapore's competition regime and strengthen our links with other competition authorities and networks.

In recent years CCS has been stepping up on our work and increasingly showing our full potential. A glance at the milestones we have passed shows how far CCS has come since our inception.

CCS Milestones

January 2005: Established as a statutory board under the Ministry of Trade and Industry

August 2005: CCS was officially launched by the Minister for Trade and Industry

December 2005: CCS issued a set of guidelines to businesses on how CCS will enforce the Competition Act

July 2007: Prohibitions against Mergers that Substantially Lessen Competition (Section 54) came into force

March 2009 - February 2010: Chairman of AEGC Regional Guidelines Working Group

November 2009: 2nd Infringement Decision (Price-fixing by Express Bus Operators)



June 2010: 3rd Infringement Decision (Abuse of Dominance by a Ticketing Service Provider)

June 2010: 4th Infringement Decision (Collusive Tendering by Electrical and Building Works Companies)

August 2010: Issued Decision against Medical Association's Guidelines of Fees

November 2010: Unveiling of the Handbook on Competition Policy and Law in ASEAN for Businesses, and the ASEAN Regional Guidelines on Competition Policy at the inaugural AEGC Business Forum in Singapore

June 2012: CCS published revised Merger Procedures Guidelines

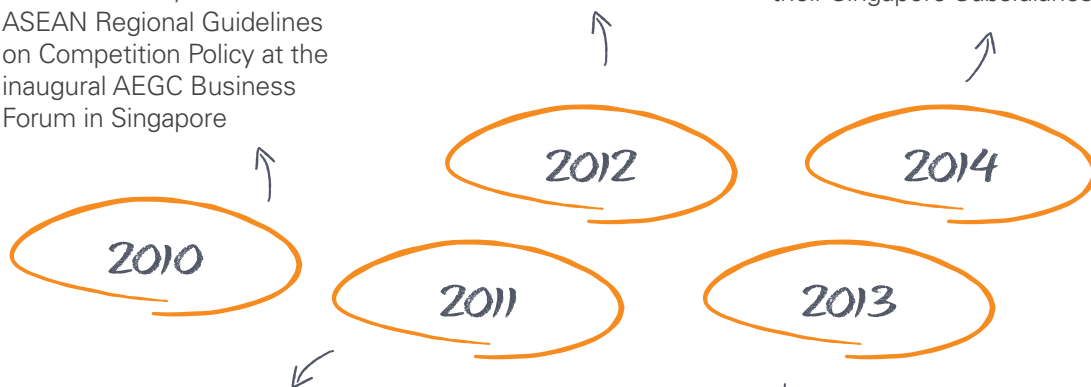
June 2012: CAB upheld CCS's decision against Ticketing Service Provider for Abusing its Dominance

July 2012: 7th Infringement Decision (Unlawful Sharing of Price Information by Ferry Operators)

January 2014: Set up Policy and Markets Division

February 2014: CCS assumed Chairmanship of the Working Group on Competition for Regional Comprehensive Economic Partnership (RCEP)

May 2014: 9th Infringement Decision and 1st international cartel case (Price-fixing by Japanese Ball and Roller Bearing Manufacturers and their Singapore Subsidiaries.)



March 2011: First ruling by the Competition Appeal Board (CAB) against appeals on Price-fixing by Express Bus Operators. CAB upheld CCS's finding on liability

September 2011: 5th Infringement Decision (Price-fixing by Employment Agencies)

November 2011: 6th Infringement Decision (Price-fixing by Modelling Agencies)

March 2013: 8th Infringement Decision (Big rigging at Public Auctions by Motor Vehicle Traders)

April 2013: CAB Dismissed Most Grounds of Appeal by Modelling Agencies for Price Fixing

November 2013: CCS launched First Ever Competition Policy and Law Web Portal and Collaterals for ASEAN as Chair of the AEGC Work Group on Developing Strategy and Tools for Regional Advocacy

