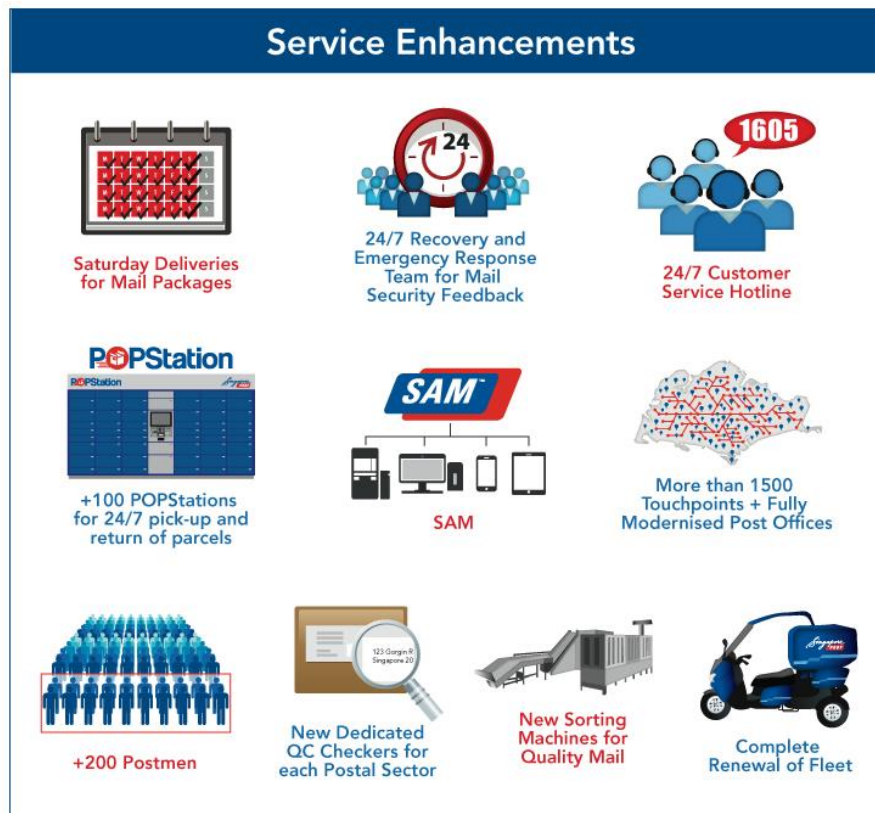


For Immediate Release

SingPost to adjust rates, continues to roll out service enhancements

- Postage increase helps fund \$100M investment in service enhancements including upgrading of postal infrastructure, extended delivery days and modernised post offices
- 10 million free stamps to households and rebates to SMEs to mitigate impact



Singapore, 2 September 2014 - With effect from 1 October 2014, local postage rates for letters weighing 20g or less will be adjusted by 4 cents. The last time postage rates were adjusted was 8 years ago in 2006. Since then, costs have gone up nearly 50% - labour costs have risen about 31%, fuel about 32% and inflation has gone up 26% - yet SingPost has been investing in service to serve Singaporeans better.

SingPost will also revise its international postage rates to partially offset the increase in postage for outbound mail as a result of Singapore being re-classified twice by international body Universal Postal Union. These have resulted in SingPost being charged more by other countries for delivering the mail that Singapore customers send to recipients in their countries. Terminal dues for international mail have risen by up to 42.6% and will further increase by an additional 37% by 2017.

SingPost to adjust rates and to continue to roll out service enhancements, amid challenging postal business environment

- SingPost grapples with second year of decline in domestic mail volume and continued rise in operating costs
- While global industry players scale back on service in response to declining mail volumes, SingPost is making significant investments in service enhancements including upgrading of postal infrastructure, additional delivery days and modernising of post offices

Dr Wolfgang Baier, Group CEO of SingPost said: "Around the world, postal peers have been hit by the onslaught of the digital era. Here in Singapore, we are seeing domestic mail volumes decline for the second consecutive year. This is further compounded by escalating operating costs, largely driven by manpower costs."

