



# Scaled Fees by Professional Bodies: the Singapore experience

*MyCC Public Consultation on Professional Bodies under CA 2010*  
*Herbert Fung, Director (Business & Economics), CCS*

# Some relevant information on CCS

- ▶ **CCS is the enforcement agency for competition law in Singapore (similar to MyCC)**
- ▶ **The Competition Act came into force in 2006**
- ▶ **Section 34 of the Act prohibits anti-competitive agreements between competitors**
- ▶ **A decision by an association of undertakings falls within the broad definition of an agreement**
- ▶ **Price-fixing is deemed a hardcore cartel**
- ▶ **CCS has had a number of cases involving fee scales by professional associations**

# Fee scales – also known as...

- ▶ Fee schedules
- ▶ Fee guidelines
- ▶ Price recommendations

# Some attributes of fee scales

- ▶ **Historical, transacted prices or recommended, future prices?**
- ▶ **Aggregated or disaggregated prices?**
- ▶ **Issued by the trade association, an individual supplier, an independent third party or the government?**
- ▶ **Binding or non-binding?**
- ▶ **Average, minimum, maximum or a range?**

# The first case: real estate agents

- ▶ IEA applied to CCS for guidance in June 2006
- ▶ CCS provided guidance to IEA in August 2008



# Real estate agents (cont.)

- ▶ The IEA “Professional Fees/Commission for Real Estate Agents/Agencies” specifies that:
  - ▶ Buyer pays 1% of the transacted value of the property
  - ▶ Seller pays at least 2%
  - ▶ Non-binding
- ▶ CCS deemed it anti-competitive, and without net economic benefits

# Real estate agents (cont.)

## ▶ Some thought this was good news

### Property fee guidelines: Praise for Competition Commission

I READ with gladness that at last the Competition Commission of Singapore has decided that the guidelines adopted by the Institute of Estate Agents are uncompetitive and must go ("Property fee guide

For too long, estate agents and purchase transactions have been saddled that sellers pay a 3% commission, even though the agent in the purchase is not receiving any commission.

There have been complaints for their commission being "titled" to it, citing the fact because they have the right to the proceedings.

With the clear statement from the Commission, I have no doubt that the Commission is in a better position to work with the unscrupulous and to bring their way through the industry.

To be fair, there are agents who are well trained, professional and act in the interests of their clients, be they sellers or buyers, and they would be more than willing to pay them the commission agreed in writing before they accept the agents' services.

I hope all sellers and buyers will now be more aware of their rights when dealing with housing agents and not allow agents to control them in the area of their commission.

Tan Swee Hong (Mdm)

在新加坡竞争局 (Competition Commission of Singapore) 的压力下, 房地产经纪学会 (IEA) 日前宣布, 从9月25日起取消它为房屋经纪设定的抽佣指导原则。这意味着, 今后房屋经纪和经纪行将能自由决定自己的抽佣率。

指导原则是房地产经纪学会于1999年创立时推出的。它建议: 房屋经纪向卖方收取至少相当于房屋成交价2%的佣金; 在转售房屋交易中, 如果买方没有经纪, 卖方的经纪也会向买方收取1%的佣金。这个抽佣的百分比源自1974年的政府宪报规定。它虽然非强制性, 却广泛被业内人士采用。换言之, 房屋经纪不管服务好坏, 都能据此向卖主和买主收取近乎固定的抽佣。

新加坡竞争局认为, 作为一个行业的代表团体, 房地产经纪学会不应该设定价格指导原则, 因为这

社论  
2006年8月8日

## 抽佣指导原则取消有利竞争

将干扰自由市场竞争。一些较有效率、能收取较低佣金的经纪, 因此也无法得到激励去这么做。目前, 房地产经纪学会旗下有大约1400名会员, 其自愿性中央登记系统则有来自359家房屋经纪行的2万1000名房屋经纪向它登记。新加坡竞争局注意到, 其中一些房地产经纪学会会员和第五层理事会成员, 都是大房屋经纪行的主管。

新加坡竞争局的主要任务是防止任何行业操纵市场, 破坏竞争和控制价格。在目前这个百物价格腾涨、通货膨胀压力巨大的时期, 价

格问题是民众普遍关注的敏感问题。因此, 作为维护竞争的机构, 竞争局今年以来的预期是, 是值得广大消费者赞许的。只有充分竞争才能真正维护消费者的利益。价格与收费受到同行业业者的控制, 对消费者肯定是不利的。房屋经纪如此, 其他行业亦然。

在此之前, 新加坡医药协会 (Singapore Medical Association) 和律师协会也取消它们的类似收费指导原则。不久前, 新加坡学校交通委员会宣布指导原则, 让会员收取燃油附加费, 竞争局也特发布文告

指出, 该局不反对个别会员涨价, 前提是这必须是独立决定, 而不是通过颁布指导原则统一调整步伐, 干扰自由市场竞争。此外, 本地四家发糕厂商联合起价, 结果也遭到竞争局的警告。今年初, 竞争局首次采取法律行动对付六家串通囤积的天业公司。以上事例在说明竞争法和竞争局之设, 是对消费者利益的一个重要保障。

房地产经纪学会的抽佣指导原则取消后, 到底会产生怎样的影响, 目前确实难以断言, 而业内人士的看法也各不相同。有人认为此

举不会影响现在的抽佣率, 有者则认为这么做会刺激竞争, 压低抽佣率。但消费者协会明确表明这将保障消费者的利益。消费者现在可以自由地和经纪讨价还价, 而不必受到2%或1%的束缚。

