

Competition Commission of Singapore
Annual Report

2005/06



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MISSION STATEMENT

To promote healthy
competitive markets that
will benefit the Singapore
economy.

The Commission's approach
will be based on sound
economic principles, applied
objectively and consistently.

Chairman's Message

HIGHLIGHTS OF THE PAST YEAR

Since the Competition Commission of Singapore (CCS) was set up on 1 January 2005, it has published eleven guidelines on how the CCS will interpret and enforce the Section 34 and Section 47 prohibitions on anti-competitive agreements and abuse of dominance. The guidelines are a key building block in our efforts to create a transparent and objective regime. They were finalized after considering written submissions and feedback received at public outreach sessions. They reflect our philosophy of engaging our stakeholders by raising public awareness, understanding and support for competition law. To this end, we have also published a pamphlet 'A Practical Guide to the Competition Act' to give a quick overview of the key provisions of our Act. The CCS has also given presentations on the Competition Act (the Act) at many public conferences and talks.

After the Section 34 and Section 47 prohibitions came into force on 1 January 2006, the CCS received notifications for decision, notifications for guidance and complaints of alleged anti-competitive conduct, which are now being processed. I am glad to note that CCS has recruited and developed a team of capable and trained competition analysts and legal counsels to meet the tasks ahead. Management has worked very hard and put in place systems and processes to deal with the anticipated caseload.

LOOKING AHEAD

In line with its mission to promote healthy competitive markets that will benefit the Singapore economy based on sound economic principles, the CCS will continue to curb anti-competitive business practices that have an appreciable effect on the economy.

The provisions in the Act relating to mergers are expected to come into force in 2007. A key highlight in the coming year will be the release of the guidelines on how the Section 54 prohibition on anti-competitive mergers will be administered in Singapore. A public consultation exercise will be held to ensure that the views of all interested parties are considered before the guidelines are finalized. Businesses will also be given sufficient time to transit to the new regime.

In enforcing the law, the CCS recognizes that compliance is best achieved if there is public awareness, understanding and support for the law in Singapore. The CCS will, in line with this philosophy, continue to make the conduct of outreach and advocacy programmes a key focus of its activities in FY2006. It will continue to engage the business and legal communities through various means, including seminars and dialogue sessions. In addition, it will step up its education and outreach programmes for the public.

GROWING AS AN ORGANISATION

The CCS is committed to providing rewarding career opportunities and a work environment conducive to the growth and development of its staff. As the work of the CCS expands in the coming year, we look forward to welcoming on board other capable, enthusiastic and high calibre staff who will value add to our work and strengthen the professional expertise of CCS.

Globalisation and the international reach of competition law make it important for CCS to be well plugged into the international competition law network, with links to fellow competition authorities. Aside from participation in forums and training programmes organized by international organizations such as the Organisation for Economic Co-operation and Development (OECD) and International Competition Network (ICN), which has provided CCS opportunities to interact with fellow competition agencies and learn from their experiences, CCS has also forged fruitful direct bilateral links with many of them. The discussions and frank exchanges of views have yielded many valuable insights to guide CCS in its formative years. We look forward to further inter-agency exchanges in the years ahead.

CONCLUSION

The CCS is a young agency, whose success in achieving its mission also depends on the support of businesses and individuals. The CCS is grateful to industry and members of the public who have actively participated in its consultation exercises. It is also encouraging to see many industry players, professional bodies, and trade associations actively working towards achieving compliance with competition law.

In closing, I would like to express my appreciation to these organisations and individuals for their invaluable contributions and look forward to their continued support as we move ahead. I also wish to thank my fellow Commission Members and CCS staff for their dedication in undertaking this pioneering, challenging but fulfilling task.


LAM CHUAN LEONG
Chairman

Commission Members



◀ **Chairman**
MR LAM CHUAN LEONG
Ambassador-at-Large
Ministry of Foreign Affairs



▶ **MR LEE SEIU KIN**
(Member until 10 April 2006)
Second Solicitor-General
Attorney-General's Chambers



◀ **MR EDWARD ROBINSON**
(Member of Audit Committee)
Executive Director
Economic Policy & Macroeconomic
Surveillance Departments
Monetary Authority of Singapore



◀
Chief Executive
MR NG WAI CHOONG
(until 23 April 2006)
concurrently
 Deputy Secretary (Industry)
 Ministry of Trade & Industry

MR BOBBY CHIN ▶
 (Chairman of Audit Committee)
 Chairman
 Singapore Totalisator Board



◀
ASSOC PROF
PHANG SOCK YONG
 (Member of Audit Committee)
 Associate Professor,
 School of Economics and
 Social Sciences
 Singapore Management University



PROF TAN CHENG HAN ▶
 Dean, Faculty of Law
 National University of Singapore



Corporate Governance

CHAIRMAN AND COMMISSION MEMBERS

The Commission oversees the work of the CCS and approves all major decisions. It currently comprises the Chairman and 6 Commission Members. Commission Members are drawn from the legal, economic and accountancy fields from both the public and private sectors. They are appointed by the Minister for Trade and Industry for a 3-year term, which commenced on 1 Jan 2005. Other than the Chief Executive who is also a Commission Member, the others are non-executive.

The Commission met nine times in the financial year.

AUDIT COMMITTEE

The Audit Committee is appointed by the Commission to assist it in fulfilling its oversight responsibilities. The Audit Committee is chaired by Mr Bobby Chin, with Associate Professor Phang Sock Yong and Mr Edward Robinson as members. The main responsibilities of the Audit Committee are to assist the Commission in discharging its responsibilities relating to internal controls, audit, financial and accounting matters, regulatory compliance and risk management. To this end, the Audit Committee reviews with management and the external auditor the audited annual financial statements and integrity of financial reporting and the adequacy of the CCS' system of accounting and internal controls. The Audit Committee also

recommends the annual audited financial statements to the Commission for approval.

The Audit Committee met twice in the financial year.

