



NEWS RELEASE

WAY FORWARD FOR PROFESSIONAL BODIES IN THE ERA OF COMPETITION LAW

KUALA LUMPUR, 28 May 2014 – “Professional services have an important role to play in improving the competitiveness of the Malaysian economy with the result that their quality and competitiveness have important spill-over effects,” said Senator Dato' Seri Ahmad Bashah Md Hanipah, Deputy Minister of Domestic Trade, Co-operatives & Consumerism (MDTCC) at the recently held Public Consultation on Fixing of Prices or Fees by Professional Bodies held by the Malaysia Competition Commission (MyCC).

“The disappearance of anti-competitive regulatory restrictions in this sector would mean that consumers could be offered more competitive and better-quality services on advantageous terms,” he added during his officiating address. The consultation, which was specifically for members of professional bodies, was an open discussion on the practice of price fixing and the scale of fees by professional bodies, which may infringe the Competition Act 2010 (CA 2010).

A total of 130 participants from the professional services attended the one-day public consultation. Dato' Abdul Latif Abu Seman, Assistant Director, Malaysian Productivity Corporation (MPC), Mr. Herbert Fung, Director of Business and Economics, Competition Commission of Singapore (CCS) and Competition Economist, Mr. David Stallibrass, were the invited speakers for the sessions.

Also present to welcome the delegates were MyCC Chairman, Tan Sri Dato' Seri Siti Norma Yaakob, and MyCC Chief Executive Officer, Shila Dorai Raj. A panel discussion moderated by Mr. Raguinath Kesavan, MyCC Commissioner, brought out several concerns by the professional bodies present, most of which were on the scale of fees as guidelines.

The consultation followed the study on the fixing of prices or fees by Professional Bodies conducted by the MyCC on 131 associations in 35 sectors. Among the findings of the study were that five sectors were found prescribing fees or prices for their members even though they are not empowered by any law.



Overall recommendations from the MyCC based on its study were regarding the benchmark prices or fees, regulation involving such fees, the indication that competition leads to overall wealth creation, and the mandatory scale of fees being judged more strictly compared to a Recommended Price Guideline.

“Professional bodies may wish to provide assistance to new and inexperienced members by recommending benchmark prices as a guide but it has also been suggested that professional bodies can still assist members without resorting to pricing mechanisms which are anti-competitive in nature, such as working out members’ profit margin and overhead costs,” said MyCC Chief Executive Officer, Shila Dorai Raj.

Empirical studies indicate that free competition is not a hindrance and actually leads to a more overall wealth creation. Also regulation should be in the overall public interest, based on well-defined and specific objectives, subject to regular and ongoing review and not necessarily restrictive of freely competitive markets.

Following the publishing of the study, the Malaysia Institute of Chartered Secretaries and Administrators (MAICSA) withdrew its recommended fees. Several associations also wrote in requesting for meetings. Additionally, the MyCC had written to the five sectors found prescribing fees although they are not empowered by the law to do so, for explanations on their practices.

On the way forward, Shila, informed stakeholders that individual consultations with the various sectors to gain a deeper understanding of the justifications as to their price fixing activities will begin before any further decision by the MyCC is made on this.

The study is available on MyCC’s website at www.mycc.gov.my. All concerned stakeholders are encouraged to read it and provide feedback.

Enquiries regarding advocacy seminars may be directed to spiad@mycc.gov.my.

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About Malaysia Competition Commission (MyCC)

Established in June 2011, MyCC is an independent body responsible for enforcing the Competition Act 2010, which was implemented to create healthy competition which would in turn stimulate productivity and innovation, thus creating wider choices of products for consumers with better quality and reasonable prices.

The Act applies to all commercial activities undertaken within and outside Malaysia that affects competition in the Malaysian market. It provides a regulatory framework including powers to investigate, adjudicate and impose penalties on the perpetrators of the competition laws.

For more information on the Act and MyCC activities, log on to www.mycc.gov.my.