据报道, 过去两年由于房地产市场相当蓬勃, 不但带动成交量剧增, 也吸引更多投入房地产业, 使这个行业出现了良莠不齐的现象, 也导致跟房地产有关的投诉显著增加。截至去年9月, 消协接到跟房地产有关的投诉达到991起, 比2005年多出约300起, 也比2004年的469起多。这裡究竟, 有“固定”的抽佣是原因之一。因此, 相信指导原则的取消, 也能促使这一行业借助市场的力量进行整顿, 提升专业服务素质, 以及改善整体的形象。

# Real estate agents (cont.)

## Others had worries

PROPERTY COMMENT

### IT'S NECESSARY TO REGULATE THE INDUSTRY

Like medical and legal services, we must engage trained and reliable property professionals

MOHD ISMAIL

MANY people praised the Competition Commission of Singapore's recent decision to have the Institute of Estate Agents (IEA) remove its commission guidelines for property agents.

The common reason given was that many felt property agents played a minor role in their transaction and hence did not deserve what the customers felt was a hefty commission. Others still complained of the shoddy service they had received and felt that the removal of commission guidelines would only make property agents work harder for their commissions.

That is true to an extent, but unscrupulous agents will always find ways to use the non-existence of commission guidelines to their advantage. And that is why, like medical and legal services, it is necessary to engage professionals who are both trained and offer reliable services when dealing with a property transaction.

In truth, the real estate industry has long been an unregulated one. That's because the IEA's commission guidelines were just that: Guidelines. Property agents in general were still free to negotiate their own commissions with clients.

Recently, there has been a lot of negative press on property agents, revealing long-held public sentiments of the real estate industry. Following the removal of similar guidelines for the Singapore Medical Association and Singapore Law Society, it was only to be expected that the Competition Commission would do the same for the real estate sector. It was only a matter of when, not if.

It was also timely that we had, in recent months, changed our direction to reflect our new tagline: Service You Trust.

With this shift in focus on quality service rather than the quantity of agents, we had already put in place a number of initiatives to reflect our service reliability. The Competition Commission's announce-

ment merely complemented our measures, which had taken months of careful planning and development.

These measures are more than just a adsign shift in our services; they are also viable solutions for the consumers. Because, like removing the commission guidelines step towards healthy competition, that removal is also a further deregulatory step in an already unregulated industry.

Thus, there was a need to improve the standards of the real estate industry and public's perception of the industry, starting with our own agents.

The first major step in our housekeeping was to amicably terminate 2,800 of our own inactive agents. It was only

after retaining our active agents that we could more easily implement our service-enhancing initiatives.

These initiatives tackle the issue of customer care from various angles. At the end of the day, all our initiatives come back to our main aim: Adding value to our customers' lives.

With regards to our own competency, we instituted our own set of commission guidelines, which we placed on our website so that the consumer and associate alike would have a benchmark to refer to.

We also implemented a PropNex Proficiency Certificate and a PropNex Professional Practitioner's Certificate. The first requires all new and long-serving but

inactive agents to answer correctly at least 75 per cent of a multiple-choice test, which covers topics on the private and public housing markets, as well as the code of conduct and ethics.

The second requires agents to get professional indemnity insurance coverage and show their commitment to continual professional development by attending career-enhancing programmes.

To take care of the customer, we set up a customer support centre to answer consumers' concerns, carry out customer surveys after each transaction, and set up in-house mediation and disciplinary boards to settle client-associate issues.

In terms of self-regulation as an industry, associations need to implement mandatory certifications that ensure successful applicants have comprehensive working knowledge of the market.

Naturally, these qualifications need to be recognized by the governing authorities such as the Housing and Development Board and the Inland Revenue Authority of Singapore. This would at least ensure that all property agents have an adequate working knowledge of the industry.

Disciplinary and enforcement measures also need to be established to penalise errant property agents. In this way, the consumers can be better safeguarded against rogue agents who may be seeking to exploit the lack of regulation. While these measures may not immediately eradicate unethical practices by agents, it would serve to discourage such behaviour.

If the industry remains unregulated, the long-term effects would inevitably lead to plummeting consumer confidence due to errant property agents rampantly practising their trade with lack of morals and integrity.

With a decreased view of confidence from the consumers, we might see a decline in foreign investments, which would be a lose-lose situation for all concerned.

That is why it is imperative that the real estate industry acts now to enforce a higher standard of service for all consumers.

Mohd Ismail is chief executive of PropNex. The opinions expressed are his own. Email your views to news@newstoday.com.sg.



2008年6月6日 星期二

## 抽佣指导原则取消 房屋经纪与公众 到底谁得益?

**黄慧敏报道  
许翔宇报道  
ngshuimin@sph.com.sg  
摄影:赖南达**

今日起买卖房子时,屋主和买家将与房屋经纪“讨价还价”,商讨抽佣比率。

不过,有鉴于经纪公司规模日益“壮大”,消费者恐怕还是难以获利。

在新加坡竞争局的压力下,房地产经纪学会已于昨天取消它为房屋经纪

拟定的抽佣指导原则。新加坡竞争局认为该原则虽非强制性,但因广受采用,所以有碍市场竞争之嫌。

该抽佣指导原则,源于1974年的政府换届,建议经纪按房屋成交价,向买方收取至少2%佣金;若买方为无佣用经纪,那卖方经纪也可向对方收取1%佣金。

**各方看法不一**  
对取消原则,各方看法不一。

**支持者看法:**

**市场将更具竞争性**  
“在佣金冻结取消后,消费者今后可以比较不同房屋经纪收取的佣金数额,自行作选择,整个市场将更具竞争性。其实,买卖双方私下和房屋经纪拟定佣金比例,是很平常的事,如今只是把定价还价搬上台面而已。”  
——周卫民(35岁,工程师)