EXTERNAL AUDIT FUNCTIONS

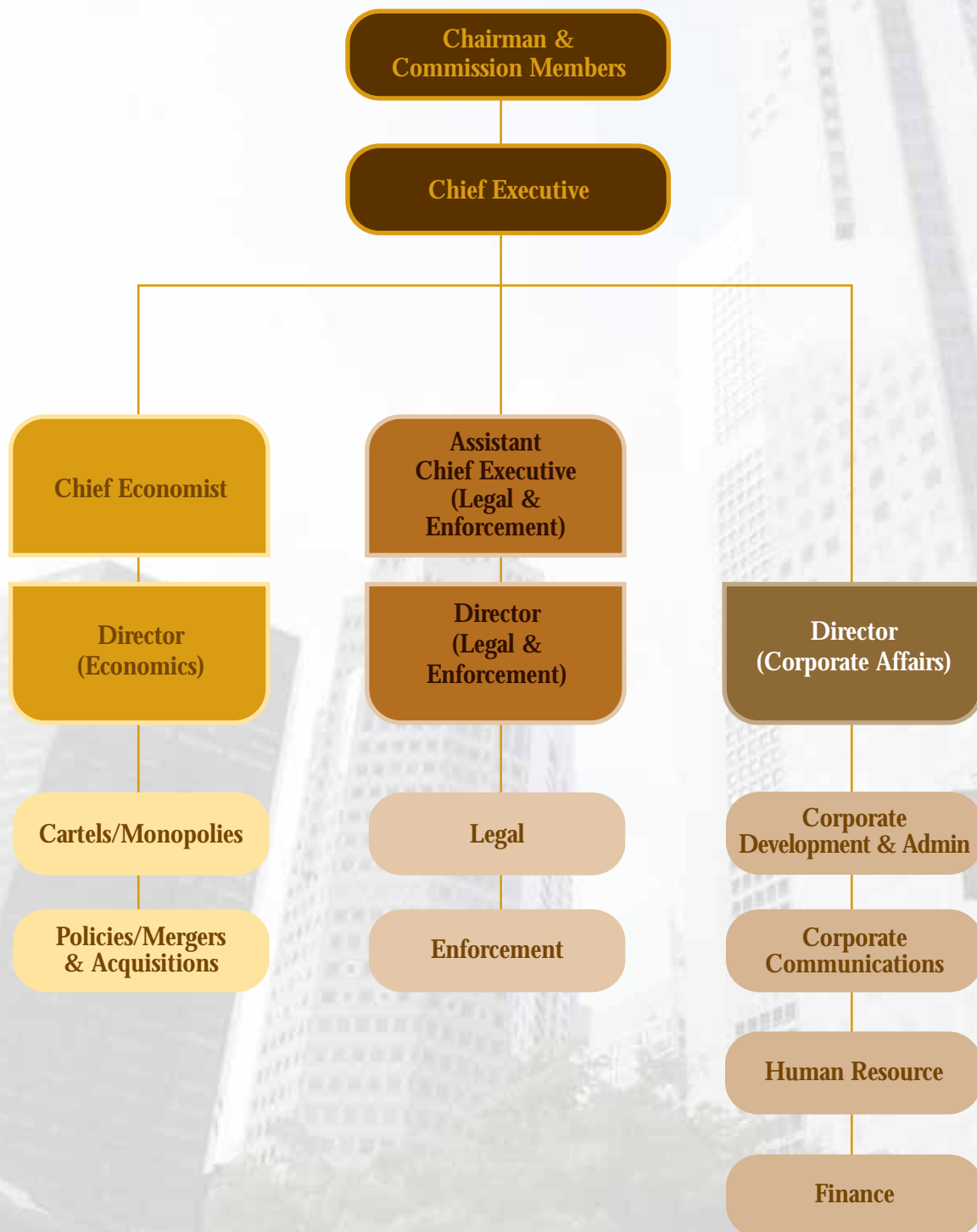
KPMG has been appointed by the Minister for Trade and Industry, in consultation with the Auditor-General, to audit the accounts of the CCS. Recommendations on improvements in significant audit, accounting and internal control matters made by the external auditor have been followed up promptly by management. 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.

BUSINESS AND ETHICAL CONDUCT

All CCS staff 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 staff are also obliged to adhere to internal policies on the avoidance of conflict of interest. For example, they are required to declare investments in private companies and shareholdings of companies under investigation by the CCS.

Organisational Structure



Senior Management

MR ONG BENG LEE

Chief Executive (*effective 24 April 2006*)

DR ROBERT IAN McEWIN

Chief Economist

MS FOO TUAT YIEN

Assistant Chief Executive (Legal & Enforcement)

MS SIA AIK KOR

Director (Legal & Enforcement)

MS JOY EE-KIA NG

Director (Economics)

MS ELAINE TOH

Director (Corporate Affairs)

The CCS comprises three divisions:

The Policy and Economic Analysis (PEA) division establishes the policy frameworks, and undertakes economic analyses in the evaluation of competition cases as well as market studies.

The Legal and Enforcement (LE) division enforces the Act, renders legal advice and drafts all legal documentation needed in the course of the Commission's work.

The Corporate Affairs (CA) division provides the administrative and operational support to the Commission.

Milestones



Year 2003

February – The Economic Review Committee issued its main report, which contained a recommendation to create a pro-enterprise environment in Singapore by enacting a generic competition law.

Year 2004

12 April – The Ministry of Trade and Industry (MTI) began the first round of public consultation on the draft competition bill.

26 July – The MTI initiated the second round of public consultation on the revised draft competition bill.

19 October – The Competition Bill was passed in Parliament.

4 November – The Competition Act was assented to by the President.

Year 2005

1 January – The CCS, a statutory board under the MTI, was set up to administer and enforce the Competition Act.

2 August – The CCS was officially launched by the Minister for Trade & Industry in conjunction with the Competition Law Conference, which was jointly organized with the Singapore Academy of Law.

20 December – The CCS completed its issuance of eleven guidelines to the Competition Act. The guidelines provide guidance to businesses on how the CCS will enforce the Act.

Year 2006

1 January – The section 34 prohibition on anti-competitive agreements and the section 47 prohibition on abuse of a dominant position came into effect, together with subsidiary legislation enacted to facilitate the enforcement of the Competition Act.

The Competition Act

INTRODUCTION

Competition plays an integral role in Singapore's economic development. It motivates businesses to be more efficient, innovative and responsive to consumer needs. Consumers benefit through lower prices, better quality and wider choices in the goods and services they purchase. From an economy-wide perspective, healthy competition will promote productivity and a more efficient allocation of resources.

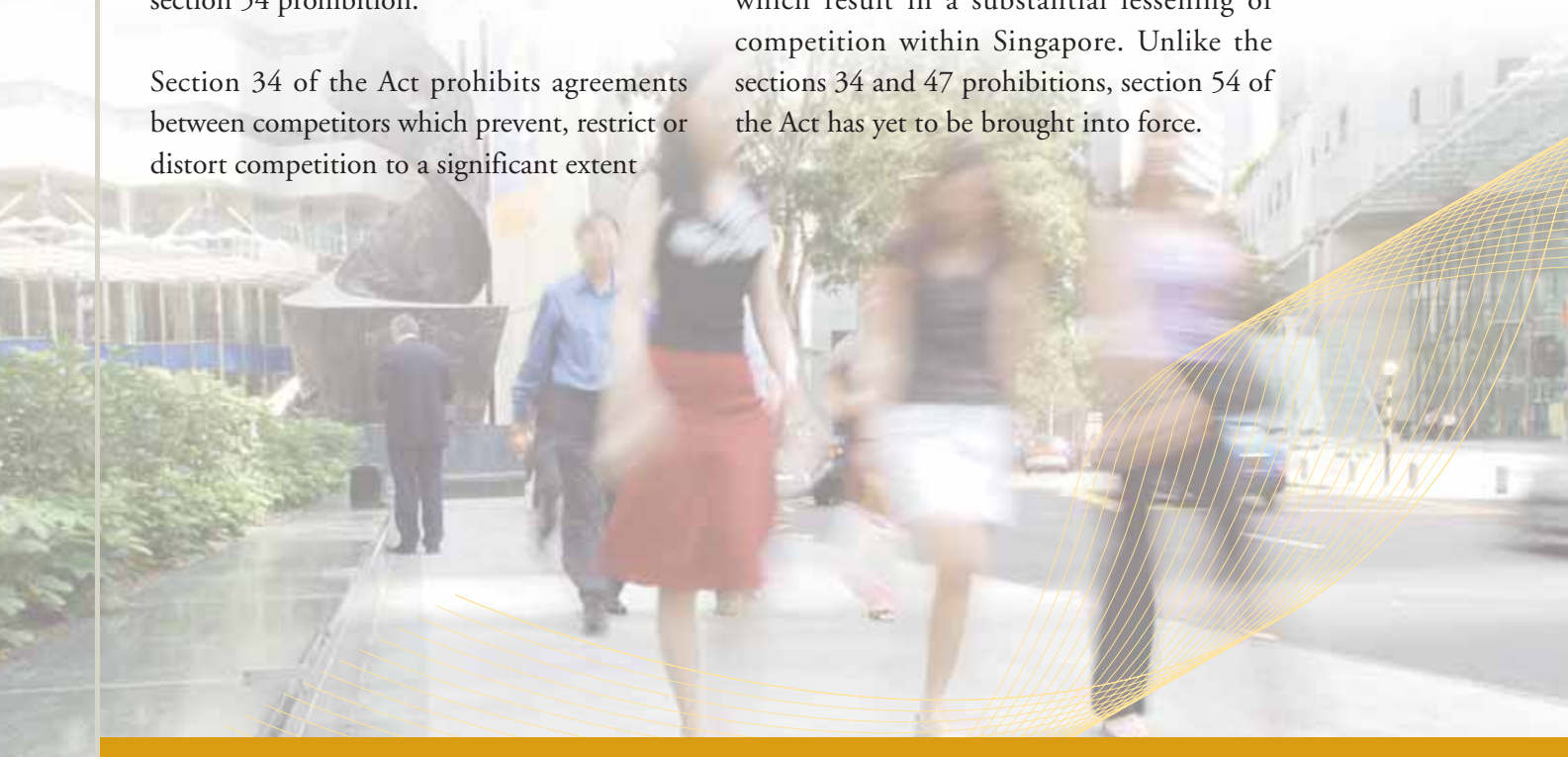
Singapore is a small and open economy. Competition law helps to further promote competition in our markets by providing a more even playing field for all businesses. It helps Singapore reinforce its pro-business environment and promotes a more vibrant and prosperous economy.