Unlike global trends to reduce mail service spend, SingPost has chosen to invest in its domestic letter mail service despite the volume decline and increasing operating costs.

Added Dr Baier: "We are committed to deliver the best possible service and are investing \$100 million into postal and delivery infrastructure, extended operations and people. For instance, the new integrated sorting machines which cost \$45 million, will help ensure that Singapore continues to enjoy one of the world's highest mail delivery standards ie 100% delivery by the second business day. As part of our service enhancements, we have extended our operations to 6 delivery days, with Saturdays dedicated to delivering mail packages."

He said: "We want to go beyond providing quality service and also be here for the changing needs of every Singaporean, for instance, by providing 24/7 services and mobile and digital solutions to complement existing solutions."

SingPost's \$100 million service improvement plan includes:

Upgraded postal infrastructure for better service**✓ Revamped sorting infrastructure for higher accuracy in mail service**

SingPost is in the final stages of the installation of new integrated sorting machines which will increase the automation process, sorting capacity and speed of sorting. To be fully operational by the end of 2014, the \$45 million machines will increase letter sorting capacity by 17% and mechanisation rate to 95%, improving efficiency and accuracy at the same time.

✓ New fleet of three wheelers with bigger carrying capacity

In tandem, SingPost is upgrading postal equipment and tools to facilitate delivery and service to customers including the use of three wheelers with bigger carrying capacity for packages. The new fleet of three wheelers has a bigger carrying capacity which translates into higher productivity and better service for our staff and customers respectively. SingPost will completely renew its fleet to cater to the demand. These three wheelers which are more stable are also safer for the postmen.

Strengthened postal workforce to improve mail service delivery**✓ More delivery staff**

SingPost will hire up to 200 more delivery staff to boost current strength and cater to new housing estates.

✓ Dedicated Quality Control (QC) checkers

SingPost will also recruit dedicated QC checkers for every postal sector to focus on the accuracy of mail delivery by minimising human errors.

Measures to enhance customer satisfaction**✓ Saturday deliveries for mail packages to cater to lifestyle changes**

To cater to the new customer demographic of online shoppers, SingPost has put in additional resources and extended its delivery day to Saturday, from 12 July 2014.

✓ 24/7 Customer Service hotline

SingPost has also extended its Call Centre service to cater to the lifestyle change, offering customers round-the-clock access.

✓ 24/7 Recovery & Emergency Response team to address feedback on mail security

Mail security is of paramount importance to SingPost. It is putting in place a 24/7 Recovery & Emergency Response team on the ground to immediately address feedback on matters related to mail security eg damaged masterdoor.

✓ Modern, efficient post offices with integrated services

The public has access to more than 1,500 touch-points for SingPost's services. To provide an even better customer experience, SingPost is revamping its touch-points including modernising its post offices and other physical touch-points. Among the improvements for post offices are auto-lobbies in selected post offices allowing 24/7 access to key services, integrating services such as POPStations, *ezy2ship* which is an online shipping service and SAM for fast purchase of stamps and payments. SingPost already has 5 new concept post offices and will roll out more of such post offices.

✓ Bigger network of POPStations, with new innovations and customer-friendly features

A year ago, SingPost had started rolling out 24/7 POPStations to enable customers to pick up or return parcels through its automated smart parcel locker stations conveniently located around the island. Currently there are 50 such POPStations, which will grow to 100 by the end of the year, giving customers the flexibility, convenience and ease-of-use when receiving and returning parcels. SingPost will over the next 2 months, roll out new features for POPStations which will further enhance the convenience for customers who shop online or those who are simply receiving or sending parcels. They will soon be able to post their parcels, return parcels or pay for online purchases via POPStations. A mobile app will be launched too that will enable customers to track the parcels as well as unlock their locker via Bluetooth technology.

