

Ninja Van's Response dated 23 December 2020

to Public Consultation Paper dated 2 December 2020 Issued by the Ministry of Communications and Information and The Infocomm Media Development Authority on Draft Postal Services (Amendment) Bill

Submission to: (1) The Ministry of Communications and Information and (2) The Infocomm Media Development Authority	
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Definitions used

IMDA	The Infocomm Media Development Authority
LSPs	Logistics Services Providers
MCI	The Ministry of Communications and Information
Ninja Van	Ninja Logistics Pte. Ltd.
Paper	Consultation Paper issued by MCI and IMDA on 2 Dec 2020
PPL	As per the Paper – <i>Public Postal Licensee</i>
Principle A	As per paragraph 18(a)
Principle B	As per paragraph 18(b)
Regulated Wholesale Access	MCI/IMDA's proposal to provide LSPs with regulated wholesale access into letterboxes via the PPL
Response	This document issued by Ninja Van to MCI and IMDA on 23 Dec 2020

A. Introduction

1. By way of this document, Ninja Van provides its comments and supporting reasons to the Public Consultation Paper dated 2 December 2020 (the "**Paper**") issued by The Ministry of Communications and Information ("**MCI**") and The Infocomm Media Development Authority ("**IMDA**").
2. The comments and reasons in this Response represent the views of Ninja Van as a company and not the views of the individuals who authored this Response. If any clarification or further explanation is required by MCI/IMDA on any points in this Response, please contact Ninja Van through the contact person indicated on this Response's cover page and Ninja Van will assist MCI/IMDA.

B. Ninja Van's Response to MCI/IMDA's Proposed Parcel Lockers Network

3. Question 2: Please provide views and comments on the proposed inclusion of the new Sections 23H to 23T of the PSA to provide IMDA with the powers to establish a framework to regulate and facilitate the use of, and access to, space or facility in specific premises for the deployment of the Network, and to provide the public parcel locker network operator with powers related to the installation, operation and maintenance of public parcel lockers.

Question 3: Please provide views and comments on the proposed amendment of Section 46 and 47(3) and the inclusion of the new Sections 23U.39A to 39K, 48B and 48C of the PSA to provide IMDA with the powers to enforce and penalise offences relating to the Network

Question 4: Please Provide views and comments on the proposed expansion of scope in relation to the Network in Sections 56, 57, 58 and 61 of the PSA.

(i) *Ninja Van is supportive of the nationwide parcel network*

4. Ninja Van welcomes and is supportive of the proposed enhancements to the Postal Services Act pertaining to the ownership and management of the nationwide parcel network, and the appointment of a public parcel locker network operator.
5. Ninja Van recognizes that with the rapid growth of e-commerce in Singapore, it is essential to develop a sustainable and robust last-mile delivery ecosystem that will benefit both consumers and industry players. With a locker network, customers will be exposed to and can choose among an increasing suite of delivery service offerings at various price points. Such a long- term solution will also help LSPs in Singapore by easing the urban logistics challenge they faced day on day.

C. Ninja Van's Response to MCI/IMDA's Proposed Regulated Wholesale Access

6. Question 5: Please provide views and comments on the proposed amendment of Sections 8 and 16, and the inclusion of the new Sections 7A and 17 of the PSA on the regulation of letter boxes.
7. Ninja applauds and is supportive of IMDA's initiative towards levelling the playing field for delivery of non- letter items into letterboxes. The PPL currently enjoys significant joint economies of scale through usage of the same facilities, vehicles and personnel to fulfil its universal services obligations, as well as to compete within the competitive market for delivery of non- letter parcel deliveries. This necessarily creates an unintended market distortion in favour of the PPL and any regulation targeted towards mitigating this distortion is strongly welcomed.
8. Ninja Van however has concerns regarding the proposed amendments to implement Regulated Wholesale Access and the resulting impact it would have on Singapore's logistics sector as a whole.
 - (i) ***Many non-letter items, which may be sent to letterboxes, are sent under tracked service and this is a norm in the e-commerce scene***
9. While Ninja Van agrees with MCI/IMDA that letterbox deliveries are complementary to the overall delivery landscape (including the Network and door-to-door delivery), in reply to paragraph 37 of the Paper, it should be noted that non-letter items (even if they are small and of low value) may be tracked using digital solutions that are currently widely available and adopted in the market.
10. All of the parcels (which includes non-letter items that are small and of low value) handled via Ninja Van's delivery services are traceable via technology across the entire parcel delivery journey – i.e. from pickup from the sender to delivery to the parcel's recipient. Presently, the vast majority of these parcels can comfortably fit into a letterbox. Ninja Van believes that the aforesaid is generally true of most LSPs.
11. A large majority of e-commerce marketplaces and sellers also require customers to provide contact details (including email and telephone numbers) to complete a purchase. These contact details facilitate delivery status updates, which most LSPs does provide for tracking of parcels of all sizes and values across the entire parcel delivery journey. Ninja Van believes that consumers in Singapore have come to expect this as the norm.
12. With the present explosive growth of e-commerce marketplaces in Singapore and a shift in consumer habits (e.g. increased preference towards online shopping), the proportion of trackable parcels which are suitable for delivery to letterboxes looks set to further increase dramatically. As such, Ninja Van takes the view that any solution

proposed by MCI/IMDA should therefore be forward-looking and consistent with consumer trends. We recommend that MCI/IMDA explore, develop and implement a solution that maintains trackability of non-letter items into letterboxes.