THE COMPETITION ACT ("THE ACT")

The Act sets out competition law and sets up the CCS, whose mandate is to administer and enforce the Act. The Act prohibits anti-competitive agreements and behaviours. There are 3 main prohibitions, namely, the section 34 prohibition, the section 47 prohibition and the section 54 prohibition.

Section 34 of the Act prohibits agreements between competitors which prevent, restrict or distort competition to a significant extent

within Singapore. Section 47 prohibits dominant businesses from abusing their dominance by acting in ways that are anti-competitive and which work against longer term economic efficiencies. Finally, section 54 of the Act prohibits mergers and acquisitions which result in a substantial lessening of competition within Singapore. Unlike the sections 34 and 47 prohibitions, section 54 of the Act has yet to be brought into force.



PHASED IMPLEMENTATION OF THE ACT

A phased approach has been adopted for the implementation of the Competition Act. The main phases are:

Phase 1: The provisions establishing the CCS came into force on 1 January 2005.

Phase 2: The section 34 prohibition on anti-competitive agreements and behaviours, the section 47 prohibition on abuse of a dominant position, and the provisions of the Act relating to these two prohibitions, came into force on 1 January 2006.

Phase 3: The provisions of the Act on the section 54 prohibition on mergers & acquisitions which substantially lessen competition will not be brought into force until after 1 January 2007 at the earliest.

This phased approach was to allow time for the CCS and for businesses to prepare for the implementation of the Act. In response to feedback obtained at public consultation sessions for more time to comply with the Act, parties to agreements made before 31 July 2005 were given until 1 July 2006 to renegotiate their agreements, terminate or otherwise bring them into compliance with the Act under the Transitional Arrangements.

“The phased approach will allow time for the Commission and for businesses to prepare for the implementation of the law... There will be a 12-month transition period before the provisions on anti-competitive agreements, decisions and practices; abuse of dominance; enforcement; appeals processes; and the other miscellaneous areas which will take effect on 1st January 2006. This would be the second phase. In the third phase, which is likely to be 12 months thereafter, the remaining provisions relating to mergers and acquisitions, which are more complex and technical, will come into force.”

– Second Reading Speech by
Dr Vivian Balakrishnan
then Acting Minister for
Community Development, Youth
and Sports, and Senior Minister
of State for Trade and Industry

The Competition Commission of Singapore

The CCS is a statutory board under the purview of the MTI. The CCS was set up on 1 January 2005, with the object of administering and enforcing the Act.

The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

FUNCTIONS & ENFORCEMENT PRIORITIES

The functions and duties of the CCS are listed below:

- To maintain and enhance efficient market conduct and promote overall productivity, innovation and competitiveness of markets in Singapore;
- To curb practices having an appreciable adverse effect on competition in Singapore;
- To promote and sustain competition in markets in Singapore;
- To promote a strong competitive culture and environment in the Singapore economy;
- To represent Singapore internationally in respect of competition matters; and
- To advise the Government or other public authority on national needs and policies in respect of competition matters.

A major guiding principle is the need to balance regulatory and business compliance costs against the benefits of competition. The CCS will focus on anti-competitive agreements and behaviour that have an appreciable or significant adverse impact on competition in Singapore

and which do not have any compensating efficiencies. In assessing whether an activity is anti-competitive, consideration will be given to whether it promotes innovation, production or longer-term economic efficiency.



THE YEAR IN REVIEW: January 2005 to March 2006

The CCS' main task in 2005 was to set up its systems and processes and build up its capabilities in preparation for the enforcement of the sections 34 and 47 prohibitions, both of which came into force on 1 January 2006.

The CCS' main activities during the year in review are set out below. Further information can be found in the subsequent sections.

CCS GUIDELINES 2005

Eleven guidelines were issued in 2005 setting out in detail how CCS would interpret and enforce the prohibitions contained in the Act.

officers entering premises without a warrant to take steps to preserve or prevent interference with relevant documents. Five sets of subsidiary legislation necessary to operationalise the Act were also enacted.

LEGISLATIVE WORK

The CCS worked with the Ministry of Trade and Industry and the Attorney-General's Chambers on the amendments to the Competition Act, for example, to allow CCS

OUTREACH PROGRAMME

The outreach programme in Year 2005/2006 was aimed at increasing public awareness and understanding of the Competition Act and its impact on businesses.

Bringing The Act Into Effect – The CCS Guidelines 2005

The eleven guidelines issued in 2005 indicate the manner in which CCS will interpret and administer the provisions of the Act and the approach that it will take in its enforcement activities.

The CCS also published *The CCS Guidelines 2005*, which collates the eleven guidelines into one volume.

1) THE MAJOR PROVISIONS

This guideline provides an overview of the main provisions of the Act and the other ten guidelines. It also sets out the purpose, structure and scope of the Act and explains the functions and duties of CCS.

This guideline will be updated as and when the guidelines on the section 54 prohibition are released.

2) THE SECTION 34 PROHIBITION:

This guideline sets out some of the factors and circumstances, which CCS may consider in determining whether agreements are anti-competitive and fall within the section 34 prohibition. It provides guidance on CCS' approach towards these types of agreements.

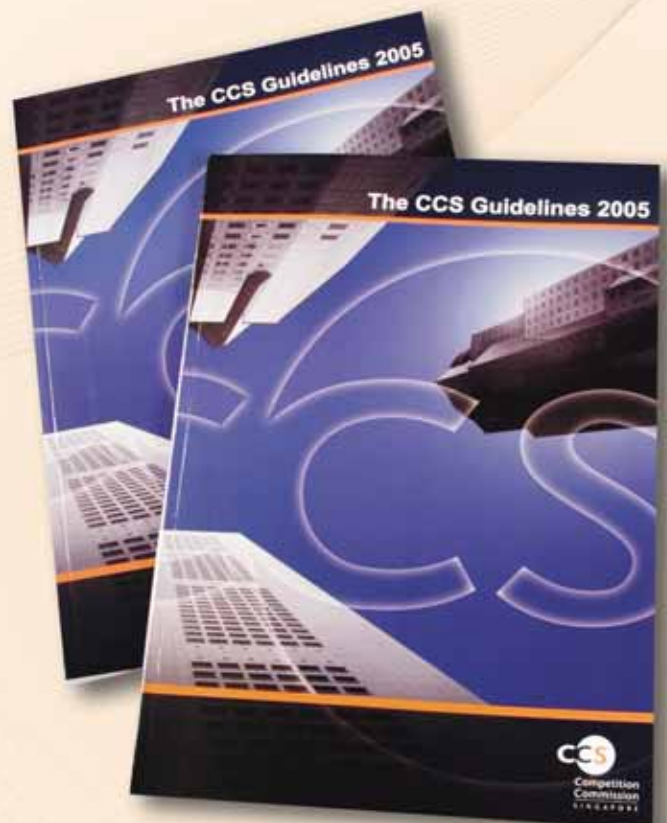
3) THE SECTION 47 PROHIBITION:

This guideline provides guidance on the main factors and circumstances, which the CCS may consider in assessing if an undertaking has substantial market power and is dominant and if so, whether its conduct amounts to an abuse of its dominant position.