Postage rate adjustment after 8 years enables SingPost to invest in postal service and its people

- Revenue from postage increase helps fund \$100 million investment to provide best possible postal service
- Last postage increase was 8 years ago in 2006, with some weight steps unchanged since 1972
 - Local postage for 1st weight tier (20g) to increase by 4 cents to 30 cents
 - International postage increase ranges from 5 cents to 25 cents, depending on the zones
 - International registered mail fee increases from \$2.20 to \$2.50

For domestic mail, postage for the 1st weight tier of 20g will increase by 4 cents to 30 cents. The current 26 cents has remained unchanged since 2006. The remaining weight tiers including the 250g and 500g weight tiers which have remained unchanged since 1972, will also be adjusted. See Annex for details of new domestic postage rates. For international mail postage, the adjustments will range from 5 cents to 25 cents, depending on the zones. International registered mail fee will increase from \$2.20 to \$2.50 to partially recover the cost increase in terminal due payments for registered mail. See Annex for details of new international postage rates.

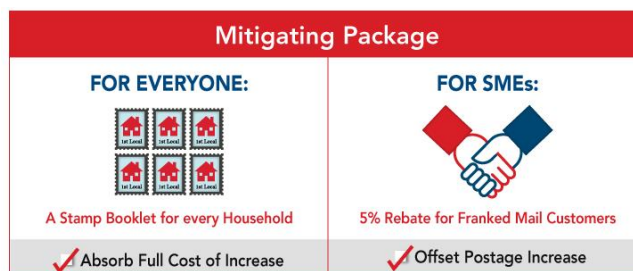
The last time postage rates were increased was in 2006. Since then, fuel prices have gone up 32% and national wages have increased by more than 25%. At the same time, domestic mail volumes have been declining, resulting in loss in economies of scale and reduced labour productivity.

Since 2006, postal peers globally have increased their rates to mitigate their rising operating costs. Some postal organisations have increased their postage rates at least 3 times during this period, with one increasing its postage 9 times or by 70% since 2006. By contrast, Singapore's postage rate for standard letters has remained unchanged for 8 years, with some weight steps remaining unchanged for 42 years.

Said Mr Woo Keng Leong, SingPost's Senior EVP/Head of Postal Services: "SingPost has been absorbing these higher operating costs and inflation for the past 8 years while maintaining its local postage rate. This was possible because of productivity improvements, resource and operations optimisation and maintaining strict discipline in cost management. The rate revision will allow us to catch up with rising operating costs and inflation and ensure a sustainable service as we invest into the future."

For international mail services, the postage adjustment is to partially offset the higher international settlement rates applicable to SingPost since 1 January 2010 due to the change in the terminal dues system which saw Singapore re-classified as "New Target Country" by the Universal Postal Union (UPU). Under the new terminal dues system, SingPost's settlement rates for outbound mail have increased by more than 42% and this is expected to increase year-on-year.

To mitigate impact of new postage rates, SingPost will give out about 10 million stamps to households and rebates to SME franked mail customers



- Every household to receive stamp booklet comprising six 1st local stamps, free postage for charity organisations
- SME franked mail customers to get 5% rebate

To mitigate the impact of the postage increase, SingPost has put together a package that comprises nearly 10 million free stamps for households and charitable organisations and 5% rebate for franked mail customers.

Absorbing full cost of increase for individuals through free stamp booklets to 1.4 million residential households

Said Mr Woo Keng Leong: “For the average Singaporean who posts about 6 letters per year, the domestic postage rate revision translates into 24 cents more per year or an increase of 2 cents a month. Even so, we will fully absorb the increase for the first year by giving every household a free stamp booklet. In total, we expect to give out about 10 million stamps including to charitable organisations.”

