



Annex 1

SINGAPORE POST LIMITED

**SUBMISSION TO
THE MINISTRY OF COMMUNICATIONS AND INFORMATION AND
THE INFO-COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY OF SINGAPORE**

**PUBLIC CONSULTATION ON
DRAFT POSTAL SERVICES (AMENDMENT) BILL
ISSUED ON 2 DECEMBER 2020**

23 December 2020



**SUBMISSION BY SINGAPORE POST LIMITED
IN RESPONSE TO THE PUBLIC CONSULTATION ON
DRAFT POSTAL SERVICES (AMENDMENT) BILL ISSUED ON 2 DECEMBER 2020
BY THE MINISTRY OF COMMUNICATIONS AND INFORMATION AND THE INFO-
COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY OF SINGAPORE**

SUMMARY OF MAJOR POINTS

- 1 Singapore Post Limited (“**SingPost**”) welcomes the opportunity to respond to the Public Consultation on Draft Postal Services (Amendment) Bill (“**Draft Bill**”) issued on 2 December 2020 (“**Public Consultation Paper**”) by the Ministry of Communications and Information (“**MCI**”) and the Info-Communications Media Development Authority of Singapore (“**IMDA**”).
- 2 In the Public Consultation Paper, MCI and IMDA have identified the need to propose amendments to the Postal Services Act (“**PSA**”) to (i) address the existing postal landscape and ongoing developments (including shifts in the market such as the growth in e-commerce deliveries), in order to ensure that the PSA evolves to meet the social, industrial and commercial needs of Singapore, and (ii) to clarify and enhance existing legislation and regulations.
- 3 SingPost recognises the need for such amendments, and the general principles driving the proposed amendments.
 - (a) In this regard, SingPost submits that, in seeking to address the concerns highlighted in the Public Consultation Paper, the proposed amendments to the PSA should also take into account the need to encourage and allow room for postal licensees and private operators in the industry to continue to innovate and be competitive.
 - (b) In particular, SingPost notes that innovation within the last-mile delivery sector has historically been industry-led (e.g. the POPstations introduced by SingPost), and is likely to continue to be industry-driven.
 - (c) Accordingly, SingPost submits that any proposed amendments to the PSA must complement (and not inadvertently curtail or supplant) such industry-driven innovation. This is to ensure that the postal industry as a whole is able to evolve sustainably to serve the postal landscape and environment (including the surge in demand for parcel deliveries and the decline in letter volumes).
- 4 SingPost views the proposed amendments in the Draft Bill as falling into the following broad categories:
 - (a) Amendments to the PSA relating to the establishment, installation, operation and maintenance of the public parcel locker network (“**PPLN**”) (i.e. the subject matter of Questions 1 to 4 of the Public Consultation Paper);

- (b) Amendments to the PSA relating to the provision of wholesale access for the delivery of non-letter items into letter boxes (“**Wholesale Access**”) by a public postal licensee (“**PPL**”) (i.e. part of the subject matter of Question 5 of the Public Consultation Paper); and
 - (c) General amendments to the PSA which do not fall within the foregoing categories – such amendments are generally intended to clarify and enhance regulatory oversight of the postal sector (i.e. the subject matter of Questions 5 and 6 of the Public Consultation Paper).
- 5 SingPost recognises that the PPLN would have the potential to complement the existing letter box infrastructure, but has certain concerns in relation to the implementation and rollout of the PPLN. See paragraphs 10 to 23.
- 6 SingPost notes MCI’s/IMDA’s concerns relating to Wholesale Access, but is of the view that greater clarity (on specific areas) should be provided as to the manner in which Wholesale Access will be regulated. See paragraphs 24 to 31.
- 7 SingPost’s comments on the matters referred to in paragraph 4(c) are set out in further detail in paragraphs 32 to 40.
- 8 In making these submissions, SingPost has taken into account its role and experience as the designated PPL, as well as in operating a private parcel locker network under the Locker Alliance.