It provides examples of conduct that may amount to an abuse.

4) MARKET DEFINITION:

This guideline provides the analytical framework on how the CCS may define the term 'market', when investigating possible infringements under the sections 34 and 47 prohibitions. Market definition is the first step in a full competition



analysis. It provides the context within which it may be determined whether an agreement has an appreciable adverse impact on competition within a market under the section 34 prohibition or whether an undertaking is dominant in a market within the meaning of the section 47 prohibition.

5) THE POWERS OF INVESTIGATION:

The Act gives the CCS various powers to investigate alleged anti-competitive agreements or behaviour. This includes the power to require the production of specified documents or information, the power to enter premises without a warrant, and the power to enter and search premises with a warrant.

This guideline stipulates when and how each of these powers may be exercised, the extent of each power and the procedures that will be followed when each power is used. It also provides information on the limitations on the use of these powers, and describes the offences that a person commits by failing to co-operate during the exercise of these powers in an investigation.

6) ENFORCEMENT:

This guideline elaborates on the powers of the CCS in enforcing the Act. It provides guidance on the directions that may be issued against an infringing undertaking at the close of an investigation, as well as interim directions that may be issued during an investigation.



This guideline also provides information on the financial penalties that may be imposed on infringing undertakings.

7) LENIENT TREATMENT FOR UNDERTAKINGS COMING FORWARD WITH INFORMATION ON CARTEL ACTIVITY CASES:

This guideline elaborates on the leniency programme, which is aimed at encouraging cartel members to come forward to assist the CCS in uncovering and investigating cartels. Such persons or organisations may, if they meet the conditions for leniency, enjoy immunity from the imposition of financial penalties or may be granted reductions in financial penalties.

This guideline provides information on the criteria to be satisfied in order to qualify for lenient treatment and the procedures to be followed in making a leniency application.

8) FILING NOTIFICATIONS FOR GUIDANCE OR DECISION [NGD]:

Businesses concerned about whether their business arrangements infringe the Act, may notify their arrangements and seek guidance or a decision from the CCS.

This guideline outlines the procedures, includes the forms to be submitted by applicants and provides instructions on how the forms are to be completed.

9) TRANSITIONAL ARRANGEMENTS:

The Competition (Transitional Provisions for Section 34 Prohibition) Regulations 2005 provide for an additional six-month transitional period for businesses with agreements made on or before 31 July 2005 to review their pacts and make suitable amendments where necessary to comply with section 34 prohibition. The transitional period expired on 30 Jun 2006.

10) THE APPROPRIATE AMOUNT OF PENALTY:

This guideline sets out mitigating factors and aggravating factors that will be taken into account when calculating the amount of penalty to be imposed on businesses that have infringed either the section 34 prohibition or the section 47 prohibition.

11) THE TREATMENT OF INTELLECTUAL PROPERTY RIGHTS:

This guideline sets out how the CCS views agreements and conduct which concern or deal with Intellectual Property Rights (IPR).

This guideline outlines the general framework within which the CCS will assess licensing agreements under the section 34 prohibition. It also sets out some of the considerations that the CCS will take into account when assessing conduct involving IPRs under the section 47 prohibition.



OUTREACH

Since its inception in January 2005, the CCS has launched an ongoing outreach programme to increase public awareness and understanding of competition law and its impact on businesses. The CCS seeks to communicate and educate through a range of channels, including public seminars, briefings, its website and press releases.

To this end, various conferences and seminars were organised in 2005. The CCS has also had meetings with various industry players and private sector organisations.

The CCS' outreach programme has met with encouraging response. Going forward, the CCS will continue to organise and participate in such events, as part of its outreach efforts.

Outreach

HIGHLIGHTS OF OUTREACH PROGRAMME

CCS Official Launch & Inaugural Competition Law Conference 2005

The CCS was officially launched on 2 August 2005. The launch was held in conjunction with the inaugural Competition Law Conference 2005. Mr Lim Hng Kiang, Minister for Trade and Industry graced the opening as the guest-of-honour. He spoke on the strategies and priorities of the CCS in his keynote address.

The event was well attended by participants and guests from industry and business, business chambers, trade associations and the government. The theme of the conference, which was open to the public, was *Introducing Competition Law: Perspectives and Implementation*. The full-day conference featured interesting and thought provoking presentations by practitioners from overseas competition authorities and expert consultants who spoke on their experience in dealing with competition law cases as regulators and expert economists and lawyers.



The Competition Law Conference 2005 was co-organised with the Singapore Academy of Law (SAL), in association with the Singapore Business Federation (SBF) and with the support of the National University of Singapore, Nanyang Technological University and the Singapore Management University.



Mr Andrea Lofaro, Partner, RBB Economics; Mr Lim Hng Kiang, Minister for Trade & Industry; Ms Penny Boys, then Executive Director, OFT, UK; Mr Ng Wai Choong and Prof William E. Kovacic, Commissioner of the Federal Trade Commission, US.



Public Consultation Seminars

The CCS is grateful for the support of the Singapore Business Federation with whom it has co-organised a number of seminars. These seminars, held at various times in 2005, were targeted at representatives from industry and business with a view to obtaining their feedback on the draft guidelines for improvement and refinement before the guidelines were finalised.

These seminars attracted several hundred participants from law firms, in-house counsels, and representatives of trade associations, business chambers, enterprises and MNCs.



Conference on the Competition Act – CCS Guidelines

On 24 November 2005, the CCS held a conference for legal practitioners and in-house counsels, to familiarise themselves with the Act and the guidelines. The conference was jointly organised with the SAL and attracted more than 160 participants.

The objective was to raise awareness amongst legal practitioners on the new law so that they can provide legal advice and assistance to the public and businesses on such matters.

The conference provided an opportunity for participants to discuss the Act and the guidelines that have been issued. The highlight of the conference was the Questions and Answers session, during which questions raised by the participants were addressed by a panel of CCS officers.

CCS Website

The website is an important and useful platform for the CCS to reach out to members of the public. It provides a one-stop access to information on the Act as well as on CCS. Latest news on seminars and conferences can be found on the website for information and registration. Apart from press releases, speeches and publications, the public can also find all

the guidelines and the accompanying explanatory notes, forms, feedback submissions and FAQs on the website at www.ccs.gov.sg.





OPERATIONALISING THE ACT

Operationalising The Act

COMPLAINTS

Businesses and members of the public may make submissions to the CCS about the activities of businesses that they feel may have infringed the Act. The CCS will assess and make informal enquiries to determine if a formal investigation is warranted.

A Complaint Form is available on the CCS website. Duly completed forms can be sent to a dedicated email account, set up for handling complaints.

The Complaint Form guides complainants on the information which should be submitted so as to enable the CCS to adequately assess the complaint.

The CCS discourages anonymous complaints as it will be difficult to follow up with requests for further information or verification. As such, the CCS may, in certain cases, be unable to take action on an anonymous complaint unless the information provided is verifiable and sufficiently detailed.