International Relations and Co-operation

FY2013/14 saw an exciting line-up of visits, meetings, conferences and other events that demonstrate CCS's close co-operation with other competition regulators and our active engagements in the international and regional arena. Here is a pictorial overview of the year:



Meeting of the 13th ASEAN Experts Group on Competition (AEGC), 19 to 21 March 2014



Visit by senior officials from Uzbekistan, 2 December 2013



Visit to Malaysia Competition Commission (MyCC),
19 November 2013



3rd meeting of the AEGC Work Group on Developing Strategy and Tools for Regional Advocacy, 10 to 11 October 2013



Visit by Mr Andrew Heimert, Counsel for Asian Competition Affairs, Office of International Affairs, United States Federal Trade Commission (US FTC), 27 September 2013



Visit by the Honourable Ms Anna Wu Hung-Yuk, Chairperson of the Competition Commission of Hong Kong, 27 September 2013



Visit by Dr Mark Berry, Chairman of the New Zealand Commerce Commission (NZCC), 20 September 2013



8th East Asia Conference on Competition Law and Policy and 9th East Asia Top Level Officials' Meeting on Competition Policy, 28 to 29 August 2013



Global Competition Law Summit Asia 2013 and Visit to Competition Commission of Hong Kong, 29 to 30 August 2013



Visit by Shanghai Pudong New Area Development and Reform Commission, 3 June 2013



3rd ASEAN Competition Conference (ACC), 4 to 5 July 2013



OECD Competition Workshop on "Fighting Bid Rigging," 25 to 27 June 2013



Staff attachment from the Vietnam Competition Authority (VCA) to CCS, May to June 2013

Stepping up, Going Further

Advancing Knowledge

Given the dynamic business operating environment and the increasingly complex competition landscape, CCS continues to stay ahead of the changes by ensuring that our officers are equipped with the skills and resources essential to advancing their domain knowledge and career.

Some of the key study trips and training programmes our officers attended in FY2013/2014 were:

23-26 April 2013	–	12th Annual Conference of the International Competition Network, Warsaw, Poland
19-22 May 2013	–	Computer and Enterprise Investigations Conference 2013, Orlando, Florida
27-28 June 2013	–	5th Lear Conference on the Economics of Competition Law – “The Economics of Merger Control,” Rome
17-18 September 2013	–	ICN Unilateral Conduct Workshop, Stockholm, Sweden
15-17 October 2013	–	Study Trip on Commitments & Remedies, UK and Brussels
16-18 October 2013	–	ICN 2013 Cartel Workshop, Cape Town, South Africa
20-22 November 2013	–	3rd BRICS International Competition Conference 2013, New Delhi, India
12-13 December 2013	–	2013 ICN Advocacy Workshop, Rome, Italy
27-28 February 2014	–	OECD Global Forum On Competition, Paris, Italy
26-28 March 2014	–	62nd Antitrust Law Spring Meeting, Washington DC, USA



Charting Directions: Work Plan Seminar 2014

Our Chief Executive, Mr Toh Han Li, kicked off the 2014 CCS Work Plan Seminar session at the Concorde Hotel on 17 January 2014 by sharing with staff CCS's corporate strategies and work plans for the coming year.

Following this session, we held a discussion with staff to enable them to provide feedback and suggestions on the work plans. In addition, as part of the inaugural Scenario Planning exercise, staff discussed, analysed, and

commented on the driving forces that will potentially affect the operating landscape for us in 2030. The seminar concluded with a town hall session where management and staff further shared and discussed issues concerning CCS.

In the afternoon, everyone decked out in combat gear for battle at the Laser Ops, an interactive indoor laser tag game where players scored points by tagging targets and opponents. The energetic session provided a memorable close to the annual CCS Work Plan Seminar.

Going forward into the new financial year, we will continue to remain true to our value proposition – ensuring businesses compete on a level playing field so as to grow a vibrant economy with competitive markets and innovative businesses. A robust and enlightened competition regime will allow domestic companies to be more competitive locally and in the international market and also attract foreign businesses to the Singapore market.