COMMENTS

- 9 To facilitate MCI’s/IMDA’s consideration of our submission, we have proposed to address each of the three categories referred to in paragraph 4 in turn, instead of following the exact order of questions in the Public Consultation Paper. This is on the basis that many of SingPost’s comments relate to general principles which may cut across multiple questions in the Public Consultation Paper (e.g. principles relating to the operation of the PPLN and the provision of Wholesale Access), as opposed to being comments on the drafting of specific provisions in the Draft Bill.

Establishment, Installation, Operation and Maintenance of PPLN

- 10 SingPost notes MCI’s/IMDA’s view that with the increasing demands and expectations for reliable last-mile parcel delivery, there is a need to offer practical alternatives to doorstep deliveries and private sector-owned parcel lockers.
- 11 That said, SingPost would like to highlight and emphasise to MCI/IMDA that the manner in which such need is addressed (i.e. including the manner by which the PPLN is established, installed, operated and maintained) would be paramount in determining whether the PPLN would be successful in achieving its stated objectives.

- (a) In this regard, we note that the Draft Bill contemplates, *inter alia*, that IMDA may make a scheme or schemes for determining the “terms and conditions which [...] are to be applicable to the [PPLN]”.
- (b) This appears to be very broad and it is unclear what the scope of IMDA’s regulatory oversight over the PPLN will extend to, and the extent of involvement by IMDA or the PPLN operator in the PPLN (including the role to be carried out by private operators in the PPLN).
 - (i) In particular, it is unclear whether the PPLN may eventually be operated by a private operator (e.g. after the initial PPLN operator completes the initial establishment of the PPLN).
 - (ii) On the face of it, the Draft Bill is worded broadly enough to cover a scenario where the PPLN is operated by a private operator. However, SingPost’s concern is that the Draft Bill grants fairly wide powers to IMDA and its appointed PPLN operator in relation to the PPLN (which will be operated in an otherwise competitive last-mile parcel delivery landscape) - this may result in (and entrench) market dominance by any private operator which is subsequently appointed to operate the PPLN, which would not be a sustainable outcome in the long term.
- (c) The scope of coverage of the PPLN is also unclear. Currently, it appears to be intended to only cover specified premises which are generally in the public housing domain. It is not clear how the PPLN would interconnect with and support parcel locker deployment on a nationwide basis.
- (d) SingPost is of the view that greater clarity needs to be provided with regard to the scope of such regulatory oversight (e.g. whether the intention is only to regulate the deployment to specified premises, or to regulate the protocols for utilisation of the PPLN as well as pricing).

PPLN should not impede use of letter box infrastructure for non-letter items

- 12 In particular, SingPost is mindful of the potential overlaps which may exist between the PPLN and the letter box infrastructure, as well as between the PPLN and other private parcel locker networks. The establishment and operation of the PPLN must be implemented in such a manner as not to stifle the growth and/or development of innovations by the private sector in the industry as a whole.
- 13 As mentioned in the Public Consultation Paper, the introduction of the PPLN should be complementary to the letter box infrastructure and should seek to better serve residents and other users. To ensure that there is no overlap between the two, we would suggest that the PSA makes it expressly clear that the PPLN is to be used only for the delivery of larger, tracked items which are unable to fit into letter boxes, while the letter box infrastructure is used for the delivery of letters and smaller packages (whether tracked or non-tracked) which are able to fit into letter boxes. It is imperative that the PPLN not impede or adversely affect the use of the letter box infrastructure for letter and non-letter items.

