

**CLOSING NOTE ISSUED BY
THE MINISTRY OF COMMUNICATIONS AND INFORMATION AND
THE INFOCOMM MEDIA DEVELOPMENT AUTHORITY**

DRAFT POSTAL SERVICES (AMENDMENT) BILL

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CLOSING NOTE TO PUBLIC CONSULTATION ON DRAFT POSTAL SERVICES (AMENDMENT) BILL

PART I: INTRODUCTION

1. The Postal Services Act (**PSA**) is the legislative framework that governs the regulation of Singapore's postal sector. Under the PSA, the Infocomm Media Development Authority (**IMDA**), as the appointed Postal Authority, has the powers to grant or modify licences, issue directions, codes of practice and standards of performance, amongst others, for the conveyance of letters weighing 500 grams or less. IMDA's functions include ensuring that postal services are reasonably accessible to all people in Singapore, and are supplied as efficiently and economically as practicable.
2. Following a decision to amend the PSA to address market and technological developments, particularly the growth of e-commerce, the Ministry of Communications and Information (**MCI**) and IMDA conducted a public consultation to seek views and comments on the proposed revisions to the PSA from 2 to 23 December 2020. MCI/IMDA received six responses at the close of the consultation. Please refer to MCI's website for the full list of respondents and their submissions¹.
3. Overall, respondents were generally supportive of the draft Postal Services (Amendment) Bill (**Bill**) as the proposed amendments will facilitate the deployment of a nationwide parcel locker network (**Network**), and add clarity to IMDA's existing regulatory powers.
4. MCI/IMDA have taken into account and given thorough consideration to all the submissions relevant to the draft Bill. In this document, MCI/IMDA will address the key revisions to the Bill arising from respondents' feedback. For feedback provided that did not result in key revisions and/or are more specific, operational or clarificatory in nature, MCI/IMDA may separately engage the respective respondents, where relevant.

¹[https://www.mci.gov.sg/public-consultations/public-consultation-items/responses-received-from-public-consultation-on-draft-postal-services-\(amendment\)-bill-2020](https://www.mci.gov.sg/public-consultations/public-consultation-items/responses-received-from-public-consultation-on-draft-postal-services-(amendment)-bill-2020)

PART II: SUMMARY OF KEY REVISIONS ARISING FROM PUBLIC CONSULTATION FEEDBACK

Revisions to provide the Postal Authority with the powers to own and operate the nationwide parcel locker network at specified premises and appoint a public parcel locker network operator

(I) Definition of “parcel”

5. MCI/IMDA proposed to define “parcel” in the draft Bill as items placed in public parcel lockers by delivery service providers (**DSPs**), or items posted or received at a post office.

Feedback received

6. A respondent suggested broadening the definition of “parcel” to allow for the deposit of return shipments by the public in the Network’s parcel lockers. This would provide an alternative to doorstep pickups by DSPs or mailing of return items by consumers, further enhancing DSPs’ productivity and providing consumers with greater flexibility and convenience.

MCI/IMDA’s response

7. MCI/IMDA agree with the suggestion and intend to amend the definition of “parcel” to allow for return shipments by the public, as this is a common service provided by existing parcel locker operators. This will also provide greater convenience for DSPs and consumers alike.

Require Public Postal Licensee to provide wholesale access for delivery of non-letters to letter boxes, and Postal Authority to regulate such access

8. MCI/IMDA proposed to make clear that the Postal Authority has the powers to require the provision of, and regulate wholesale access for, the delivery of non-letter items (e.g., small packets/parcels) into letter boxes (**Wholesale Access**) by the Public Postal Licensee (**PPL**). This complements the PPL’s existing requirement to provide wholesale access for the delivery of letters into letter boxes at regulated prices.

Feedback received

9. Respondents were generally supportive of the proposed regulation, but had differing views on implementation issues such as the trackability of non-letters after handover to the PPL, service standards, mail security, dispute resolution and pricing regulation.

10. A respondent commented that the proposed regulation relates to the delivery of non-letters (e.g. arising from e-commerce), which is an unregulated activity. Hence, any regulation should be 'light-touch' to be consistent with MCI/IMDA's approach in relation to e-commerce.
11. On pricing, the same respondent held the view that the charges relating to Wholesale Access should be mutually agreed upon between parties, taking into account quantitative factors such as volume and item quality. Another respondent observed that the pricing should reflect only the reasonable costs of the PPL and be cheaper than commercial rates that the PPL offers for a similar service offering. This respondent's view was that breaches of pricing regulations and service standards should be made an offence.

