



**REPUBLIC OF SINGAPORE  
INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE**

**SINGAPORE POST LIMITED'S REFERENCE OFFER**

ISSUED ON 17 NOVEMBER 2008

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## SINGAPORE POST LIMITED'S REFERENCE OFFER

This Explanatory Memorandum explains the Notification dated 17 November 2008, issued by the Info-communications Development Authority of Singapore (“**IDA**”) to Singapore Post Limited (“**SingPost**”), informing SingPost of IDA’s acceptance of its Reference Offer (“**RO**”).

### 1. INTRODUCTION

- 1.1 IDA issued the Postal Services Operations Code 2008 (the “**Code**”) together with the Postal Competition Code 2008 on 2 May 2008. The objective of the Code is to promote the welfare of consumers of Basic Letter Services and promote the efficient conduct and inter-operability between Licensees so as to ensure that Basic Letters are delivered in a timely and efficient manner, and to safeguard the integrity of Basic Letters delivered.
- 1.2 Under Section 1.4 of the Code, SingPost is required to adopt an RO that sets out the processes and arrangements that it would commit to adopting so as to address common inter-operator issues that are likely to arise between SingPost and other Licensees in Singapore’s newly liberalised Basic Letter Services market. In particular, the RO will specify the applicable prices, terms and conditions on which SingPost will offer: (a) to share postal code information with any Licensee; and (b) to establish reciprocal arrangements with other Licensees for Letter Redirection Service and the Handling of Misdirected, Mispasted, Miscollected and Misdelayed Letters.
- 1.3 SingPost submitted its proposed RO (the “**Proposed RO**”) to IDA on 16 June 2008 and a public consultation (“**Consultation**”) on the Proposed RO was launched by IDA on 24 June 2008.
- 1.4 At the close of the Consultation on 24 July 2008, IDA had received no comments or objections from the industry or the public on the Proposed RO<sup>1</sup>. Nonetheless, IDA proceeded to assess the Proposed RO to ascertain if it complied with the requirements set out in the Code. For areas where the Code does not explicitly prescribe a specific methodology or standard, IDA considered if the proposed terms and conditions were consistent with the overall policy objective of the RO as described in paragraph 1.1 above.
- 1.5 This document sets out IDA’s assessment of SingPost’s Proposed RO and explains the basis of IDA’s decision to accept and approve the RO, with some modifications.
- 1.6 Unless otherwise defined in this document, capitalised terms used in this document have the same meaning as in the Code.

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<sup>1</sup> The responses to IDA’s public consultation on SingPost’s Proposed RO are published on the IDA website. At the close of the Consultation, IDA received only one comment from the Asian Mailing Association, stating that its members had no further comments on SingPost’s Proposed RO.

## 2. IDA'S ASSESSMENT OF SINGPOST'S RO

2.1 In its assessment, IDA carefully reviewed if SingPost's Proposed RO complied with the requirements set out in Sections 3 through 8 of the Code, which require SingPost, amongst other obligations, to:

- (a) Offer to share the use of the Singapore postal code with any Licensee at prices, terms and conditions that are just, reasonable and non-discriminatory. The prices charged to Licensees for this purpose must be no worse-off than what SingPost charges to its retail customers.
- (b) Make Letter Redirection information available to other Licensees on a timely and cost recovery basis.
- (c) Develop reciprocal arrangements with other Licensees for the handling of Misdirected, Mispasted, Miscollected and Misdelayed Letters, and to deliver in a timely and non-discriminatory manner any Misdirected, Mispasted and Miscollected Letter that had erroneously entered its processing facility. SingPost is only allowed to recover the reasonable costs from the relevant Licensees incurred for its delivery of Mispasted and Misdirected Letters.<sup>2</sup>

2.2 Based on its initial review, IDA assessed and then informed SingPost that certain sections of the Proposed RO required further elaboration and clarification. In particular:

- (a) Schedule 1: Subscription of Postal Code Information: The Proposed RO did not include the prices, terms and conditions on which SingPost would share postal code information with other Licensees. Instead the Proposed RO referred the Licensees to SingPost's website. This was inadequate as the Code required SingPost, as the designated administrator of the Singapore postal code, to include such information in the RO for approval by IDA.
- (b) Schedule 3: Procedures for Handling Misdirected, Mispasted, Miscollected and Misdelayed Letters: The Proposed RO levied an additional processing fee of S\$0.20 on Licensees, on top of the prevailing public postage rates, for delivery of Misdirected and Mispasted Letters. However, it was unclear what basis SingPost had used in determining the additional processing fee and whether it represented the "reasonable costs" that SingPost was allowed to recover from Licensees.