Statement by Competition Commission of Singapore

In our opinion,

- (a) the accompanying financial statements of the Competition Commission of Singapore (the "Commission"), set out on pages 69 to 90 are properly drawn up in accordance with the provisions of the Competition Act, Chapter 50B (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS") so as to give a true and fair view of the state of affairs of the Commission as at 31 March 2014, and of the results, changes in equity and cash flows for the financial year ended on that date;
- (b) 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 Act; and
- (c) proper accounting and other records have been kept, including records of all assets of the Commission whether purchased, donated or otherwise.

On behalf of the Commission



Lam Chuan Leong
Chairman



Toh Han Li
Chief Executive

Singapore
Date: 18 June 2014

Independent Auditors' Report to the Commission Members of Competition Commission of Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of the Competition Commission of Singapore (the "Commission") which comprise the statement of financial position of the Commission as at 31 March 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 90.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Competition Act, Chapter 50B (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2014 and the results, changes in equity and cash flows for the year ended on that date.

Independent Auditors' Report to the Commission Members of Competition Commission of Singapore

Report on Other Legal and Regulatory Requirements

Management's Responsibility 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 Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. 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 Act.

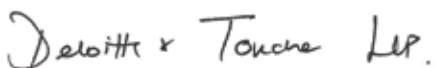
Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

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



Public Accountants and
Chartered Accountants

Singapore
Date: 18 June 2014

Statement of Financial Position

31 March 2014

	Note	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	19,968,979	19,720,797
Other receivables	7	46,219	51,614
Prepayments		109,232	99,787
Total current assets		20,124,430	19,872,198
Non-current assets			
Plant and equipment	8	2,245,089	2,800,793
Intangible assets	9	516,974	187,783
Total non-current assets		2,762,063	2,988,576
Total assets		22,886,493	22,860,774
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	1,743,684	1,856,021
Provision for contribution to consolidated fund	11	-	329,720
Total current liabilities		1,743,684	2,185,741
Non-current liabilities			
Deferred capital grants	12	1,171,401	940,923
Provision for reinstatement costs	10	287,301	-
Total non-current liabilities		1,458,702	940,923
Equity			
Share capital	13	2,097,892	2,097,892
Accumulated surplus		17,586,215	17,636,218
Total equity		19,684,107	19,734,110
Total liabilities and equity		22,886,493	22,860,774

See accompanying notes to financial statements.

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2014

	Note	2014 \$	2013 \$
Revenue	14	121,979	703,405
Interest income		93,930	83,499
Application fee income		3,000	381,000
Other operating income		25,049	238,906
Expenditure		(14,501,904)	(12,658,572)
Depreciation of plant and equipment	8	(573,592)	(510,181)
Amortisation of intangible assets	9	(39,193)	(45,618)
Salaries, wages and staff benefits		(8,940,666)	(7,759,273)
Staff training and development costs		(507,080)	(396,700)
Information technology expenses		(973,664)	(991,582)
Operating lease expenses	18	(1,127,554)	(973,221)
Other operating expenses		(2,340,155)	(1,981,997)
Deficit before government grants		(14,379,925)	(11,955,167)
Government grants		14,329,922	13,894,694
Operating grants	16	14,145,926	13,775,921
Deferred capital grant amortised	12	183,996	118,773
(Deficit) Surplus before contribution to consolidated fund	15	(50,003)	1,939,527
Contribution to consolidated fund	11	-	(329,720)
Net (deficit) surplus, representing total comprehensive income for the year		(50,003)	1,609,807

See accompanying notes to financial statements.