**保留者看法:**

**可能会被经纪骗**  
“我认为,有既定的抽佣指导原则,各方进行交易时都会比较清楚,取消指导原则,未必是好事,不是每个消费者都了解行情,有的可能会被骗。”  
——林小姐(40岁,房屋经纪)

**房地产经纪学会:  
担心经纪坐地起价  
或消费者故意压低佣金**

学会第二副主席刘锦坤说,指导原则取消后,经纪因恶性削低佣金以及消费者被经纪“黏”的情况将增加。

他因此提醒消费者和经纪,在交易前,就应说明并在合约中列明抽佣比例,以保障双方利益。

“消费者应保持警惕,货比三家。若觉得经纪要的抽佣比例过高,那该再找几个做对比。以前,消费者还可就此向学会投诉,但现在没有了指导原则,我们也就爱莫能助。”

**经纪公司怎么说?**

**不会压低佣金**

“我们坚信只要提供有质量的服务,消费者就会愿意支付佣金,所以绝不会在抽佣比例上让步。我们甚至有某些客户,因满意服务而愿意支付高达6%的佣金。”

当然一定有些人会趁机压低佣金,但服务素质还是关键,你真能放心将房子交给一个把佣金压得很低的经纪吗?”

——赖剑文; HSR总裁

**有助提高房屋经纪素质**

“我们将为属下经纪,提供佣金比例指导原则,并以旧有原则为基准。与其一味压低抽佣比例,我们更重视提高服务质量。这包括提供专业责任保险,并规定经纪每年接受培训。”

经纪佣金很值,确实能让你省一笔,但假若因此资源不足,无法积极打广告,并没有为你的房子谋得高价,那最后你可能亏得更多。”



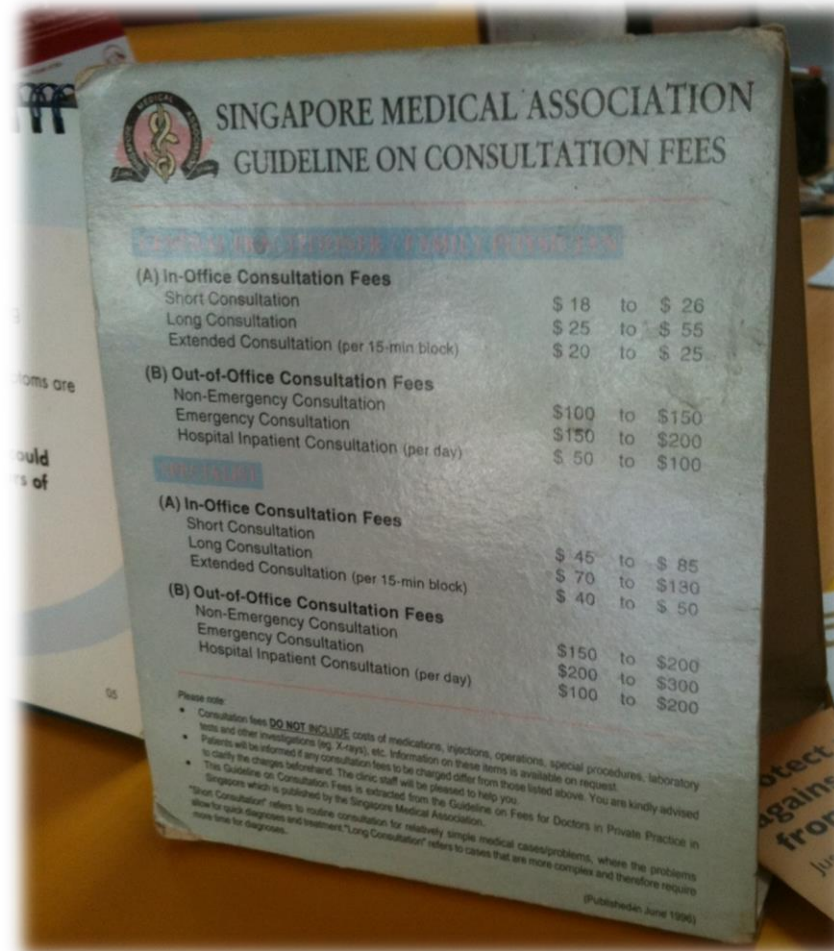
# The second case: medical fee guidelines

- ▶ SMA notified CCS for decision in February 2009
- ▶ CCS issued decision to SMA in August 2010