MCI/IMDA's response

12. MCI/IMDA are of the view that the regulation of Wholesale Access for the delivery of non-letter items to letter boxes is complementary to the introduction of the Network. This will level the playing field for DSPs, and enhance competition in the last-mile delivery services market by extending letter box access for the delivery of non-letter items at regulated terms and conditions.
13. Notwithstanding that the delivery of non-letters is an unregulated activity, the receptacle in question (i.e. the letter box) is a regulated infrastructure. As such, and given respondents' support for the proposed regulation, MCI/IMDA will proceed with the proposed legislative change.
14. On the operational issues raised by the industry such as processes, service standards, security and price regulation, MCI/IMDA are of the view that it would suffice to address these matters in codes of practice or guidelines. This is similar to the approach taken for wholesale access for letter delivery to letter boxes today. Hence, MCI/IMDA will be proposing amendments to the Bill to expressly provide powers for IMDA to prescribe regulatory principles and requirements for wholesale access to letter boxes for delivery of non-letter items through codes of practice, in addition to the use of licence conditions or directions.

PART III: OTHER FEEDBACK RELATING TO OPERATIONAL ASPECTS OF NETWORK

(I) Use of Commercial Data

15. The appointed Network operator will deploy an open and interoperable software platform to enable DSPs and e-commerce marketplaces to access the Network to check on parcel locker availability and reserve parcel lockers for delivery. Any commercial data collected by the Network operator through the software

platform will be for the purposes of optimising the Network's operations and providing value-added services to users.

Feedback received

16. One respondent suggested that MCI/IMDA consider developing a framework to restrict access to and the sharing of commercially sensitive data. Such provisions would help ensure that the Network operates on the basis of fairness and neutrality, and that no entity will misuse its position as the Network operator to gain an unfair commercial advantage.

MCI/IMDA's response

17. MCI/IMDA note that the respondent's feedback and concern stem from the potential misuse of data to gain an unfair commercial advantage. However, given that the DSPs and the Network operator are competing in different market segments (i.e. parcel delivery vs. locker operations, respectively), the Network operator's access to DSPs' data collected through the use of the Network should not allow the Network operator to gain any unfair commercial advantage. The Network operator should have the flexibility to use the data it collects to make operational and business improvements to the Network and its service offerings, both of which would bring about benefits for DSPs and consumers. Regardless, MCI/IMDA agree with the need for the Network operator to exercise caution in the use of commercially sensitive information and will maintain vigilance against any unfair competition practices.
18. MCI/IMDA are of the view that any terms and conditions proposed by DSPs relating to the use of data provided by the DSPs to Pick should be commercially discussed and agreed upon between the Network operator and the DSPs. MCI/IMDA will monitor market developments to determine if further governance frameworks would need to be developed.

(II) Cybersecurity requirements for the Network

19. The Network operator appointed by IMDA will be subject to conditions imposed by IMDA, including but not limited to the terms and conditions of the use of and access to the Network. These will cover cybersecurity-related requirements.

Feedback received

20. A respondent suggested that MCI/IMDA require the appointed Network operator to adopt a minimum set of cybersecurity standards. Such measures would protect the personal data collected from users of the Network and ensure the security of parcels tendered into the Network.

MCI/IMDA's response

21. MCI/IMDA agree that safeguarding the Network against cybersecurity threats is an important aspect of the Network's operations. The proposed amendments will empower IMDA to regulate resilience and security (including cybersecurity) matters relating to the Network's operations.

(III) Mitigating Risks to Public Safety

22. Today, any postal article sent by post which is suspected to be sent in contravention of the PSA (e.g. placement of prohibited items) may be detained and examined by the PPL or otherwise dealt with in accordance with IMDA's directions. With the establishment of the Network, similar provisions will have to be in place for parcels, articles or things placed or found in the Network.

Feedback received

23. Several respondents raised concerns on the possibility of hazardous materials being placed within the Network, and suggested that: i) an automated process be put in place to verify the identity of the sender or source of parcels; and ii) for close-up images of parcels to be sent to intended recipients.

MCI/IMDA's response

24. MCI/IMDA had anticipated such concerns and will require the Network operator to put in place security measures to mitigate risks to public safety. These will include (but are not limited to) video surveillance at locker areas and presence sensors in locker compartments. MCI/IMDA are also working with the Ministry of Home Affairs and the Singapore Civil Defence Force to ensure that the locker design and parcel handling workflows meet safety and security requirements. In addition, only companies registered as businesses are allowed to reserve parcel lockers within the Network, and individuals will not be allowed to deposit items into the lockers, except when authorised by registered business partners for return shipments.
25. The Bill will also include provisions making it an offence to place, or to cause to be placed, hazardous items in the public parcel lockers. MCI/IMDA will also prescribe classes of parcels, articles or things that are prohibited from being placed in the Network, and it will be an offence for a person to place such items within the Network. Other laws (e.g. Biological Agents and Toxins Act; Penal Code; and Misuse of Drugs Act) are also in place to deter any attempt to place hazardous items within the Network.

PART IV: CONCLUSION

26. MCI/IMDA would like to thank all respondents for their comments for the public consultation.

27. MCI/IMDA will continue to solicit views and feedback as the Network is being rolled out, and as MCI/IMDA implement the various proposals associated with the amendments to the PSA.

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