Charges for PPLN should be market driven

- 14 In this regard, SingPost's view is that a market-driven approach would be the most efficient method for maximising the utilisation of both the PPLN and the letter box infrastructure relating to the delivery of non-letter items. SingPost is concerned that the over-regulation of the use of and access to the PPLN may lead to an inefficient and sub-optimal usage of the letter box infrastructure.
- 15 In particular, SingPost is concerned with the proposal to regulate the charges relating to the use of the PPLN.
- (a) As a starting point, SingPost's view is that the charges relating to the use of the PPLN should be determined by the free market, and that the fixing of such charges would be fundamentally anti-competitive.
 - (b) In any event, SingPost submits that it would be very difficult (if not impossible) for any one entity (including MCI and/or IMDA) to determine the appropriate quantum of such charges. The free market will ultimately be more efficient in the determination of sustainable pricing which is reflective of the usage of the PPLN, and which will allow room for private operators to develop individually as well as collectively.
 - (c) Further, SingPost is concerned that it would be very difficult to move away from a fixed price mechanism once such mechanism is implemented.
 - (i) If, for example, such charges were to be fixed at a rate that is below market equilibrium level, this would lead to an over-utilisation of (and likely market dominance of) the PPLN at the expense of other alternatives for last-mile delivery (e.g. the existing letter box infrastructure and/or doorstep delivery).
 - (ii) Such artificially depressed prices could also start a race to the bottom, which would only hurt the industry in the longer term. Consumers would also become accustomed to artificially depressed prices for the use of the PPLN.
 - (iii) In such circumstances, it would be very difficult (if not impossible) for any private operator to step in to provide viable alternatives to the PPLN, even if there is an eventual desire to move away from a fixed price mechanism.
 - (d) SingPost also notes that the inefficiencies arising from the regulation of charges may lead to a further decline in the usage of the existing letter box infrastructure, which (as MCI/IMDA has noted) has already been impacted by broader changes in the mailing habits of consumers and businesses and a decline in letter mail volumes.
 - (e) This may in turn negatively impact the quality of other services which utilise such existing infrastructure (such as the provision of basic mail services). This would be a highly undesirable result, bearing in mind that consumer confidence in mail quality forms the cornerstone of any postal service.

Regulation of PPLN should not impede development of private-sector owned parcel locker networks and/or impede innovation in the parcel delivery industry

- 16 Further, SingPost's understanding from the Public Consultation Paper is that the PPLN is only intended to be a "practical alternative" to doorstep deliveries and private sector-owned parcel lockers.
- 17 In this regard, SingPost is concerned that the over-regulation of the manner in which the PPLN is established and operated may inadvertently impede the development of private parcel locker networks by private sector operators and/or impede innovations by private sector operators in the parcel delivery industry. These concerns include, but are not limited to:
- (a) The introduction of the PPLN may result in building owners outside of specified premises (e.g. commercial/retail buildings) refusing or being reluctant to grant and/or renew leases to private sector operators to establish and operate their own parcel lockers on such premises.
 - (i) This may happen where, for example, there is limited space for parcel lockers in a particular premises and the building owner prefers to contract with the PPLN operator on the basis that the PPLN would be the most extensive parcel locker network in Singapore (by virtue of the PPLN having established a network of parcel lockers in specified premises).
 - (ii) Building owners of premises that have been designated as specified premises (or believe that they may be designated as specified premises) are also disincentivised from dealing with private operators given the proposed amendments to the PSA (e.g. section 23R, which expressly prohibits the developer, owner or occupier of any specified premises from entering into agreements or arrangements for other parcel lockers on specified premises). This may be contrasted with section 22 of the Telecommunications Act, which encourages competition by prohibiting exclusive agreements or arrangements in respect of the installation of installation, plant or system by other telecommunication licensees.
 - (b) If the charges relating to the use of the PPLN are fixed below the market-equilibrium level, there may be pressure for private sector operators to adopt such unsustainable pricing for their own private parcel locker networks, which may lead to an inability for operators to recover costs and an eventual exit by such operators. This would lead to a loss of convenience and utility for consumers, which would be an undesirable outcome for the industry as it would undermine the fundamental objectives of the PPLN.
 - (c) Private sector operators may be required to incur additional costs and investments to integrate their networks of parcel lockers with the PPLN. This may include costs incurred to re-engineer existing private parcel locker software controls in order to facilitate interoperation with the PPLN.
 - (d) Over-regulation may restrict and/or dis-incentivise private sector operators from investing in parcel locker innovations (e.g. lockers for temperature-sensitive products,

lockers which offer value-added services such as online shopping, escrow delivery/pickup services, pre-filled fulfilment services, etc.)