# Medical fee guidelines (cont.)

## ▶ The SMA Guidelines on Fees (GOF)



# Medical fee guidelines (cont.)

## ▶ Doctors' version of the GOF (97 pages)

SECTION 12 – NERVOUS SYSTEM			
<b>GROUP A</b>	<b>Surgeon's Fees</b>	<b>Anaesthetist's Fees</b>	
Nerve – Various Lesions, Biopsy	\$330 – \$550	\$200 – \$270	
<b>GROUP C</b>	<b>Surgeon's Fees</b>	<b>Anaesthetist's Fees</b>	
Nerve – Cutaneous, Injury, Primary Suture	\$990 – \$1,650	\$330 – \$440	
Nerve – Digital, Injury, Primary Repair	\$990 – \$1,650	\$330 – \$440	
Nerve – Peripheral (Superficial), Tumour, Excision	\$990 – \$1,650	\$330 – \$440	
<b>GROUP D</b>	<b>Surgeon's Fees</b>	<b>Anaesthetist's Fees</b>	
Brain – Hydrocephalus, Revision/Removal of Shunt	\$1,750 – \$2,850	\$430 – \$770	
Brain – Intracranial Abscess, Drainage via Burr-hole	\$1,750 – \$2,850	\$430 – \$770	
Brain – Tumour, Ventricular Puncture through Burr-hole	\$1,750 – \$2,850	\$430 – \$770	
Brain – Various Lesions, Insertion of Omnaya Reservoir	\$1,750 – \$2,850	\$430 – \$770	
Nerve – Defect, Peripheral Graft	\$1,750 – \$2,850	\$430 – \$770	
Nerve – Various Lesions, Primary/Secondary Suture	\$1,750 – \$2,850	\$430 – \$770	
Nerve-Trigeminal – Ganglion, Injection with alcohol/Radiotherapy Ganglionotomy	\$1,750 – \$2,850	\$430 – \$770	
Nerve-Ulnar – Entrapment, Transposition	\$1,750 – \$2,850	\$430 – \$770	
Skull – Intracranial Haemorrhage, Burr-hole Craniotomy (Unilateral)	\$1,750 – \$2,850	\$660 – \$1,200	
Spinal Cord – Intractable Pain, Injection of Alcohol/Phenol	\$1,750 – \$2,850	\$430 – \$770	
<b>GROUP E</b>	<b>Surgeon's Fees</b>	<b>Anaesthetist's Fees</b>	
Artery-Carotid – Aneurysm/Arteriovenous Fistula, Ligation	\$2,750 – \$4,400	\$660 – \$1,200	
Brain – Hydrocephalus and Other Lesions, Ventriculoatrial/Ventriculoperitoneal Shunt	\$2,750 – \$4,400	\$660 – \$1,200	
Brain – Hydrocephalus, Spino-peritoneal Shunt	\$2,750 – \$4,400	\$660 – \$1,200	
Brain – Intracranial Abscess Craniectomy and Drainage	\$2,750 – \$4,400	\$660 – \$1,200	
Brain – Intracranial Tumour/Intracranial Cyst, Biopsy/Drainage via Burr-hole	\$2,750 – \$4,400	\$660 – \$1,200	
Meninges – Myelomeningocele, Excision of Sac	\$2,750 – \$4,400	\$660 – \$1,200	
Nerve-Facial (Mastoid Portion) – Entrapment, Decompression	\$2,750 – \$4,400	\$660 – \$1,200	
Nerve-Peripheral (Deep) – Tumour, Excision	\$2,750 – \$4,400	\$660 – \$1,200	
Nerve-Sympathetic – Various Lesions, Sympathectomy (Unilateral)	\$2,750 – \$4,400	\$660 – \$1,200	
Skull – Compound Fracture without Dural Penetration, Operation	\$2,750 – \$4,400	\$660 – \$1,200	
Skull – Defect, Cranioplasty (Large)	\$2,750 – \$4,400	\$660 – \$1,200	
SMA GUIDELINE ON FEES - 82			
<b>GROUP E</b>	<b>Surgeon's Fees</b>	<b>Anaesthetist's Fees</b>	
Skull – Defect, Cranioplasty (Small)	\$2,750 – \$4,400	\$660 – \$1,200	
Skull – Depressed/Comminuted Fracture, Elevation	\$2,750 – \$4,400	\$660 – \$1,200	
Skull – Intracranial Haemorrhage, Burr-hole Craniotomy (Bilateral)	\$2,750 – \$4,400	\$660 – \$1,200	
Skull – Osteomyelitis, Craniectomy	\$2,750 – \$4,400	\$660 – \$1,200	
Spinal Cord – Intractable Pain, Percutaneous Cordotomy	\$2,750 – \$4,400	\$660 – \$1,200	
<b>GROUP F</b>	<b>Surgeon's Fees</b>	<b>Anaesthetist's Fees</b>	
Brain and Spine – Arachnoid Cyst, Operation	\$3,500 – \$5,500	\$870 – \$1,550	
Brain – Hydrocephalus, Ventriculo-Cisternostomy	\$3,500 – \$5,500	\$870 – \$1,550	
Brain – Intracranial Abscess, Excision	\$3,500 – \$5,500	\$870 – \$1,550	
Brain – Intracranial Extracerebral Tumour, Craniotomy & Removal/Hemispherectomy	\$3,500 – \$5,500	\$870 – \$1,550	
Brain – Psychiatric Causes, Leucotomy/Lobotomy	\$3,500 – \$5,500	\$870 – \$1,550	
Brain – Various Lesions, Cranioplasty/Other Stenotactic Procedure	\$3,500 – \$5,500	\$870 – \$1,550	
Meninges – Myelomeningocele, Extensive Repair with Skin Flaps/Z-plasty	\$3,500 – \$5,500	\$870 – \$1,550	
Nerve-Cranial – Various Lesions, Microvascular Decompression/Neurectomy	\$3,500 – \$5,500	\$870 – \$1,550	
Nerve – Sympathetic-Variou Lesions, Sympathectomy (Bilateral)	\$3,500 – \$5,500	\$870 – \$1,550	
Plexus-Brachial – Injury, Exploration	\$3,500 – \$5,500	\$870 – \$1,550	
Skull – Compound Fracture with Dural Penetration and Brain Damage, Operation	\$3,500 – \$5,500	\$870 – \$1,550	
Skull – Craniostenosis (Multiple Suture), Operation	\$3,500 – \$5,500	\$870 – \$1,550	
Skull – Craniostenosis (Single Suture), Operation	\$3,500 – \$5,500	\$870 – \$1,550	
Skull – Fracture with Rhinorrhoea/Otorrhoea, Cranioplasty and Repair	\$3,500 – \$5,500	\$870 – \$1,550	
Skull – Intracranial Haemorrhage, Osteoplastic Craniotomy/Extensive Craniectomy	\$3,500 – \$5,500	\$870 – \$1,550	
Spinal Cord – Aneurysm/Arteriovenous Malformation Clipping/Reinforcement of Sac	\$3,500 – \$5,500	\$870 – \$1,550	
Spinal Nerve Roots – Various Lesions, Spinal Rhizolysis Involving Exposure of Spinal Nerve Roots	\$3,500 – \$5,500	\$870 – \$1,550	
SMA GUIDELINE ON FEES - 83			