Statement of Changes in Equity

Year ended 31 March 2014

	Share capital \$	Accumulated surplus \$	Total \$
Balance as at 1 April 2012	2,097,892	16,026,411	18,124,303
Net surplus for the year, representing total comprehensive income for the year	-	1,609,807	1,609,807
Balance as at 31 March 2013	2,097,892	17,636,218	19,734,110
Net deficit for the year, representing total comprehensive income for the year	-	(50,003)	(50,003)
Balance as at 31 March 2014	2,097,892	17,586,215	19,684,107

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended 31 March 2014

	2014 \$	2013 \$
Operating activities		
(Deficit) Surplus for the year	(50,003)	1,609,807
Adjustments for:		
Depreciation of plant and equipment	573,592	510,181
Amortisation of intangible assets	39,193	45,618
Loss on disposal of plant and equipment	27,752	-
Contribution to consolidated fund	-	329,720
Government grants	(14,145,926)	(13,775,921)
Deferred capital grant amortised	(183,996)	(118,773)
Interest income	(93,930)	(83,499)
Operating cash flows before working capital changes	(13,833,318)	(11,482,867)
Changes in working capital:		
Other receivables	12,859	(10,487)
Prepayments	(9,445)	35,421
Trade and other payables	136,795	152,381
Net cash used in operating activities	(13,693,109)	(11,305,552)
Contribution to consolidated fund	(329,720)	(83,313)
Net cash flows used in operating activities	(14,022,829)	(11,388,865)
Investing activities		
Purchase of plant and equipment	(46,090)	(499,499)
Acquisition of intangible assets (Note 9)	(330,215)	(83,841)
Proceeds from disposal of plant and equipment	450	-
Interest received	86,466	87,535
Net cash flows used in investing activities	(289,389)	(495,805)
Financing activity		
Government grants received, representing net cash flows from financing activity	14,560,400	14,392,200
Net increase in cash and cash equivalents	248,182	2,507,530
Cash and cash equivalents at the beginning of the financial year	19,720,797	17,213,267
Cash and cash equivalents at the end of the financial year	19,968,979	19,720,797

See accompanying notes to financial statements.

Notes to Financial Statements

31 March 2014

1 GENERAL

The Competition Commission of Singapore (the "Commission") was established as a statutory board in Singapore under the provisions of the Competition Act, Chapter 50B (the "Act"). The principal place of business and registered office is located at 45 Maxwell Road, #09-01, The URA Centre, Singapore 069118. The financial statements are expressed in Singapore dollars, which is the functional currency of the Commission and the presentation currency for the financial statements.

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 practices having adverse effect on competition in Singapore;
- (c) promote and sustain competition in markets in Singapore; and
- (d) promote a strong competition culture and environment throughout the economy in Singapore.

The financial statements of the Commission for the financial year ended 31 March 2014 were authorised for issue by members of the Board on 18 June 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Act and the Singapore Statutory Board Financial Reporting Standards ("SB-FRS"), including INT SB-FRS and Guidance Notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Commission takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this set of financial statements is determined on such a basis.

Notes to Financial Statements

31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (b) **ADOPTION OF NEW AND REVISED STANDARDS** - On 1 April 2013, the Commission adopted all the new/revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes do not result in changes to the Commission's accounting policies and has no material effect on the amounts reported for the current or prior years.

Management has considered and is of the view that the adoption of the new/revised SB-FRSs, INT SB-FRSs and amendments to SB-FRS that are issued as at the date of authorisation of these financial statements but effective only in future periods will have no material impact on the financial statements of the Commission in the period of their initial adoption.

- (c) **FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the Commission's statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Other receivables

Other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Notes to Financial Statements

31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

Derecognition of financial assets

The Commission derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Commission neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Commission recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Commission retains substantially all the risks and rewards of ownership of a transferred financial asset, the Commission continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Commission are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Notes to Financial Statements

31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Commission after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of significant direct issue costs.

Pursuant to the Finance Circular Minute ("FCM") No. 26/2008 on Capital Management Framework ("CMF"), equity injection from the Government is recorded as share capital.

Other financial liabilities

Trade and other payables and amount are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Commission derecognises financial liabilities when, and only when, the Commission's obligations are discharged, cancelled or they expire.

- (d) **LEASES** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Commission as lessee

Rentals payable under operating leases are charged to income or expenditure on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to Financial Statements

31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (e) **PLANT AND EQUIPMENT** - These are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of plant and equipment, over their estimated useful lives, using the straight-line method, on the following bases:

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

The estimated useful lives, residual values and depreciation method of plant and equipment are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis. Development work-in-progress is not depreciated.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset is recognised in income or expenditure.