Investigations Into Complaints

In formal investigations, the CCS may use the various powers of investigation under the Act.

Investigations into complaints are made on a confidential basis. The CCS is unable to reveal information on cases which are on-going, as all case information must be kept confidential during the course of investigation.

If the CCS finds that there has been an infringement, it may issue directions to remedy the situation, e.g. order the cessation of the activity or modify the infringing behaviour.

Vertical exclusion to apply to IPR

Guidelines also clarify backlogs as not anti-competitive

By NANDE KHIN

THE Competition Commission of Singapore yesterday clarified that intellectual property rights (IPR) can be excluded from vertical agreement provisions under the Competition Act.

The vertical exclusion covers IPR provisions, provided they do not form the subject of the agreement. This clarification comes as part of a set of changes made to the guidelines on the treatment of IPRs under the Act following public consultation by the commission. The guideline was revised to reflect the examination of agreements involving price-fixing, market-sharing or output limitations which will always be deemed to have an appreciable adverse effect on competition. If these agreements are between com-

panies within a franchise agreement — such as the use of the trademark — will be generally covered by the vertical exclusion under the Act. Third Schedule of the Act. This clarification comes as part of a set of changes made to the guidelines on the treatment of IPRs under the Act following public consultation by the commission. The guideline was revised to reflect the examination of agreements involving price-fixing, market-sharing or output limitations which will always be deemed to have an appreciable adverse effect on competition. If these agreements are between com-

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竞争法明年生效 业者关注 调查费用和时间

通过制定竞争法令，我国政府希望巩固本地的营商环境，加强市场的运作效率及提高我国的微观经济竞争力。最终新加坡整体经济也将从生产力的提高和有效的资源分配中受惠。竞争局主要负责竞争法的执法工作，负责调查和制裁违反竞争法的商业活动。

竞争法将在明年起生效。一些业者目前关心的问题，新加坡竞争局(Competition Commission of Singapore, CCS)在调查一起案件时所需的时间以及业者在调查过程中所需承担的费用；竞争局指出，调查时间的长短将根据案件的复杂性而定。不过当局将在进行调查时考虑到受调查者所必须承担的费用。

据了解，以一些海外国家的公平交易署(Office of Fair Trading, OFT) 及竞争局所处理的案件为例，这些机构在调查一起案件所需的时间一般介乎一年至三年之间，而且在调查过程中往往需要大量服务资料及人力资源。

为调查一起案件如果公司是否涉嫌限制竞争，整个调查过程可能超过三年。

另一方面，经过第二轮及第三轮的协商后，局针对竞争法令草拟法案收集到的反馈所涉及的范围相当广，除了上述业者关注的课题外，业界也对当局调查程序的标准、业者在接受调查时的法律费用、适当的罚款以及过渡(transition arrangement) 等课题提出了意见。

竞争局昨天表示，在这两轮协商当中共收到了25份反馈意见，并根据这些反馈意见作出适当的部分修订，但草拟法案的整体已有改变。竞争局分别是在今年5月及8月展第三轮的协商。

在罚款额方面，有公众建议说，竞争局公平交易署五个步骤的模式来计算罚，不过竞争局表示，当局曾经考虑过该模式，因此竞争局将会在处理了足够的案件并累积经验后才考虑采纳更详尽的步骤式模式。

竞争局表示，在作出任何处分时，竞争局主要有两个目的，即要反映违法行为的严重性，也要通过企业进行违反公平竞争的活动。

Guidelines on new competition law finalised

By BRYAN LEE

GUIDELINES governing the way Singapore's new competition law will be implemented, have been finalised — including the last set of regulations on how intellectual property (IP) rights will be treated under the new legislation.

The Competition Commission of Singapore (CCS), which will administer and enforce the new law when it comes into force next month, yesterday issued the final version of the 11 guidelines following a public review that began in April.

There were few changes to the rules as most of the guidelines had already been amended in response to public feedback.

As for the most recent guideline on patents and other IP rights, which was up for review in October, some revisions were made in response to boost clarity.

Among these, price-fixing, market-sharing and output limiting agreements will be automatically deemed to be anti-competitive only if the contracts are made between competing organisations.

Previously, all such deals would have, by default, run foul of the new law.

The new competition law, which was passed in Parliament in October, last year, is aimed at improving Singapore's international competitiveness by ensuring that markets here function efficiently.

Among some of the finalised guidelines, the CCS will use a 60 per cent market share as a sector.

Also, industry insiders who wish to blow the whistle on their peers' price-fixing can escape from being fined if they provide information to the CCS.

While the law will come into effect on Jan 1, existing contracts comply with the new legislation.

Details of the finalised guidelines can be found on www.ccs.gov.sg

NOTIFICATION FOR GUIDANCE OR DECISION (NGD)

Companies which have serious concerns as to whether they are infringing the section 34 or 47 prohibition can choose to apply to the CCS for guidance or a decision. The CCS will only deal with applications relating to agreements that have been concluded or conduct that is currently occurring or has already taken place. As it is not practicable for CCS to deal with hypothetical situations, businesses may find it useful to seek independent legal advice for their proposed prospective agreements or conduct.

Applications for *guidance* are generally treated as confidential, although the CCS may, amongst other things, consult with non-applicant parties to the notified agreement or conduct in handling the application.

Summary information on notifications for a *decision* is posted on the CCS website.

Notification For Decision

The CCS received a notification for decision on 3 January 2006 from the Visa International Service Association (Visa International). Visa International notified CCS of its Multilateral Interchange Fee System ('MIF system') for a decision on whether it infringes the section 34 prohibition, or in the alternative, that it meets the net economic benefit exclusion criteria set out under the Third Schedule to the Act.

As at 31 March 2006, the notification is pending determination by the CCS.

Two other notifications for decision were received in April 2006 from the aviation industry.



YESTERDAY IN PARLIAMENT
Competition Act amended to enhance enforcement

Levelling the playing field

Commission issues finalised guidelines on Competition Act

Said Ms Kala Anandarajah, head (Knowledge and Risk Management), at Rajah & Tann: "If you are a big player, when you refuse to supply a licensee, the risk is always there (that you will be criticised for) restricting the market."

But CCS' approach is "fair" because it recognises that not every rejection by a dominant player to supply a licensee con-

LENIENCY PROGRAMME

Cartels are detrimental to the interests of consumers because they are essentially arrangements aimed at restricting or removing competition between market players, thereby removing the incentive for market players to be efficient or to innovate.

Cartel members, who wish to end their involvement in a cartel, may be hesitant to step forward and report such activities for fear that they may expose themselves to hefty financial penalties. As a result, cartel activities, which are usually secretive in nature, often go unreported. The leniency programme provides an incentive for members who would like to come clean by offering them the opportunity to step forward with inside information to expose a cartel in exchange for total immunity from, or a reduction in, financial penalties.

Total immunity will be granted to the first cartel member who comes forward *before* an investigation has commenced. The leniency applicant is obliged to provide all information, documents and evidence available to it,

cooperate fully, and refrain from further participation in the cartel. Most importantly, the applicant must not be the initiator of the cartel, and must not have forced another cartel member to participate. A reduction of up to 100% of the financial penalty may be granted to a cartel member, who is the first to come forward but does so only after an investigation has commenced. The reduction is discretionary and is dependent on factors such as the stage of investigation at which the leniency applicant comes forward, the evidence already in the CCS' possession, and the quality of the information provided.

Subsequent leniency applicants may get up to 50% reduction in financial penalties.

The CCS will endeavour to keep the identity of leniency applicants confidential until a proposed infringement decision is issued.