# Medical fee guidelines (cont.)

- ▶ The policy maker:



- ▶ The regulator:



- ▶ The professional association:



- ▶ The sellers (doctors)



- ▶ The buyers (patients)



# Medical fee guidelines (cont.)

## ▶ Chronology of events

- |      |   |
|------|---|
| 1987 | MOH requested that SMA draw up the GOF  |
| 2006 | Competition Act prohibitions came into force  |
| 2007 | SMA was advised the GOF might contravene the Act and the GOF was withdrawn                  |
| 2008 | SMA notified CCS on the GOF and also appealed to Minister MTI on grounds of public interest |
| 2010 | CCS decided that the GOF contravened s34 of the Act   |

# Medical fee guidelines (cont.)

## ▶ The healthcare market:



Information asymmetry

+

Supply induced demand

+

Necessity

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Prone to **Over**charging

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# Medical fee guidelines (cont.)

Many economists have concluded that market is doomed to fail in healthcare... . I believe that **market fails in healthcare, because we allow it to fail.**

If we do not promote competition among providers, how **can the market flourish?** .....If consumers do not bother with value for money, why should providers actively try to innovate and save consumers money?

Khaw Boon Wan, then Minister of Health



# Medical fee guidelines (cont.)

## ▶ Industry self-regulation?

### On the need for Self Regulation

If the medical fraternity does not act soon to cajole or coerce the black sheep among us to stop taking advantage of patients, Singapore's reputation will suffer and all its doctors will be tarred by the same bush.



### On the GOF

[...], there is no perfect solution.  
We know the GOF will work – because it did.

*Dr Lee Wei Ling, Straits Times'08*



# Medical fee guidelines (cont.)

- ▶ **CCS decision: the GOF was anti-competitive...**
  - ▶ GOF was a set of recommended future prices
  - ▶ SMA represented the sellers (i.e. doctors) only
  - ▶ GOF distorted independent pricing
  - ▶ GOF affected both price and non-price competition
- ▶ **... and did not yield net economic benefits:**
  - ▶ GOF was so technical that only doctors can understand
  - ▶ GOF did not report historical prices objectively
  - ▶ GOF did not prevent incidents of over-charging
  - ▶ There are better alternative safeguards

# Medical fee guidelines (cont.)

- ▶ **Minister of Trade and Industry rejected SMA's application for public policy exemption of the GOF:**

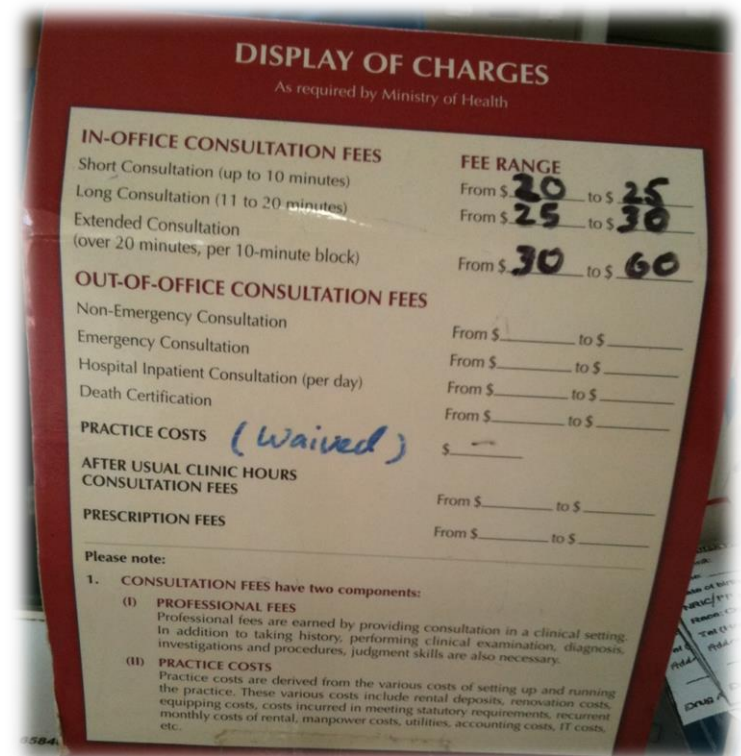
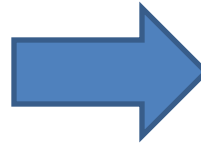
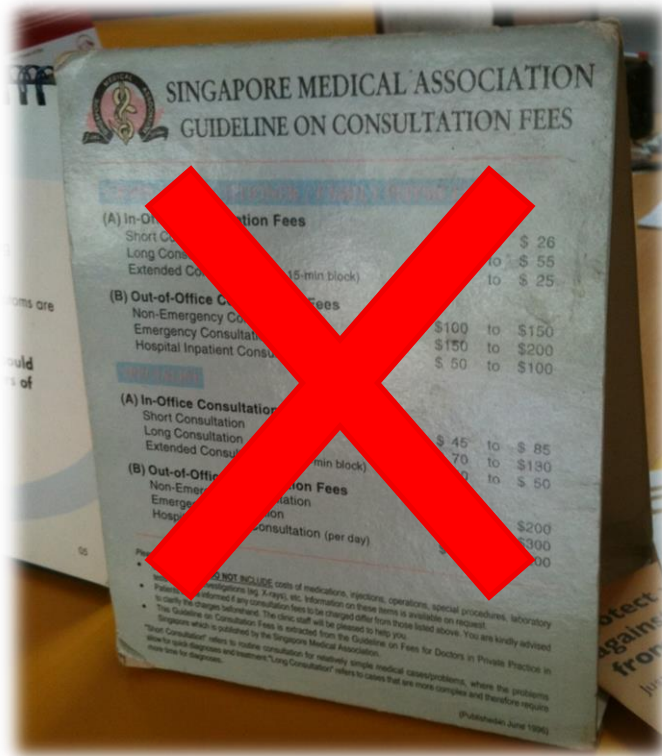
**In the absence of other sources of information, the GOF could be useful...**