- (f) **INTANGIBLE ASSETS** - The acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in income and expenditure 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. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Notes to Financial Statements

31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (g) **IMPAIRMENT OF NON-FINANCIAL ASSETS** - At the end of each reporting period, the Commission reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Commission estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income or expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

- (h) **PROVISIONS** - Provisions are recognised when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that the Commission will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

Notes to Financial Statements

31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (i) **GOVERNMENT GRANTS** - Government grants are recognised when there is a reasonable assurance that the Commission will comply with the conditions attached to them, and that the grants will be received.

Government grants for the purchase of depreciable assets are taken to the Deferred Capital Grants account. Deferred capital grants are recognised in the statement of profit or loss and other comprehensive income over the periods necessary to match the depreciation of the assets financed with the related grants. On disposal of the assets, the balance of the related grants is recognised in the statement of profit or loss and other comprehensive income to match the net book value of assets disposed.

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.

- (j) **REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable.

Application fees

Application fees income is recognised when the service is 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.

- (k) **FINANCIAL PENALTIES** - Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. The financial penalties collected are transferred to the Consolidated Fund upon receipt and are not included in the financial statements of the Commission.

Notes to Financial Statements

31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (l) **RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Commission's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.
- (m) **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.
- (n) **CONTRIBUTION TO CONSOLIDATED FUND** - Under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 134, the income of the Commission is exempted from income tax.

In lieu of income tax, the Commission is required to make contribution to the Government 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.

- (o) **CASH AND CASH EQUIVALENTS** - Cash and cash equivalents comprise cash balances, bank deposits and deposits placed with the Accountant-General's Department.

Notes to Financial Statements

31 March 2014

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Commission's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management is of the opinion that there are no critical judgments or significant estimates that would have a significant effect on the amounts recognised in the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2014 \$	2013 \$
Financial assets		
Loans and receivables:		
Cash and cash equivalents	19,968,979	19,720,797
Other receivables	46,219	51,614
Total	20,015,198	19,772,411
Financial liabilities		
At amortised cost:		
Trade and other payables	1,603,684	1,568,720

Notes to Financial Statements

31 March 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives*

The Commission is exposed to financial risk arising from its operations which include interest rate risk, credit risk and liquidity risk. The Commission has policies and guidelines, which set out its general risk management framework as discussed below.

There has been no change to the Commission's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Interest rate risk management

Surplus funds in the Commission are placed with Accountant-General's Department as disclosed in Note 6. Interest rate sensitivity analysis has not been presented as management do not expect any reasonable possible changes in interest rates to have a significant impact on the Commission's operations and cash flows.

(ii) Credit risk management

Credit risk, or the risk of counterparties defaulting are controlled by the application of regular monitoring procedures. The extent of the Commission's credit exposure is represented by the aggregate balance of cash and bank balances and receivables.

(iii) Liquidity risk management

Liquidity risk arises in the general funding of the Commission's operating activities. It includes the risks of not being able to fund operating activities in a timely manner. To manage liquidity risk, the Commission places surplus funds with the Accountant-General's Department which are readily available where required.

(iv) Fair values of financial assets and financial liabilities

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.

Notes to Financial Statements

31 March 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(v) *Capital risk management policies and objectives*

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 ("MTI") 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 consist of accumulated surplus and share capital. The Commission's capital structure remains unchanged since 31 March 2013.

5 RELATED PARTY TRANSACTIONS

Some of the Commission's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Nature and amount of individually significant transactions

During the year, the Commission leases an office premise from Urban Redevelopment Authority ("URA"). In addition, the Commission obtains information technology services from Infocomm Development Authority of Singapore ("IDA") since prior year.