- (e) Private sector operators may be required to use additional resources in order to streamline the utilisation of their existing networks (e.g. doorstep delivery and private parcel lockers) with the PPLN, so as to allow the realisation of consumer choice to reroute deliveries across different networks for convenience, as consumers will continue to look to a single operator to fulfil their last-mile delivery needs.
- 18 Accordingly, SingPost is of the view that the PPLN should not be regulated in such a manner as to impede the development of private parcel locker networks, and/or dis-incentivise innovation in the last-mile parcel delivery industry.
- 19 In order to allow for a framework where private sector operators can freely negotiate and contract with the PPLN operator on matters relating to the operation of the PPLN (e.g. to introduce new functionalities and innovations to the public parcel lockers), the principles of open-access and a level playing field must be maintained with limited regulatory oversight or a 'light-touch' regulation on very specific matters only (such as quality, integrity and security).
- 20 SingPost would like to highlight that significant expenditure and investments have already been made by private sector operators in the establishment and operation of parcel lockers which will eventually be superseded or otherwise impacted by the PPLN.
- (a) These include, for example, the investments which have been made by SingPost in connection with the Locker Alliance inter-agency pilot as well as our own POPStation network.
 - (b) In particular, we would highlight that SingPost had participated and invested in the Locker Alliance inter-agency pilot in 2017 in various public premises in Punggol, in good faith and in support of the Government's initiatives. Such participation and investments had been made in the belief that they would support the development of the industry as a whole, and that private operators would eventually be involved in the establishment and operation of parcel lockers in public premises. SingPost had not anticipated that private operators would be restricted (pursuant to the proposed amendments to the PSA) from establishing and operating parcel lockers in such public premises altogether.
 - (c) SingPost's hope is that such expenditure and investments by the private sector, and the innovation which had resulted from such expenditure and investments, will not be wasted as a result of the introduction of the PPLN, and would be grateful for clarification on how the PPLN would affect the existing parcel lockers which are already installed in such public premises.

Enforcement Powers and Offences, Appeal Procedures, Exclusion of Liability, Exemption from Distress, Issuance of Regulations in relation to PPLN

- 21 SingPost notes that the new Section 48C of the PSA (which addresses the manner in which documents, letters, parcels, etc. detained under the PSA may be dealt with) will be titled "*Disposal of documents, letters, parcels, etc.*".

- 22 SingPost is of the view that such title is confusing as it may be interpreted as referring specifically to the physical act of disposing such documents, letters, parcels, etc. Accordingly, we would suggest that such title (and the title of the existing Section 48A) be amended to refer to "*Treatment of detained [documents, letters, parcels etc.]*".
- 23 Save as aforesaid and subject to our general comments relating to the PPLN, SingPost has no objections in principle to the proposed amendments of Sections 46, 47(3), 56, 57, 58, 61 and the inclusion of the new Sections 23U, 39A to 39K, 48B and 48C of the PSA, which we note have generally been adapted from the existing wording of the provisions of the PSA relating to PPLs.