The Government has put in place **various measures ... more effective and direct** than the GOF in addressing the key problem of information asymmetry... without the potential risk of anti-competitive behavior

*MTI press release June 2010*

# Medical fee guidelines (cont.)

## ▶ Alternative 1: MOH Display of Charges



# Medical fee guidelines (cont.)

## ▶ Alternative 2: Breakdown of medical bills

DESCRIPTION	\$
<b>HOSPITAL CHARGES</b>	
CCU/HDU/2 Bed Charges @\$420 for 2 DAY(S)	840.00
SF/103/D Bed Charges @\$120 for 1 DAY(S)	120.00
Clinical Consumable & Supply	333.30
Equipment Usage	449.50
Facility Fee	20.00
Laboratory Services	508.45
Operating Theatre	175.00
Outside Hospital Services	211.00

# Medical fee guidelines (cont.)

## ▶ Alternative 3: MOH publication of hospital bill sizes

### Gastroscopy

[Select another condition/procedure](#)

Day Surgery (Private) Day Surgery (Subsidised) All Wards

#### Day Surgery (Private)

Hospitals	Volume <sup>1</sup>	Average Length Of Stay (Days) <sup>2</sup>	50th Percentile Bill Size (\$) <sup>3</sup>	90th Percentile Bill Size (\$) <sup>4</sup>
AH	73	1.0	661	907
CGH	704	1.0	545	775
GH	1,284	1.0	817	1,179
MAH	382	1.0	786	1,157
MEH	1,182	1.0	1,031	1,451
NCC	53	1.0	510	730
NUH	984	1.0	432	749
PEH	98	1.0	796	1,445
RH	850	1.0	945	1,424
SGH	1,369	1.0	596	904
TTSH	924	1.0	531	721

# Medical fee guidelines (cont.)

## ▶ Alternative 4: SMC disciplinary action (ex post)

### Surgeon Susan Lim's appeal against suspension ruling dismissed

By [Jeanette Tan](#) | Yahoo! Newsroom – Mon, Jul 1, 2013



Prominent surgeon Susan Lim has been suspended from practice for three years by the Singapore Medical Council. (Screengrab from TED)

Prominent cancer surgeon Susan Lim's final attempt to avoid being suspended for professional misconduct for overcharging was thwarted Monday.

*The Straits Times* [reported](#) that Singapore's Court of Appeal dismissed [an appeal](#) filed by the oncologist, capping a costly and drawn-out legal tussle over whether or not she had violated ethical limits on medical fees when she charged a member of Brunei's royal family some \$24.8 million for several months of cancer

### Appendix B

treatment.

Last August, Dr Lim was sentenced to a three-year suspension from practice and a \$10,000 fine after being found guilty of 94 charges of professional misconduct brought against her by the Ministry of Health. This was upheld by the Court of Appeal.

Her charges included the the fact that Lim marked up a series of third-party medical bills by as much as 500 times, accrued to Pengiran Anak Hajah Damit, the Brunei queen's sister, in the course of treatment for her breast cancer. The latter passed away from her illness in 2007.

In their judgment, the three Court of Appeal justices reportedly said Dr Lim's case was "clearly one of the most serious cases — if not the most serious case so far — of overcharging in the medical profession in the local context".

They also ruled that given a doctor's knowledge and training, he or she is bound by ethical obligation not take advantage of his or her patient. This obligation is not overridden by any valid agreements between the doctor and his or her patient, it added.

The judges also reportedly dismissed her arguments that her bills were justified, and that there was no ethical obligation on the part of a doctor to charge a fair and reasonable amount, noting that her approach to the appeal showed that she had no remorse in what she had done.