	2014 \$	2013 \$
<i>Ministries and Statutory Boards</i>		
Grants received from government	14,560,400	14,392,200
Contribution to Consolidated Fund	-	329,720
Computer and IT related expenses	282,865	394,999
Minimum lease payments under operating leases recognised as an expense	1,101,614	957,671

Notes to Financial Statements

31 March 2014

5 RELATED PARTY TRANSACTIONS (cont'd)

Compensation of key management personnel

The remuneration of key management personnel during the financial year were as follows:

	2014 \$	2013 \$
Short-term benefits and salaries paid to directors and above	2,291,770	2,694,649
Allowances paid to non-executive Commission members	65,111	68,220
	<u>2,356,881</u>	<u>2,762,869</u>

6 CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Cash with Accountant-General's Department ("AGD")	18,312,820	16,387,423
Deposits with AGD	1,656,159	3,333,374
	<u>19,968,979</u>	<u>19,720,797</u>

Cash and cash equivalents are denominated in Singapore dollars. The weighted average effective interest rates range between 0.54% to 0.70% (2013 : 0.55% to 0.63%) per annum.

With effect from April 2010, cash is placed with AGD under the Centralised Liquidity Management ("CLM") scheme. This scheme involves placing funds directly with the AGD for cost efficiency and better credit risk management.

7 OTHER RECEIVABLES

	2014 \$	2013 \$
Interest receivable	46,163	38,699
Other receivables	56	12,915
	<u>46,219</u>	<u>51,614</u>

Notes to Financial Statements

31 March 2014

8 PLANT AND EQUIPMENT

	Furniture, fixtures and equipment \$	Office equipment \$	Computer equipment \$	Development work-in- progress \$	Total \$
Cost:					
At 1 April 2012	1,344,726	819,541	1,319,557	-	3,483,824
Additions	5,018	69,463	1,822	423,196	499,499
Disposals	-	-	(4,409)	-	(4,409)
At 31 March 2013	1,349,744	889,004	1,316,970	423,196	3,978,914
Additions	44,726	1,364	-	-	46,090
Disposals	(39,815)	(1,098)	(29,746)	-	(70,659)
Transfers	-	-	423,196	(423,196)	-
At 31 March 2014	1,354,655	889,270	1,710,420	-	3,954,345
Accumulated depreciation:					
At 1 April 2012	249,776	153,497	269,076	-	672,349
Depreciation	171,651	89,563	248,967	-	510,181
Disposals	-	-	(4,409)	-	(4,409)
At 31 March 2013	421,427	243,060	513,634	-	1,178,121
Depreciation	164,222	95,476	313,894	-	573,592
Disposals	(11,613)	(1,098)	(29,746)	-	(42,457)
At 31 March 2014	574,036	337,438	797,782	-	1,709,256
Carrying amount:					
At 31 March 2014	780,619	551,832	912,638	-	2,245,089
At 31 March 2013	928,317	645,944	803,336	423,196	2,800,793

Included in additions during the year are plant and equipment funded via deferred capital grants received from Ministry of Trade and Industry, amounting to \$46,090 (2013 : \$499,499).

Notes to Financial Statements

31 March 2014

9 INTANGIBLE ASSETS

	Acquired computer software \$	Development work-in-progress \$	Total \$
Cost:			
At 1 April 2012	249,696	-	249,696
Additions	9,630	74,211	83,841
At 31 March 2013	259,326	74,211	333,537
Additions		368,384	368,384
Transfers	190,845	(190,845)	-
At 31 March 2014	450,171	251,750	701,921
Amortisation:			
At 1 April 2012	100,136	-	100,136
Amortisation	45,618	-	45,618
At 31 March 2013	145,754	-	145,754
Amortisation	39,193	-	39,193
At 31 March 2014	184,947	-	184,947
Carrying amount:			
At 31 March 2014	265,224	251,750	516,974
At 31 March 2013	113,572	74,211	187,783

During the financial year, the Commission acquired computer software with aggregate cost of \$368,384 (2013 : \$83,841). Cash payment of \$330,215 (2013 : \$83,841) were made to purchase computer software and \$38,169 (2013 : \$Nil) remains unpaid at the end of the reporting period.

Development work-in-progress relates to Knowledge Management System.