Leniency applicants are encouraged to contact the CCS by calling our hotline at 1800-3258282 or email to ccs_feedback@ccs.gov.sg.



CAPACITY BUILDING & TRAINING

In addition to customised in-house training sessions on competition law and on-the-job training, the CCS also arranged overseas attachments for its officers to other competition authorities. Such attachments help CCS officers to understand their organisational set-ups and provide valuable networking opportunities. CCS officers also learn about their operational procedures and the common challenges faced in the enforcement of competition law.

Experienced senior officers from overseas competition authorities have also been invited to Singapore to train and share their experiences with CCS officers. The CCS has tied up with overseas agencies and international organisations such as the UK Office of Fair Trading (OFT) and US Department of Justice (DOJ) to train CCS officers in areas such as investigative techniques and dealing with abuse of dominance cases.

Such training opportunities similarly help CCS officers to make valuable contacts with their counterparts from overseas competition authorities as well as to learn about international best practices.

With the training received, CCS has produced internal procedure manuals, which explain the concepts, framework for analysis, and procedures in relation to enforcement.

Capacity Building & Training

HIGHLIGHTS OF TRAINING COURSES:

Cartel Investigative Technique Training by the US DOJ

On 13 May 2005, CCS officers and representatives from other sector-specific regulators attended this 3-day workshop.

Designed to improve skills in investigating suspected cartel activities, the workshop combined presentations/lectures, discussions and demonstrations with participatory “analysis and strategy sessions” and “learning by doing” witness questioning.

The workshop required all participants to take part in witness examinations. The objective was to develop a better understanding among the participants of what evidence may be available, useful, and necessary to bring about a successful enforcement action.

Workshop on Investigating Procedures for Cartels & Abuse of Dominance

In July 2005, CCS officers and representatives from other sector-specific regulators attended this one-week training workshop given by Professor Steve Anderman, Professor of Law, University of Essex, in collaboration with Justin Woodward, Assistant Director of the OFT’s Competition Policy and Co-ordination Branch.

This workshop focused on the practical aspects of investigation such as information gathering processes and procedures to initiating an investigation.



Training on Abuse of Dominance Investigation Workshop from 25 to 27 October 2005 was conducted by Peter A. Woodward, Economist, Antitrust Division, U.S. Department of Justice and P. Abbot McCartney, Attorney, Bureau of Competition, U.S. Federal Trade Commission.

SCI Investigation Course & International Economic Crime Course (IECC)

In September 2005, CCS officers attended parts of the Basic and Intermediate Investigative Officers' courses at the School of Criminal Investigation (SCI) which were relevant to CCS' work. The courses included tips and pointers on different styles of interviews, the detection of lies, the seizure of electronic evidence and the maintenance of case files. In addition, participants put theory to practice by taking part in a mock raid to gain first hand experience of participating in raids.

Two legal counsels also attended parts of the Commercial Affairs Department's International Economic Crime Course. The participants learnt about, amongst other things, techniques in investigative interviews and analysis of financial statements from the training. The IECC serves as an excellent platform for the staff to meet and interact with personnel from enforcement agencies both in Singapore and overseas.

Training Session At The Technology Crime Forensic Branch and the School of Criminal Investigation of the CID

On 30 March 2006, CCS officers attended a 1-day training on digital evidence and Information Technology forensics.

In the first half of the training, the participants were brought through a number of topics relating to technology for instance digital evidence, IT forensics and their components.

Search and seizure techniques regarding digital evidence, requests for forensic support, and the latest development and gadgets were other highlights of the training.

At the end of the training, CCS officers gained a better understanding of the process of gathering digital evidence.



*Crime Investigation Department (CID)
Forensic Training on 30 March 2006.*

HIGHLIGHTS OF OVERSEAS LEARNING ATTACHMENT

Attachment with the Commerce Commission, New Zealand (NZCC)

**Attended by Cornie Ng, Deputy Director
(Legal & Enforcement)**

“Together with a colleague from the PEA Division, we were attached to the Commerce Commission, New Zealand at Wellington from 11 to 22 April 2005, with the aim of gaining insight into their operational set-up as a competition regulator and to learn about the systems they have in place for enforcement, adjudication, sanction and communication. While there, we sat through briefings and case studies by the Competition Branch comprising the Market Behaviour Group (MBG) which looks into complaints relating to restrictive trade practices; and the Market Structure Group (MSG) which looks into mergers and acquisitions applications.

We also met with the Economics, Legal Services and Communications Branches to observe their day-to-day operations and interactions with the Competition Branch. We also sat in for case deliberation meetings with the Commissioners and observed how such meetings were conducted and decisions made. All in all, it was a fruitful learning experience as the NZCC staff were all very helpful and attentive.”

Attachment with Australian Competition and Consumer Commission (ACCC) -Melbourne

**Attended by Christopher Tan, Deputy Director
(Legal & Enforcement) and Yong Yoek Ling,
Competition Analyst**

“In August 2005, Christopher Tan and I went for a 2-week attachment with the ACCC’s Melbourne office. The staff in Melbourne were very helpful and gave us many practical tips on how to handle complaints and cases. We learnt a lot about ACCC’s operations and enforcement philosophy from our meetings with the various divisions. We also had the opportunity of sitting through their Commission meetings to see how decisions were made.

Additionally, Christopher attended the ACCC’s investigation skills course, where trainees learnt about various evidence-gathering techniques from the more seasoned investigators. Trainees were then required to put theory into practice through role-playing scenarios, in which they carried out exercises such as taking witness statements, interviewing potential ‘defendants’, as well as making a mock presentation to management.

The attachment proved to be a real eye-opener for us, giving us an insight into the practical aspects of competition law enforcement.”



Christopher Tan and Yoek Ling with Mr Tom Faby (Regional Director, Victoria) of ACCC.

Attachment with the Competition Authority in Ireland (TCA)

Attended by Chen Weifen, Competition Analyst

“My experience at the Competition Authority in Ireland (TCA) taught me a lot about the workings of competition authorities in small, open economies. The TCA was set up in Ireland in 1991, and has a total staff count of 52. Hence the TCA is a relatively young and small agency compared to other competition authorities that the CCS had sent attachments to. Despite such constraints, the TCA has established itself as a credible competition authority over the past 15 years, grappling with some of the most challenging economic considerations unique to small, open economies.

During my 2-week attachment at the TCA in May 2005, I was impressed by the calibre and professionalism of the staff that I had met. They had been very helpful in imparting their knowledge. Given the many similarities between the CCS and the TCA, I think the experience and knowledge that I had gained are very relevant and will go a long way in helping me contribute to the growth of the CCS in these initial years.”



Weifen and TCA staff.

Attachment with the Office of Fair Trading (OFT) in UK

Attended by Ching Sann, Legal Counsel and Chua Jen Ai, Competition Analyst

“Jen-Ai and I were attached to the Office of Fair Trading in London, United Kingdom, in November 2005. While there, we were attached to the Policy Branch of their Competition Enforcement Division. The OFT staff were very kind and helpful and arranged for us to have meetings on many aspects of their work, such as cartel enforcement and the monitoring of specific industries, as well as provided advice on organizational set-up. They also let us sit in some of their internal meetings and training sessions, and visit the Competition Appeal Tribunal. We learned a great deal during our attachment and came away with a lot of food for thought.”



Jen Ai and Ching Sann posing at OFT, UK.

International Engagements

OVERSEAS ENGAGEMENT

The CCS actively participates in overseas seminars, forums and discussions. It views such events as good platforms for exchange and learning with fellow competition authorities.