Senders using their existing stock of *First Local* or *Second Local* stamps for mail in the 20g and 40g weight steps respectively will not be impacted by the increase. Customers who send packages above 500g as well as Smartpac users are also not affected by this postage revision.

Mitigating increase for businesses with 5% rebate

To mitigate the increase for businesses, SingPost will also give a 5% rebate on franked mail for a year from 1 October 2014.

60% of SMEs spend less than \$2,000 on postage for domestic mail per year. As an illustration:

Company A (an SME that has low postings) that spends about \$130 on domestic postage per year will pay about \$1 more per month, with the 5% rebate.

Company B (median) that spends an average of \$1,200 on domestic postings per year will pay \$10 more per month with the 5% rebate.

Committed to accessible and affordable postal services and maintaining high QOS standards

Said Mr Woo: "We are in a people business with the end delivery being heavily dependent on the postmen. To help recruit more postmen and also to retain good postmen, we constantly look for ways to make the job more attractive, for example by increasing salaries and introducing measures such as flexible benefits to enhance job satisfaction."

In 2013, SingPost launched the \$10 million SingPost Inclusivity Fund to be disbursed over 5 years, to help its lower income staff and their families cope with the rising cost of living.

Said Mr Thuvinder Singh, General Secretary of the Union of Telecom Employees of Singapore (UTES): "It is commendable that in spite of the declining mail volume, SingPost has gone ahead to launch the SingPost Inclusivity Fund which benefits their low-income staff. As a result, these staff have been given an income increase of 6-7% last year, doubling the usual quantum. We know the struggle of our postal delivery staff and we are mindful that the rate revision will help them the most."

Added Mr Woo: "The revision will enable SingPost to continue to meet stringent, delivery standards and to invest in improving services. Our standards are in fact one of the highest in the world. We will monitor the situation very closely to ensure that postal services remain accessible and affordable to all."

Singapore's postal rates continue to be among the lowest in the world compared to developed countries including *Norway (\$2.11 or €1.28), Australia (\$0.82 or A\$0.70) and Japan (\$0.99 or ¥82).

Information and enquiries

For more information and enquiries, the public can refer to the following:

- SingPost website, www.singpost.com
- SingPost hotline 1605
- Rates leaflets and notices at SingPost's post offices
- Rates notices on posting boxes islandwide

* Source: *Letter prices in Europe, Up-to-date international letter price survey* (Mar 2014) shows that Norway's postage is the highest in Europe for standard letters.

- End -

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For general information on SingPost, visit [www.singpost.com](http://www.singpost.com)

**About Singapore Post Limited**

(Reg. No. 199201623M)

Singapore Post (SingPost) is the leading provider of mail, logistics and ecommerce solutions in Singapore and the Asia Pacific region, with operations in more than 10 countries.

As Singapore's national postal service provider, SingPost offers trusted communications through domestic and international postal services as well as end-to-end integrated mail solutions covering secure data printing, letter-shopping, delivery and mailroom management, among others. For over 150 years, SingPost has been delivering a trusted and reliable service to citizens, residents, corporations and businesses in Singapore.

As part of its transformation, SingPost has been steadily expanding beyond Singapore, leveraging its regional platform Quantum Solutions and other subsidiaries and partners. With its regional network and infrastructure, SingPost offers fully integrated ecommerce logistics solutions covering the four areas of freight, customs & regulations management, warehousing & fulfilment, last mile delivery & returns as well as ecommerce web services, to its customers.

SingPost won the World Mail Award for ecommerce in June 2014 and was ranked the top postal agency in the world in an Accenture report. SingPost also gained international recognition for service and innovation for customers with the Service Provider of the Year award by Postal Technology International. SingPost is the only company to win the Universal Postal Union's EMS Cooperative award for its Speedpost courier service every year since 2001.

SingPost was listed on the Main Board of the Singapore Exchange in 2003. To learn more about SingPost, please visit [www.singpost.com](http://www.singpost.com).