Wholesale Access to Letter Boxes for Delivery of Non-Letter Items

- 24 SingPost notes MCI's/IMDA's view that allowing open access to letter boxes may give rise to mail security and/or integrity issues. Mail security, together with consumer confidence in mail quality, forms the cornerstone of any postal service and should not be compromised in any way.
- 25 Notwithstanding the foregoing, SingPost submits that it would be reasonable for IMDA to require, and regulate, the provision of Wholesale Access by SingPost in its capacity as the PPL. However, SingPost is of the view that greater clarity should be provided as to the manner in which Wholesale Access will be regulated. In particular, the pricing for the provision of Wholesale Access should not be regulated.
- 26 Such Wholesale Access would complement SingPost's existing requirement to provide wholesale access through mandated services offered to licensed postal services operators for the delivery of letters into letter boxes.
- (a) In this regard, we highlight that there should be a different approach adopted for the two types of regulated wholesale access.
- (b) In the context of wholesale access for the delivery of letters, we note that the prices for the underlying Basic Mail services are already regulated through strict tariff and quality of service regimes. Accordingly, there is already an existing benchmark for the wholesale access price for existing postal service operators.
- (c) In contrast, the proposed Wholesale Access framework relates to the delivery of non-letters (e.g. arising from e-commerce), which is an unregulated activity (i.e. no established framework exists whether for pricing or service quality). SingPost submits that any regulation in relation to Wholesale Access should be 'light-touch' and not over-reaching, as this would be consistent with MCI's/IMDA's approach in relation to e-commerce.
- 27 As currently drafted, section 5 of the Draft Bill contemplates that the regulation of such Wholesale Access will be done by way of imposing licence conditions on a PPL to "*require the [PPL] to enter into agreements or arrangements with any applicable person or class of applicable persons, under which the [PPL] delivers applicable postal articles to letter boxes, on such terms and conditions as the [PPL] and the applicable person may agree to, or in default of agreement, as the **Postal Authority may determine***". (emphasis added in bold)

- 28 In our view, there are benefits in determining and setting out a pre-determined set of terms and conditions (or at least the key parameters) relating to Wholesale Access that will apply in the event of any default of agreement, instead of having the IMDA make such determination.
- 29 In particular, SingPost envisions that having such default terms and conditions would:
- (a) provide certainty to private operators in respect of certain of the terms applicable to the use of the letter boxes, which would be useful in allaying concerns which private operators may have with regard to the safety and security of using the letter boxes; and
 - (b) provide guidance or a reference point in the discussions between the PPL and private operators in reaching agreement on the provision of Wholesale Access.
- 30 That said, and as mentioned above, SingPost is of the view that over-regulation of Wholesale Access would be counterproductive and detrimental to SingPost's core functions of providing basic mail services.
- (a) SingPost takes the view that mail quality, integrity and security are paramount in the context of Wholesale Access, and with this in mind, the terms and conditions to be regulated should be premised on such principles. For example, matters such as quality, security and accountability.
 - (b) In particular, SingPost is strongly opposed to the direct regulation of prices relating to Wholesale Access.
 - (c) The fixing of prices at a rate that is below market equilibrium level would lead to an over-utilisation of the Wholesale Access option, and is likely to lead to significant operational losses by SingPost. This may in turn negatively impact the quality of SingPost's other services which utilise the letter boxes (such as the provision of basic mail services), due to an influx of low-priced (i.e. below market price) letter box delivery of packages through the postal network.
 - (d) Further, SingPost is of the view that the charges relating to Wholesale Access should be mutually agreed upon between parties, taking into account factors such as item quality, processing required, volumes, frequency, etc.
 - (e) SingPost submits that such an approach would not be anti-competitive, on the basis that the barriers of entry to the last-mile parcel delivery sector are low, and that the last mile delivery industry is already competitive with many competing private sector operators.
- 31 To be clear, SingPost is not advocating that such terms and conditions be covered in the PSA. Given their operational nature, such matters may be set out in subsidiary legislation and/or codes of practice. However, it may be ideal to codify fundamental principles relating to the framework in the PSA, so that it is clear how they should be applied.

General Amendments to PSA

Extending Obligation of Letter Box Provision and Maintenance to Building Owners / Exemption of Persons from Letter Box Provision

32 SingPost has no objections in principle to the proposed amendments to section 16 of the PSA, on the basis that such amendments serve to clarify the current position on the maintenance and repair of letter boxes, and is in the interest of mail security and integrity.

33 That said, given that amendments are proposed to be made to section 16 of the PSA, SingPost would like to take the opportunity to:

(a) propose for the scope of Section 16 of the PSA to be expanded further to require building developers/owners to provide mail storage and/or transit rooms at their premises so as to facilitate the provision of postal services by postal licensees. Such amendments would, in SingPost's view, serve to significantly improve the quality and consistency of postal services provided in Singapore. Alternatively, SingPost submits that such concern may be addressed through the issuance of one or more codes of practice (similar to the approach under the Code of Practice for Info-communications Facilities in Buildings in the context of telecommunications installations); and

(b) seek clarification from MCI/IMDA as to whether the provisions relating to the term "letter box" under the revised PSA (including the definition of "letter box" and the provisions relating to the installation or maintenance of a "letter box") are intended to be broad enough to cover future emerging letter box infrastructure which may be installed or maintained by other parties (apart from the building owners/developers), as agreed by the owner or occupier of a premises to be used for the receipt of postal articles addressed to such premises. If this is not the case, SingPost would like to suggest that such references be amended to take into account such future letter box infrastructure, so as to avoid the need to further amend the PSA in the future.