# Medical fee guidelines (cont.)

## ▶ Response from SMA:

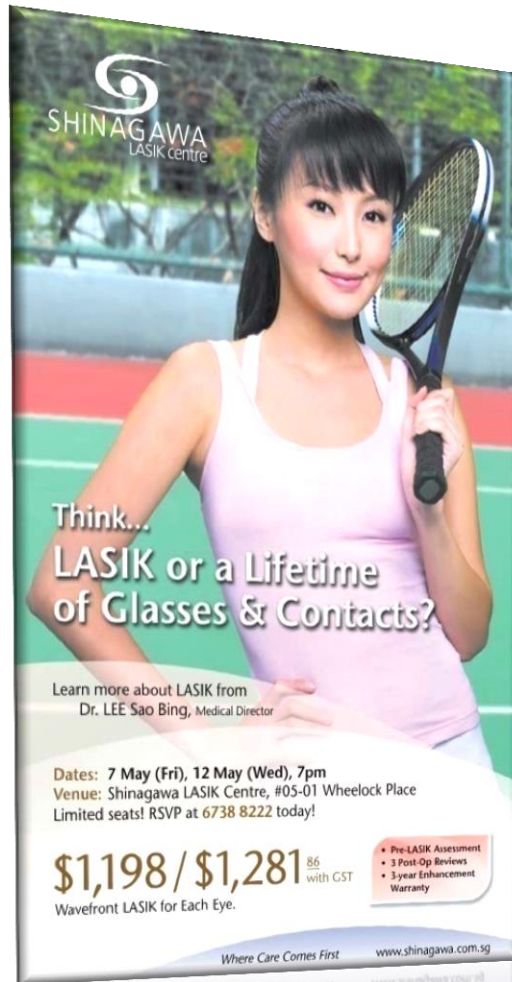


[...]Perhaps the GOF has simply outlived its usefulness and is now consigned to history.

Dr Chong Yeh Woei, President SMA  
51<sup>th</sup> Council June 2010

# Medical fee guidelines (cont.)

- ▶ The market has moved on:



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SINGAPORE



# Cases resolved without a legal proceeding

- ▶ **Conveyance fees**



- ▶ **Architects fees**



- ▶ **Voluntary removal of their price guidelines**
- ▶ **Letter circulated to members/ press release**

# Cases amounted to price fixing

## ▶ Express buses

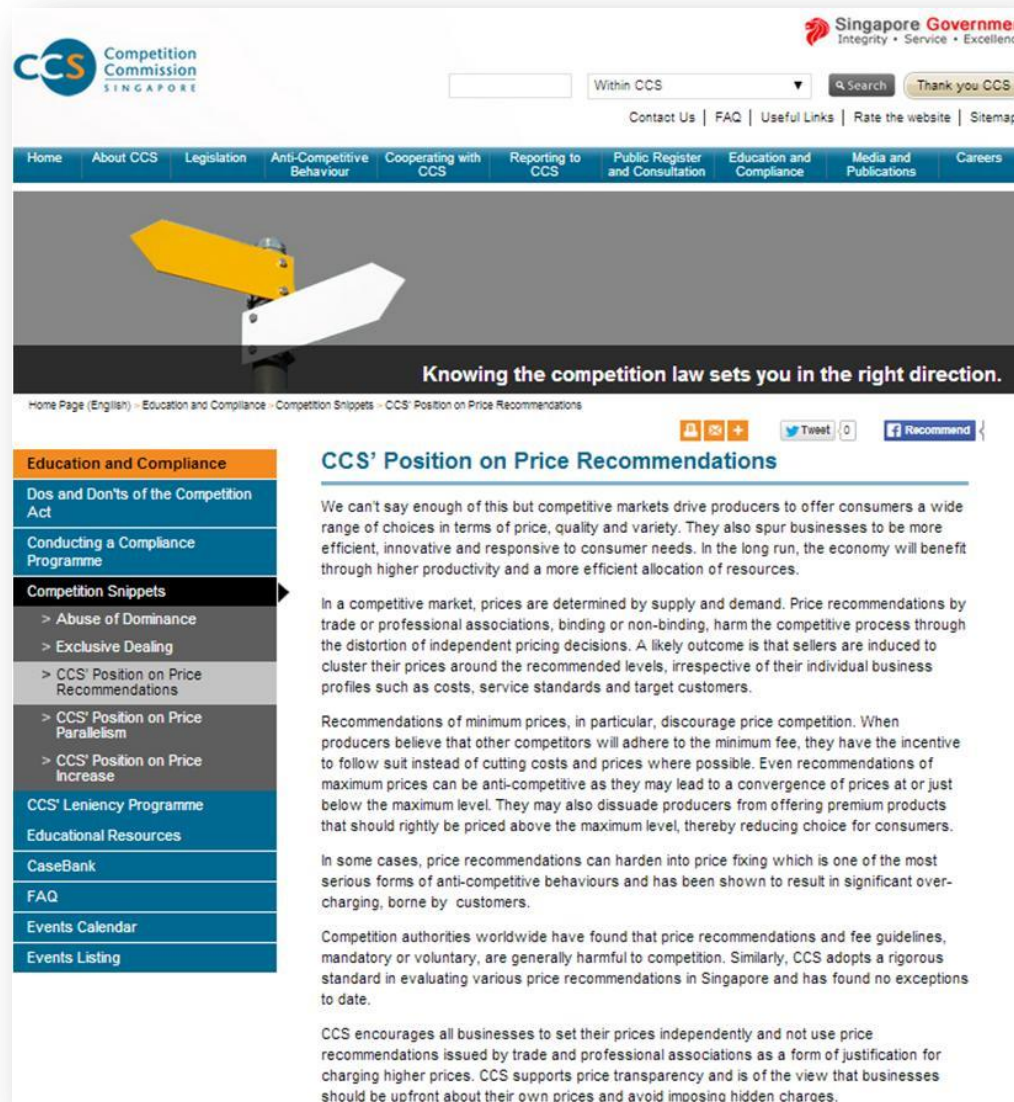


## ▶ Modeling agencies



- ▶ All/most players were executive committee members of the association
- ▶ Used exco meetings to discuss and agree on price 'recommendations' to themselves