2.3 IDA also noted that several sections of the Proposed RO (e.g. Section 5 on Indemnity, Section 6 on Force Majeure, Section 8 on Notices, amongst others)

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<sup>2</sup> Please refer to Sections 3 to 8 of the Code for details on these requirements. A copy of the Code is available from IDA's website at:  
<http://www.ida.gov.sg/Policies%20and%20Regulation/20070920113721.aspx#decision>.

were modelled after sections of SingPost's Reference Access Offer ("**RAO**"), which IDA had recently approved in its separate review of the RAO<sup>3</sup>. Accordingly, consequential amendments were required to bring the RO in line with what IDA had approved for the RAO.

- 2.4 In view of IDA's comments and queries, SingPost submitted a revised version of the RO on 15 September 2008 (the "**Revised RO**"), which contained explanations and amendments to address the issues raised in paragraphs 2.2 and 2.3 above.
- 2.5 IDA reviewed the Revised RO and assessed that the amendments adequately resolved the issues earlier raised by IDA and satisfied all the Code requirements. Specifically IDA noted that SingPost had:
- (a) Included a new Schedule 1A containing all the rates, terms and conditions for subscription to SingPost's postal code database. The rates for access to postal code information also complied with the Code requirement for the prices to be no worse off than what SingPost charges for retail (the proposed rates were, in fact, exactly the same as those for retail).
  - (b) Made all the necessary and consequential amendments to the RO to bring the relevant provisions in line with what IDA had approved for the RAO.
- 2.6 With respect to the additional processing fee for the delivery of Mispasted and Misdirected Letters, SingPost explained that the resources incurred for delivery of these letters were similar to those used for its delivery of underpaid/unpaid mail. SingPost currently charged its customers a surcharge of S\$1.02 for the delivery of underpaid/unpaid mail so it was only reasonable for it to charge an additional fee for delivery of Mispasted and Misdirected Letters as well. Moreover, SingPost had proposed a lower fee of S\$0.20 instead of S\$1.02 in the RO as Mispasted and Misdirected Letters were likely to arrive in bulk volumes from Licensees. IDA is of the view that this explanation is reasonable and the lower processing fee would help to ensure that the cost of delivery for Mispasted and Misdirected Letters does not become prohibitive. In addition, as IDA did not receive any comment regarding this fee during the Consultation, IDA has no reason to consider this a significant source of concern for the industry or the public. Accordingly, IDA accepts the processing fee proposed by SingPost.
- 2.7 In view of the assessment above, IDA accepts the Revised RO as proposed by SingPost.

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<sup>3</sup> Information on IDA's review of SingPost's RAO can be found in IDA's public consultation website at: <http://www.ida.gov.sg/Policies%20and%20Regulation/20080604144722.aspx#decision>.

### **3. CONCLUSION**

- 3.1 IDA believes that the issuance of the RO by SingPost will help to facilitate greater inter-operability between Licensees and ensure that consumers benefit from timely and efficient delivery of Basic Letters. Licensees who wish to adopt inter-operator arrangements with SingPost for the handling of Basic Letters can adopt the RO without having to engage in commercial negotiations with SingPost. IDA would, however, like to point out that the RO is intended to apply only to the Basic Letter services market. Licensees are nonetheless free to negotiate other arrangements with SingPost for the handling of non-regulated mail services, using the RO as the template.
- 3.2 Given that it is fully compliant with the requirements of the Code, IDA has therefore approved SingPost's Revised RO. SingPost is to publish the RO in the manner as required by IDA and obtain IDA's approval for any subsequent modifications to the document. IDA may from time to time by notice to SingPost also specify additional requirements that must be adopted in the RO.