TRIPS AND CONFERENCES ATTENDED BY CCS OFFICERS:

February 2005

Paris, France

Organisation for Economic Co-operation and Development (OECD) Global Forum on Competition

May 2005

Bogor, Indonesia

2nd East Asia Conference on Competition Law and Policy & Top Level Officials' Meeting on Competition Policy

June 2005

Bonn, Germany

International Competition Network (ICN) Conference 2005

February 2006

Paris

Organisation for Economic Co-operation and Development (OECD) Conference on Competition

February 2006

Hanoi

Asia-Pacific Economic Cooperation (APEC) – Competition Policy Deregulation Group (CPDG) Meeting

March 2006

Washington DC

American Bar Association (ABA) Spring Meeting of the Section of Antitrust Law

WELCOMING FOREIGN DELEGATES

To enhance cooperation and active sharing of knowledge, the CCS has hosted several visits by foreign dignitaries to Singapore. These visits provided the CCS with opportunities to share its experiences with its guests as well as to learn from the more established competition authorities.

Some Highlights:

China State Administration for Industry & Commerce visit



A delegation from the China State Administration for Industry & Commerce (SAIC), PRC, led by Mr Li Dongsheng, Vice Minister, visited CCS on 23 September 2005.



Hong Kong Office of Telecommunications Authority visit



Mr M H Au, the Director-General of the Hong Kong Office of the Telecommunications Authority (OFTA), visited CCS with a team of 5 senior staff on 16 February 2006.



FINANCIAL REPORT

COMPETITION COMMISSION OF SINGAPORE

Period from 1 January 2005 (date of establishment) to 31 March 2006

Financial Highlights

INCOME

Grants from the Ministry of Trade and Industry to meet the current year's operating expenses were recognised as income in the same year these operating expenses were incurred. Operating grants from the ministry were accounted for on an accrual basis. Operating income of S\$10.78 million consisted of grants (99%) and other operating income (1%). Net surplus after contributing to Government Consolidated Fund was S\$3.89 million.

OPERATING EXPENDITURE

Operating expenditure is classified into three major components, namely, salaries, wages and staff benefits; depreciation of plant and equipment; and other operating expenses. Operating expenditure amounted to S\$5.92 million. Of this, S\$3.79 million (64%) was for salaries, wages and staff benefits.

CAPITAL EXPENDITURE

Capital expenditure was mainly incurred for the initial set-up of CCS, which included furniture and fittings, office equipment and computer hardware and software that amounted to S\$1.12 million.

ASSETS

As at 31 March 2006, total assets amounted to S\$6.38 million. Cash and cash equivalents amounted to S\$5.23 million, plant and equipment amounted to S\$1.04 million and the remainder consisted of other receivables.

LIABILITIES

As at 31 March 2006, total liabilities amounted to S\$2.48 million. Provision for contribution to Government Consolidated Fund amounted to S\$0.97 million, deferred capital grants amounted to \$0.99 million and the remainder consisted of other trade payables.

CASH FLOW

The overall net cash inflow amounted to S\$5.23 million. This is mainly due to the inflow of government grant amounting to S\$11.68 million and an outflow of S\$5.30 million for operating activities and S\$1.12 million for purchase of plant and equipment.

Financial Highlights

Income and Expenditure Statement

Period ended 31 March 2006

	Period from 1/1/2005 to 31/3/2006 \$'000
Income	10,782
Less	
Expenditure	(5,917)
Contribution to government consolidated fund	(973)
Net Surplus for the period	3,892

Balance Sheet

As at 31 March 2006

	2006 \$'000
Total Assets	6,375
Total Liabilities	2,483
Accumulated surplus	3,892

Report of the Auditors Appointed under Section 21(4) of the Competition Act, Chapter 50B Competition Commission of Singapore

We have audited the accompanying financial statements of Competition Commission of Singapore (the “Commission”) for the period from the date of establishment, 1 January 2005 to 31 March 2006 as set out on pages FS2 to FS15. These financial statements are the responsibility of the Commission members. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Commission members, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements of the Commission and the balance sheet, income and expenditure statement and statement of changes in accumulated surplus of the Commission are properly drawn up in accordance with the provisions of the Competition Act, Chapter 50B (the “Act”) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Commission as at 31 March 2006, and the income and expenditure, and changes in accumulated surplus and cash flows of the Commission for the period ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Commission, have been properly kept in accordance with the provisions of the Act, including records of all assets of the Commission whether purchased, donated or otherwise.

During the course of our audit, nothing has come to our attention that caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Commission during the financial period have not been made in accordance with the provision of the Act.



KPMG

Certified Public Accountants

Singapore

3 August 2006

Balance Sheet

As at 31 March 2006

	Note	2006 \$
Accumulated surplus		3,892,003
Non-current assets		
Plant and equipment	3	1,042,673
Current assets		
Other receivables and prepayments		94,252
Amount due from parent ministry	4	5,615
Cash and cash equivalents	5	5,232,021
		5,331,888
Current liabilities		
Trade payables and accrued expenses		463,754
Finance lease liabilities	6	29,142
Provision for contribution to government consolidated fund	7	973,001
		1,465,897
Net current assets		3,865,991
Non-current liabilities		
Finance lease liabilities	6	24,723
Deferred capital grants	8	991,938
		1,016,661
		3,892,003

Income and Expenditure Statement

Period ended 31 March 2006

	Note	Period from 1/1/2005 to 31/3/2006 \$
Income		
Interest income		5,357
Application fee income		26,000
Other operating income		55,328
		86,685
Expenditure		
Depreciation of plant and equipment		160,010
Salaries, wages and staff benefits		3,789,772
Capital expenditure written off		12,277
Other operating expenses		1,954,884
		5,916,943
Deficit for the period before grant from Ministry	9	(5,830,258)
Grants from Ministry		
Operating grant	10	10,558,529
Deferred capital grant amortised	8	124,456
Grant on capital expenditure not capitalised	10	12,277
		4,865,004
Surplus for the period before contribution to government consolidated fund		4,865,004
Contribution to government consolidated fund	7	(973,001)
Net surplus for the period		3,892,003

Statement of Changes in Accumulated Surplus

Period ended 31 March 2006

	Accumulated Surplus \$
At 1 January 2005	-
Surplus for the period transferred from income and expenditure account, representing recognised income for the period	3,892,003
At 31 March 2006	3,892,003

Statement of Cash Flows

Period ended 31 March 2006

	Note	Period from 1/1/2005 to 31/3/2006 \$
Operating activities		
Deficit before grants		(5,830,258)
Adjustments for:		
Depreciation of plant and equipment	3	160,010
Interest income		(5,357)
Operating deficit before working capital changes		(5,675,605)
Changes in working capital:		
Other receivables and prepayments		(94,252)
Trade payables and accrued expenses		463,754
Cash utilised in operations		(5,306,103)
Interest income received		5,357
Cash flows from operating activities		(5,300,746)
Investing activities		
Purchase of plant and equipment		(1,116,393)
Financing activities		
Operating grant received from the ministry	10	11,681,585
Payment of finance lease liabilities		(32,425)
Cash flows from financing activities		11,649,160
Net increase in cash and cash equivalent and balance at end of period	5	5,232,021

Notes to the Financial Statements

Period ended 31 March 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Commission Members on 3 August 2006.

1. Domicile and Activities

Competition Commission of Singapore (the “Commission”), a statutory body of the Ministry of Trade and Industry, has been established under the Competition Act (the “Act”), Chapter 50B, to administer and enforce the Act.

The Commission is domiciled in Singapore and its principal place of business is located at 5 Maxwell Road, #13-01 Tower Block MND Complex, Singapore 069110.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance and the applicable requirements of the Competition Act, Chapter 50B.