Notes to Financial Statements

31 March 2014

10 TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
Trade payables	46,585	128,530
Accrued staff costs	786,706	980,472
Accrued operating expenses	770,393	459,718
Provision for reinstatement costs	287,301	287,301
Deferred income	140,000	-
Less: Non-current provision for reinstatement costs	(287,301)	-
	<u>1,743,684</u>	<u>1,856,021</u>

The average credit period is 30 days (2013 : 30 days). No interest is charged on outstanding balances.

11 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% (2013 : 17%) of the net surplus of the Commission, after netting off the prior year's accounting deficit.

12 DEFERRED CAPITAL GRANTS

	2014 \$	2013 \$
At the beginning of financial year	940,923	476,356
Transfer from operating grants (Note 16)	414,474	583,340
Transfer to statement of profit or loss and other comprehensive income	(183,996)	(118,773)
At the end of financial year	<u>1,171,401</u>	<u>940,923</u>

Notes to Financial Statements

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13 SHARE CAPITAL

	2014 Number of shares	2013 Number of shares	2014 \$	2013 \$
Issued and fully paid up:				
Balance at beginning and end of financial year	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 for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183). The holder of these shares, which has no par value, is entitled to receive dividends from the Commission.

14 REVENUE

	2014 \$	2013 \$
Interest income on cash and bank balances placed with the Accountant-General's Department	93,930	83,499
Application fee income	3,000	381,000
Other operating income	25,049	238,906
	121,979	703,405

Included in other operating income is an amount of \$Nil (2013 : \$218,531) relating to recovery of legal costs incurred in the previous year.

15 (DEFICIT) SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND

(Deficit) Surplus for the year has been arrived at after charging:

	2014 \$	2013 \$
Operating lease expenses	1,127,544	973,221
Salaries, wages and other allowances	8,183,733	7,149,348
Contribution to defined contribution plans, included in salaries, wages and staff benefits	756,933	609,925

Notes to Financial Statements

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16 OPERATING GRANTS

	2014 \$	2013 \$
Grants received from government during the year	14,560,400	14,392,200
Transfer to deferred capital grants (Note 12)	(414,474)	(583,340)
Others	-	(32,939)
	<u>14,145,926</u>	<u>13,775,921</u>

17 FINANCIAL PENALTIES

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. The following financial penalties collected during the financial year are not included in the financial statements of the Commission.

	2014 \$	2013 \$
Financial penalties collected	<u>462,777</u>	<u>1,167,951</u>

18 CAPITAL COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	2014 \$	2013 \$
Capital commitments in respect of computer systems	<u>51,419</u>	<u>381,634</u>
<u>Operating lease commitments</u>		
Minimum lease payments under operating leases recognised as an expense	<u>1,127,554</u>	<u>973,221</u>

Minimum lease payments under operating leases recognised as an expense represent rentals payable by the Commission for its office premises of \$1,101,614 (2013 : \$957,671) and office equipment under operating leases of \$25,940 (2013 : \$24,876).

Notes to Financial Statements

31 March 2014

18 CAPITAL COMMITMENTS (cont'd)

At the end of the reporting period, the Commission has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2014 \$	2013 \$
Not later than one year	1,563,968	494,386
Later than one year but not later than five years	2,282,635	39,929
	<u>3,846,603</u>	<u>534,315</u>

Operating lease payments represent rentals payable by the Commission for its office premises, office equipment under operating leases and facility management services for infocomm technology. Leases are negotiated and rentals are fixed for an average of 1 to 5 years with renewal options included in the contracts.

19 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of financial position, statement of cash flow and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Previously reported 2013 \$	After reclassification 2013 \$
<u>Statement of financial position</u>		
Plant and equipment	2,875,004	2,800,793
Intangible assets	<u>113,572</u>	<u>187,783</u>



The Competition Commission of Singapore
45 Maxwell Road, #09-01, The URA Centre, Singapore 069118
Tel: 6325 8200 Fax: 6224 6929 Hotline: 1800 325 8282
www.ccs.gov.sg