34 SingPost has no objections in principle to the proposed inclusion of the new Section 17 of the PSA, on the basis that this is intended to allow for IMDA to be granted powers to grant operational exemptions to persons from the requirement to provide letter boxes under Section 16(3). However, SingPost would like to highlight its concern that the grant of such operational exemptions should not impede or affect safety, mail security or integrity (as well as SingPost's ability to conduct its operations as the PPL).

Enhancing Enforcement Powers under the PSA

35 SingPost has no objections in principle to the proposed amendments to Sections 45, 48, 48A of the PSA and the proposed inclusion of the new Sections 33A, 55 and 55A of the PSA, on the basis that such amendments add clarity to the existing enforcement framework under the PSA.

Exclusion of Messenger Services and Intra-Organisation Mailroom Service (Multiple Premises) from Licensing Framework

- 36 SingPost has no objections in principle to the proposed amendments to Section 5 of the PSA, on the basis that such amendments clarify that such messenger services and intra-organisation mailroom services do not infringe upon IMDA's exclusive privilege.

Clarifying that Remittance of Money and Postage Stamps are to be Provided only by Designated PPL

- 37 SingPost has no objections in principle to the proposed amendments to Sections 11, 19 and 34 of the PSA on the basis that such amendments clarify the scope of persons who are entitled to provide postal remittance services and postage stamps.

Removing Requirement to Publish Notice of Approved Code of Practice or Standard of Performance

- 38 SingPost has no objections in principle to the proposed deletion of Section 24(5) of the PSA, on the basis that operationally, IMDA will engage postal licensees and affected parties on any changes to the approved codes of practice or standards of performance before any new or

amended codes take effect. With that in mind, SingPost's view is that Section 24(7) of the PSA should also be amended to clarify that a postal licensee should not be required to comply with any code of practice or standard of performance unless such postal licensee had been notified in writing of such code of practice or standard of performance.

Powers to Examine Postal Articles under PSA

- 39 SingPost would also like to take the opportunity to seek clarification on, and propose amendments to, the provisions of the PSA relating to the examination of postal articles.

- (a) SingPost notes that the existing powers relating to the examination of postal articles under the PSA are very narrow, and are currently limited to the examination of postal articles received from outside Singapore.
- (b) SingPost is of the view that such powers should be expanded to allow SingPost to also examine domestic and outgoing postal articles as well (whether at the point of posting or processing of such postal articles) for security purposes.
- (c) For example, SingPost should be allowed to examine any postal articles at the point of posting for verification purposes if SingPost suspects that such postal article contains any dangerous, prohibited and/or restricted items. We would be grateful for an opportunity to further discuss such concerns with MCI/IMDA at MCI's/IMDA's convenience.

CONCLUSION

- 40 SingPost believes that there is still an area of confluence in this policy revision in that:

- (a) MCI/IMDA remains supportive of, and does not impede innovations by, postal licensees and private operators, so as to better serve consumers of postal services and last-mile parcel delivery services, and the public as a whole.

- (b) The ultimate and common goal is to support and meet the social, industrial and commercial needs of the changing postal services and last-mile parcel delivery landscape in Singapore.
- (c) The proposed amendments should:
 - (i) provide clarity in regulatory powers, roles and responsibilities, without impeding or affecting mail quality, security or integrity; and
 - (ii) provide for a fair and level playing field for the last-mile parcel delivery industry, and allow the last-mile parcel delivery landscape in Singapore to develop based on free-market principles.