# CCS's policy position on price recommendation



The screenshot shows the Competition Commission Singapore (CCS) website. At the top left is the CCS logo. At the top right is the Singapore Government logo with the tagline 'Integrity • Service • Excellence'. Below the logos is a search bar with the text 'Within CCS' and a search button. A navigation menu includes links for Home, About CCS, Legislation, Anti-Competitive Behaviour, Cooperating with CCS, Reporting to CCS, Public Register and Consultation, Education and Compliance, Media and Publications, and Careers. The main content area features a banner with the text 'Knowing the competition law sets you in the right direction.' Below this is a breadcrumb trail: 'Home Page (English) - Education and Compliance - Competition Snippets - CCS' Position on Price Recommendations'. A sidebar on the left lists various topics under 'Education and Compliance', with 'Competition Snippets' expanded to show a list of items, including 'CCS' Position on Price Recommendations'. The main content area is titled 'CCS' Position on Price Recommendations' and contains three paragraphs of text explaining the Commission's stance on price recommendations in a competitive market.

**CCS' Position on Price Recommendations**

We can't say enough of this but competitive markets drive producers to offer consumers a wide range of choices in terms of price, quality and variety. They also spur businesses to be more efficient, innovative and responsive to consumer needs. In the long run, the economy will benefit through higher productivity and a more efficient allocation of resources.

In a competitive market, prices are determined by supply and demand. Price recommendations by trade or professional associations, binding or non-binding, harm the competitive process through the distortion of independent pricing decisions. A likely outcome is that sellers are induced to cluster their prices around the recommended levels, irrespective of their individual business profiles such as costs, service standards and target customers.

Recommendations of minimum prices, in particular, discourage price competition. When producers believe that other competitors will adhere to the minimum fee, they have the incentive to follow suit instead of cutting costs and prices where possible. Even recommendations of maximum prices can be anti-competitive as they may lead to a convergence of prices at or just below the maximum level. They may also dissuade producers from offering premium products that should rightly be priced above the maximum level, thereby reducing choice for consumers.

In some cases, price recommendations can harden into price fixing which is one of the most serious forms of anti-competitive behaviours and has been shown to result in significant over-charging, borne by customers.

Competition authorities worldwide have found that price recommendations and fee guidelines, mandatory or voluntary, are generally harmful to competition. Similarly, CCS adopts a rigorous standard in evaluating various price recommendations in Singapore and has found no exceptions to date.

CCS encourages all businesses to set their prices independently and not use price recommendations issued by trade and professional associations as a form of justification for charging higher prices. CCS supports price transparency and is of the view that businesses should be upfront about their own prices and avoid imposing hidden charges.

# The debate continues

## THE STRAITS TIMES

### Recommended prices not against spirit of competition

PUBLISHED ON MAY 13, 2014 1:28 AM



I DOUBT a "neutral coffee shop run by a non-profit organisation" would help lower the price of coffee, mainly because of advantages enjoyed by existing shops ("Rein in heartland 'kopi cartels' " by Mr Francis Cheng, May 5). After all, is it worthwhile for an elderly person to walk farther just to save 20 cents?



After the Competition Act came into effect in 2004, consultations between industrial organisations, trade associations and professional bodies to recommend fair prices were brought to an end.

What followed were frequent and unjustifiable price increases by large conglomerates, with smaller traders following suit later. Individual consumers were left to fend for themselves, with no obvious choices available.

The removal of the Singapore Medical Association's fee guidelines did not result in lower medical charges, while the "uniform" increases in pump prices, taxi fares, and coffee and beer prices do not seem to dovetail with the aim of the Competition Act to empower consumers to exercise their right to choose.

It is not true that recommended prices go against the spirit of competition.

Price is only an indication of product cost. The test is always in the result - the quality of the product and level of service matter more than the price. Higher prices do not always guarantee better quality and service.

At least, with recommended prices, a product that costs more would have to justify its higher pricing.

It seems the Competition Act has hurt, rather than reinforced, consumer interests.

**Paul Chan Poh Hoi**

### Why price recommendations not ideal

PUBLISHED ON MAY 16, 2014 1:05 AM



MR PAUL Chan Poh Hoi opined that "it is not true that recommended prices go against the spirit of competition" and that "the Competition Act has hurt, rather than reinforced, consumer interests" ("Recommended prices not against spirit of competition", Tuesday).



Like Mr Chan, we believe it is useful for consumers to have more information on prices, so that products that cost more would have to be better in order to command higher prices.

To this end, the publication of historical and current price information by independent third parties will generally not infringe the Competition Act and can serve as useful reference points for consumers.

Some trade and professional associations have argued that price recommendations are necessary to maintain prices at a minimum level, as price competition inevitably leads to lower-quality products and services.

As Mr Chan correctly pointed out, "higher prices do not always guarantee better quality and service".

In some instances, the Competition Commission of Singapore (CCS) has found that these price recommendations were, in fact, a guise for price fixing among competitors to justify price increases.

For example, in the case of the Association of Modelling Industry Professionals (Amip), the CCS found - and the Competition Appeal Board affirmed - that there was a 60 per cent increase in modelling rates for fashion shows. This was brought about by a price-fixing agreement among Amip members under the guise of price recommendations issued by the association.

# Some conclusions

- ▶ **There are different forms of fee guidelines – some are more anti-competitive than others**
- ▶ **The competition authority needs a range of options from formal proceedings to informal resolution**
- ▶ **Good to publish a policy position on fee guidelines, but not before sufficient case experiences**
- ▶ **Both enforcement and advocacy are essential**
- ▶ **Need for alternative safeguards for consumers**

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