## SingPost to Adjust Rates, Continues to Roll Out Service Enhancements

### ANNEX

#### New Postage Rates

##### 1) Domestic Postage Rates

| Weight Step (up to) | New Postage Rates (existing rates in bracket)              |                                                            |
|---------------------|------------------------------------------------------------|------------------------------------------------------------|
|                     | Standard                                                   | Non Standard                                               |
| 20g                 | <b>\$0.30</b> (\$0.26)                                     | <b>\$0.60</b> (\$0.50) - unchanged for 14 years since 2000 |
| 40g                 | <b>\$0.37</b> (\$0.32)                                     |                                                            |
| 100g                | <b>\$0.60</b> (\$0.50) - unchanged for 14 years since 2000 | <b>\$0.90</b> (\$0.80) - unchanged for 14 years since 2000 |
| 250g                | <b>\$0.90</b> (\$0.80) - unchanged for 42 years since 1972 | <b>\$1.15</b> (\$1.00) - unchanged for 42 years since 1972 |
| 500g                | <b>\$1.15</b> (\$1.00) - unchanged for 42 years since 1972 | <b>\$1.70</b> (\$1.50) - unchanged for 42 years since 1972 |
| 1kg                 | <b>\$2.55</b> (No change)                                  | <b>\$2.55</b> (No change)                                  |
| 2kg                 | <b>\$3.35</b> (No change)                                  | <b>\$3.35</b> (No change)                                  |

#### Notes:

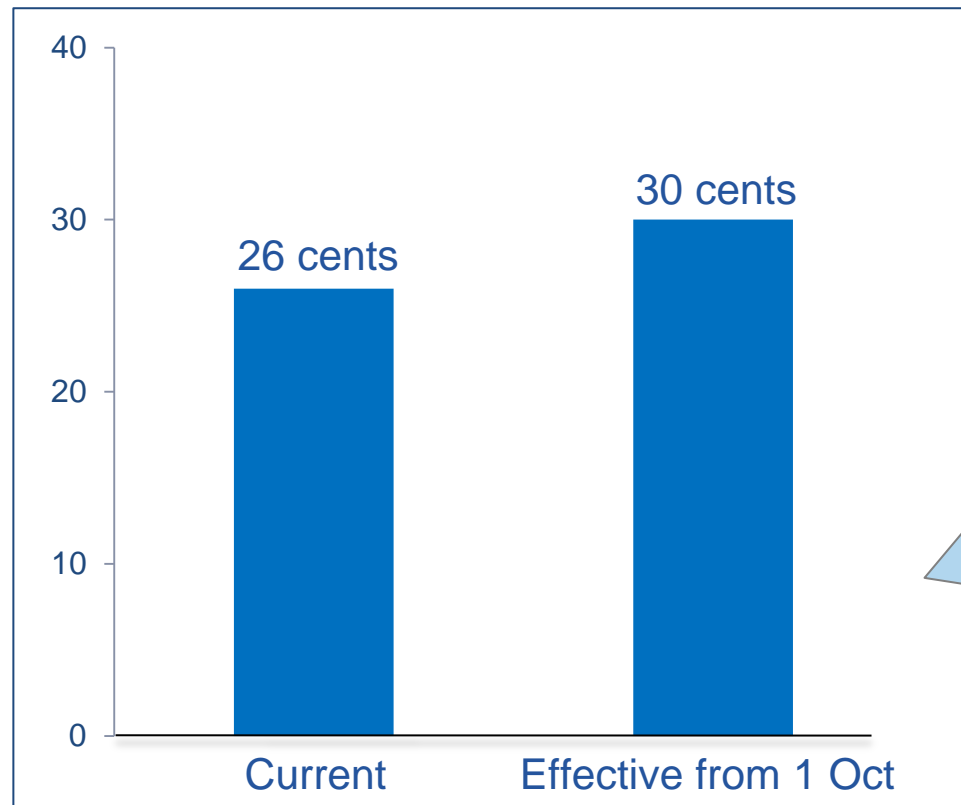
- Rates inclusive of prevailing GST
- Non Standard Mail includes mail containing items, mail in plastic or coloured envelopes, odd shaped mail e.g. round, triangle, multi-sided, etc.