The financial statements are presented in Singapore dollars. They are prepared on the historical cost basis except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Notes to the Financial Statements

Period ended 31 March 2006

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.

2.2 Grants

Grants from the Ministry of Trade and Industry to meet the current year's operating expenses are recognised as income in the same year these operating expenses were incurred. Operating grants from the ministry are accounted for on the accrual basis.

Grants received from the Ministry for capital expenditure are taken to the deferred capital grants account upon the utilisation of the grants for purchase of assets, which are capitalised, or to the Income and Expenditure Statement for purchase of assets which are written off in the year of purchase.

Deferred capital grants are recognised in the Income and Expenditure Statement over the periods necessary to match the depreciation, write off and/or impairment loss of the assets purchased with the related grants. Upon the disposal of plant and equipment, the balance of the related deferred capital grants is recognised in the Income and Expenditure Statement to match the carrying amount of the plant and equipment disposed.

Notes to the Financial Statements

Period ended 31 March 2006

2.3 Plant and equipment

Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. Plant and equipment costing less than \$500 each are generally charged to the Income and Expenditure Statement in the year of purchase.

Disposal

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal.

Depreciation

Depreciation is calculated on a straight-line basis to write off the cost of the assets over their estimated useful lives as follows:

Furniture and fittings	8 years
Office equipment	5 or 10 years
Computer hardware and software	3 or 5 years

The useful lives and residual values, if significant, are reassessed annually.

Notes to the Financial Statements

Period ended 31 March 2006

2.4 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and deposits placed with Accountant General's Department.

2.6 Impairment

The carrying amounts of the Commission's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of the Commission's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Financial Statements

Period ended 31 March 2006

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Finance leases

Plant and equipment acquired under finance leases (including hire purchase contracts) are capitalised and depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, where the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge of capital repayment outstanding.

Notes to the Financial Statements

Period ended 31 March 2006

2.9 Employee benefits

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the income and expenditure statement.

2.10 Provisions

Provisions are recognised when the Commission has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and reliable estimate of the amount can be made.

2.11 Income recognition

Application fees for notification are recognised upon receipt.

Interest income is recognised on an accrual basis.

Notes to the Financial Statements

Period ended 31 March 2006

3. Plant and Equipment

	Furniture and fittings \$	Office equipment \$	Computer hardware and software \$	Total \$
Cost				
Additions for the period and balance at 31 March 2006	399,425	466,406	336,852	1,202,683
Accumulated depreciation				
Depreciation for the period and balance at 31 March 2006	36,755	41,035	82,220	160,010
Carrying amount				
At 31 March 2006	362,670	425,371	254,632	1,042,673

The carrying amount of computer hardware and software includes amount totalling \$50,735 in respect of notebooks held under finance leases.

4. Amount due from Parent Ministry

The amount relates to grant receivable from the parent ministry and is unsecured and interest-free.

Notes to the Financial Statements

Period ended 31 March 2006

5. Cash and cash equivalents

	2006
	\$
Cash at bank	1,640,361
Deposits placed with Accountant General's Department	3,591,660
	5,232,021

The cash pool deposits placed with Accountant General's Department is unsecured and interest free.

6. Finance Lease Liabilities

At 31 March 2006, the Commission has obligations under finance leases that are payable as follows:

	Principal	Interest	Payments
	\$	\$	\$
RePayable:			
Within 1 year	29,142	2,093	31,235
After 1 year but within 5 years	24,723	1,823	26,546
	53,865	3,916	57,781

Effective interest rates and repricing/maturing analysis

	Effective interest rate %p.a.	within 1 year \$	in 1 to 5 years \$	Total \$
2006				
Finance lease liabilities	7.32	29,142	24,723	53,865

Notes to the Financial Statements

Period ended 31 March 2006

7. Contribution to Government Consolidated Fund

This represents the contribution to be made to the consolidated funds in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A). The contribution for the period under review is based on 20% of the surplus of the Commission.

8. Deferred Capital Grant

	Note	2006 \$
Grants received for capital expenditure transferred from operating grant	10	1,116,394
Less: Amortisation charged for the period		(124,456)
		991,938

9. Deficit for the Period Before Grants from Ministry

The following items have been included in arriving at the deficit for the period before grants from Ministry:

	Period from 1/1/2005 to 31/3/2006 \$
Operating lease expenses	581,297
Contributions to defined contribution plans included in salaries, wages and staff benefits	267,461

Notes to the Financial Statements

Period ended 31 March 2006

10. Operating Grant from Ministry

	Note	Period from 1/1/2005 to 31/3/2006 \$
Operating grant received during the period		11,681,585
Operating grant receivable as at financial period ended 31 March 2006		5,615
Operating grant received and receivable during the period		11,687,200
Amounts transferred to deferred capital grants	8	(1,116,394)
Amounts taken to Income and Expenditure Statement:		
- Capital expenditure not capitalised		(12,277)
Operating grants taken to Income and Expenditure Statement		10,558,529

11. Key Management Personnel Compensation

The key management personnel compensation, included in salaries, wages and staff benefits are as follows:

	Period from 1/1/2005 to 31/3/2006 \$
Short-term employee salaries and benefits	
- allowances paid to non-executive Commission members	31,250
- others	1,939,388
	1,970,638

Key management personnel of the Commission are those persons having the authority and responsibility for planning, directing and controlling the activities of the Commission. The Commission members, assistant chief executives, special advisor and directors are considered as key management personnel of the Commission.

Notes to the Financial Statements

Period ended 31 March 2006

12. Commitments

At 31 March 2006, the Commission have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2006
	\$
Within 1 year	510,000
After 1 year but within 5 years	509,000
	1,019,000

The lease relates to lease of office premises under operating lease.

13. Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Commission if the Commission has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Commission and the party are subject to common control or common significant influence. Related parties may be individuals or other state-controlled entities.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions based on terms agreed between the parties:

	2006
	\$
Purchase of plant and equipment paid to a ministry	123,496
Operating lease expense for office premises and utilities paid to a ministry	580,200
Accounting system implementation and subscription fees paid to Accountant General's Department	106,575
Computer services expense paid to a statutory board	89,364
Services rendered by state-controlled entity	50,872
Accounting and administration fees paid to parent ministry	120,456

Notes to the Financial Statements

Period ended 31 March 2006

14. Financial Instruments

Risk management is integral to the whole business of the Commission. The Commission has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Commission continually monitors its risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential loss resulting from the failure of a counterparty to settle its financial and contractual obligations to the Commission, as and when they fall due.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Commission monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Commission's operations and to mitigate the effects of fluctuations in cash flow.

Interest rate risk

Surplus funds from the Commission's operations are invested in bank deposits. The Commission's exposure to interest rate risk relates primarily to the fixed deposits.

Foreign currency risk

The Commission is not exposed to any significant foreign currency risk as majority of its transactions is made in Singapore dollars.

Notes to the Financial Statements

Period ended 31 March 2006

Estimating the fair values

Finance lease liabilities

The fair value of finance lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, amount due from parent ministry, cash and cash equivalents, and trade and other payables) approximate their fair values.

15. FRS not yet Adopted

Certain new accounting standards and interpretations that have been issued are mandatory for accounting periods beginning on or after 1 January 2006. The Commission has assessed those standards and interpretations issued as of balance sheet date. The initial application of these standards and interpretations is not expected to have any material impact on the Commission's financial statements.

The Commission has not considered the impact of the accounting standards issued after the balance sheet date.

16. Comparative Information

No comparative figures are available as this is the first set of financial statements prepared by the Commission since establishment.



Competition
Commission
SINGAPORE

Competition Commission of Singapore

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