(ii) *Dilution of key value proposition for LSPs*

13. Beyond cost, a key value proposition for a LSP that operates within the e-commerce industry is the ability to provide the end consumer with a quality delivery experience. This can involve offering the option of delivery within a specific window of time in the day, providing real time notifications on the status and location of their parcels, or simply having delivery personnel trained in how to engage with and provide a good customer experience to parcel recipients. Channelling of volumes towards letterboxes will dilute customers' and shippers' perception of LSM's service offering, and potentially stifle innovation towards enhancement of the last mile delivery experience to customers.
14. More critically, the lack of a distinct servicing offering can potentially engender an unintended perception for shippers, whereby they would rather choose to engage the PPL directly instead of through LSPs as they believe the end product to be analogous regardless of service providers.
15. Ninja therefore recommends that any regulatory oversight behind the mechanism of the wholesale access should carry the overarching objective of achieving the least amount of market distortion to minimize the risk of shippers switching service providers. Critically, MCI/IMDA should consider Ninja Van's suggestions below.

D. *Suggestions on how Regulated Wholesale Access should be legislated and implemented*

16. If MCI/IMDA considers that Regulated Wholesale Access is the most appropriate approach for Singapore, Ninja Van suggests the below-mentioned matters in relation to the operations and commercial terms of the Regulated Wholesale Access scheme be regulated by legislation or other implementations by MCI/IMDA.

(i) *Key Tenets of Regulated Wholesale Access*

17. The Regulated Wholesale Access scheme, if implemented and taken up by LSPs, would result in a situation whereby there are fewer opportunities for LSPs to create competitive service advantage over PPL. The potential additional costs for LSPs (which would impact pricing) and additional touchpoints affecting the parcels may drive shippers towards PPL.

18. Ninja Van takes the view that these key principles should be featured in any primary or subsidiary legislation concerning how Regulated Wholesale Access will be implemented.

(a) Wholesale access pricing must reflect only reasonable costs of PPL and in any case cheaper than any rates that PPL offers commercially for a similar service offering. (“**Principle A**”)

(b) Service standards of wholesale access must be at least equivalent to services standards generally adopted by PPL for its own customers. (“**Principle B**”)

19. With respect to Principle A above, the pricing must reflect true and reasonable operating costs of the PPL. PPL should pass on any savings arising from economies of scale to LSPs who engage the PPL for Regulated Wholesale Access. Any profits from the Regulated Wholesale Access scheme should also be limited or negligible given that the LSP would be enjoying a defensible, near monopolistic positioning on letterbox masterkey access. PPL’s costs must also be subject to audit and scrutiny of MCI/IMDA and/or LSPs to ensure that costs are not artificially inflated and LSPs are not paying wholesale access pricing that helps to subsidise PPL’s postal operations.

20. With respect to Principle B above, within the same product offering, the PPL should not be allowed to prioritise its own deliveries over deliveries for LSPs. There must be systems in place to monitor PPL’s activities so that MCI/IMDA and LSPs are assured that the same level of priority is given by the PPL to its own deliveries and LSPs’ deliveries. Further, as postal operations can be employed by PPL to carry out Regulated Wholesale Access, the service level for wholesale access should mirror that of postal operations – e.g. 98% deliveries by next working day and 100% deliveries within 2 working days.

21. A breach of Principle A and/or Principle B is a serious matter and should be an offence as such a breach: (i) undermines the credibility and effectiveness of the Regulated Wholesale Access scheme and LSPs’ confidence in the scheme; and (ii) may cause financial and other losses to the LSPs that cannot be easily quantified.

(ii) ***Mandatory operational standards and requirements on implementation of Regulated Wholesale Access***

22. Handovers between parties is often the element within the delivery chain that is most prone to disputes. Given how Regulated Wholesale Access will likely entail bulk handover of small items between LSPs and PPL on a daily basis, there are operational concerns with regards to the mechanisms behind maintaining an operationally sound yet commercially viable handover process. Ninja Van would thus like to seek further clarity from IMDA on how IMDA envisions the handover between LSPs and PPL to be. We recommend that PPL must be required by law to provide delivery updates and parcel tracking to LSPs, LSP’s shippers and the parcels’ recipients. To implement this

in a manner without causing operational efficiencies or negatively affecting the operations of LSPs:

(a) PPL must provide a technological solution to integrate between computer systems and networks of PPL and LSPs. The solution should encompass the creation and manifesting of orders, as well as allow for dynamic delivery updates and parcel tracking.

(b) This technological solution must be provided by PPL on an ultra-high availability basis to the LSPs. In practice, the uptime availability of such a solution integrated with the LSPs should be at 100%. This should be the norm as parcel recipients and PPL's shippers expect to be able to track the parcels 100% of the time.

23. Beyond the handover of parcels, Ninja Van notes that the following operational constraints are relevant concerns within the process and merit regulatory attention and oversight:

(a) Loss and damage liability post-handover of parcels from LSPs to PPL, particularly for customers claiming non- receipt of item;

(b) Parcel exception handling, particularly in the event letterbox is full or a delivery cannot be attempted to letterbox for any reason; and

(c) SLAs for turnaround and dispute resolution time for customer escalations.

- End of Ninja Van's Submission -