## 2) International Airmail Postage Rates

| Zone                                                                                                                                      | Service                                                         | Weight Step (up to)        | New Postage Rates<br>(existing rates in bracket) |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------|--------------------------------------------------|
| <b><u>Zone 1</u></b><br>Malaysia & Brunei                                                                                                 | Letters, Printed Papers & Small Packets                         | <b>20g</b>                 | <b>\$0.50</b> (\$0.45)                           |
|                                                                                                                                           |                                                                 | <b>50g</b>                 | <b>\$0.70</b> (\$0.55)                           |
|                                                                                                                                           |                                                                 | <b>100g</b>                | <b>\$1.10</b> (\$0.85)                           |
|                                                                                                                                           |                                                                 | <b>Per additional 100g</b> | <b>\$1.10</b> (\$1.00)                           |
|                                                                                                                                           | Postcards                                                       | <b>Per piece</b>           | <b>\$0.40</b> (\$0.30)                           |
| <b><u>Zone 2</u></b><br>Countries in Asia & the Pacific (except Australia, Japan & New Zealand)                                           | Letters, Printed Papers & Small Packets                         | <b>First 20g</b>           | <b>\$0.70</b> (\$0.65)                           |
|                                                                                                                                           |                                                                 | <b>Per additional 10g</b>  | <b>\$0.25</b> (No change)                        |
|                                                                                                                                           | Postcards                                                       | <b>Per piece</b>           | <b>\$0.60</b> (\$0.50)                           |
| <b><u>Zone 3</u></b><br>Countries in the rest of the world including Australia, Japan, New Zealand, Africa, America, Europe & Middle East | Letters, Printed Papers & Small Packets                         | <b>First 20g</b>           | <b>\$1.30</b> (\$1.10)                           |
|                                                                                                                                           |                                                                 | <b>Per additional 10g</b>  | <b>\$0.35</b> (No change)                        |
|                                                                                                                                           | Postcards                                                       | <b>Per piece</b>           | <b>\$0.60</b> (\$0.50)                           |
|                                                                                                                                           | Aerogrammes (to all countries except Zone 1- Malaysia & Brunei) | <b>Per piece</b>           | <b>\$0.60</b> (\$0.50)                           |
| <b><u>Registered Article Fee:</u></b>                                                                                                     |                                                                 |                            |                                                  |
| Additional fee applies on top of the postage rate                                                                                         |                                                                 |                            |                                                  |
| To all countries by airmail                                                                                                               | Letters, Printed Papers & Small Packets                         | <b>Per piece</b>           | <b>\$2.50</b> (\$2.20)                           |

# Last Postage Increase Was 8 Years Ago In 2006 With Some Weight Steps Unchanged Since 1972



## Impact on Average Annual Postage Spend

- Singaporeans send average 6 letters a year = current spend of S\$1.56 a year
- Change translates into new spend of S\$1.80 a year i.e. 24 cents more per year

**Rate for >40g unchanged for 19 years**

**250g & 500g unchanged for 42 years**





I am  
Singaporean!

/ **Makan:** Eating ranks as one of our top national pastimes. There's something to suit everyone's palette. / **Singapore Spirit:** We're a nation known to always punch above our weight. / **Inclusive:** An opportunity to contribute to and share the fruits of the nation's success. / **National Service:** NS turns our ah boys to men. / **Great Singapore Sale:** We are a bunch that loves shopping! / **Airport:** Changi Airport – An icon that makes us instantly recognisable to the world, and one we are so proud of. / **Park Connector Network:** An intricate network of green corridors and biking routes we are proud of. / **Orchid:** Our national flower is hardy, resilient and able to bloom throughout the year. / **Racial Harmony:** We are a society that celebrates diversity, yet is united in harmony. / **Esplanade:** An iconic building in our waterfront landscape. / **Acronyms:** From ECP to PIE, CPF to HDB – they pepper our daily conversations.

/ **National Day Parade:** An annual celebration where we don red and white, and belt out our national songs with heart and pride!

In Celebration of



Singapore  
POST

WISHES  
SINGAPORE  
A HAPPY  
49<sup>th</sup>  
BIRTHDAY

## Investing to deliver quality service to Singapore despite struggling global postal industry

**Around the world, postal agencies have been hit by the onslaught of the digital era. The United Kingdom suffered a 4% decline in letter mail last year and expects this to worsen. In the United States first class letter volumes also fell at the same rate. In Canada the postal service saw a 5.9% drop in mail per address. Even in business advertising mail, Germany saw a 6.8% fall last year. Singapore has not been immune to these developments and the island-state has seen letter mail volumes fall for two consecutive years. Whichever way you turn, you are greeted by a rather desolate postal landscape.**

The traditional mainstay of postal services - letter mail - is seeing unprecedented falls in volumes as people and businesses increasingly use email and social media. The problem is exacerbated by population and housing growth as more delivery points are created. Postal staff are delivering fewer letters but working harder to reach more addresses, particularly those who have last mile delivery service obligations. This reduces efficiency dramatically, while increasing labour costs. The impact on national postal operators has been debilitating.

To cope with cost pressures, postal players are resorting to drastic measures. New Zealand Post has received approval for a three-day a week delivery service. The US Postal Service announced that it expects to close up to 82 processing plants in 2015 and has been heavily reducing headcount. This reduction in employee numbers is a common theme, with thousands being laid off wherever we look. Inevitably, some postal operators have been scaling down on quality of service requirements.

However it isn't necessary to abandon the Letters business. Productivity can be enhanced by investment, for instance, in sorting and delivery technology.



Singapore Post has chosen to invest in the domestic letter mail service despite volume decline and increasing operating costs, to keep its commitment to deliver an essential national service. To me, this is the global benchmark for postal operators.



Singapore Post recognises that it is part of the infrastructure fabric of Singapore. The company remains committed to maintaining both delivery frequency and its next day delivery promise. Singapore Post delivers more than 3 million mail items every business day to more than 1 million households.

It has increased mail package delivery to six days to cater to the needs of online shoppers. The company has invested in new technology to improve its mail sorting operations and invested to increase the productivity and safety of mail delivery, by upgrading to three-wheelers that are able to carry 25% more mail. This investment will ensure the company's ability to maintain its next day delivery service, which is still an essential means of communication serving the government, businesses and Singaporeans.

All postal companies are being affected by a trend in which traditional mail communications are being replaced by digital options. To maintain the viability of the service as a whole, a variety of responses are being implemented - sometimes to the detriment of the quality of service that we take for granted. In being recognised as a global benchmark postal company, Singapore Post has opted to preserve its service standards in mail and enhance the breadth of its service with innovative solutions. For me, this is the Gold Standard for postal operators.

About the writer: Elmar Toime is an independent advisor to the postal sector and is based in London. He is a member of the Supervisory Board of Deutsche Post DHL. Elmar was the chief executive of New Zealand Post Limited from 1993 to 2003 and Executive Deputy Chairman of the Royal Mail Group from 2003 to 2004. Elmar has been recognised in a life-time achievement award for leadership in the postal industry at the World Mail Awards.



Singapore Post won the World Mail Award in June 2014 and was ranked the top postal agency in the world by Accenture. It was bestowed the Service Provider of the Year 2012 award by Postal Technology International. Singapore Post is the only company to win the Universal Postal Union's EMS Cooperative award for its Speedpost courier service every year since 2001.