

Postmaster General's Clarifications on the Performance of the Consultant and the Contractor, and some Inaccurate Media Coverage (made at the outset of the public hearing on 24 May 2005)

- (i) Although the Post Office considered at that time that the performance of the Consultant and the Contractor were generally acceptable, we have not maintained that there was no problem at all stages of the work. As an example, we lodged a counter-claim against the Contractor for unsatisfactory read rate of the IMPs. At present, in the light of the Audit review and assessment, the Post Office is proactively reviewing on what follow up actions need to be taken to benefit from the lessons learnt. Among other things, the Post Office will adopt a more prudent and thorough approach in forecasting of postal traffic, project management and work documentation.
- (ii) The Audit report on how in the past we monitored the Consultant's performance has given us new insights. However, Part 3 of the report attempts to draw a comparison between the actual operating performance of the POMS and the contractual performance requirements. This is not entirely appropriate as it could easily lead one to think that the former must match the latter. The contract specifications refer to the functional standards for measuring the attainable level of performance of the POMS for processing standard mail pieces under controlled staffing conditions, and are meant for evaluating the machine capability based on specified performance tests. On the other hand, the daily operating performance varies according to situational factors such as physical characteristics of mail and operator's efficiency. In accordance with the Consultancy Agreement, the Consultant had issued acceptance certificates to the Contractor. This was an act to confirm that the POMS passed the performance acceptance tests and complied with contract specifications at that time.
- (iii) Regarding the current performance of the POMS, apart from the read rate of the IMPs, other aspects including error rates and overflow rates are either meeting the required standard as specified in the contract or up to an acceptable level of standard. At the end of the Confidence Trial, the Consultant confirmed that the POMS passed the system acceptance tests and complied generally with the contractual requirements. Its subsequent actual operating performance, which has been affected by the changing mail quality and composition, is another issue. In light of this, the report by some media that the Post Office had inadvertently accepted the POMS despite its performance meeting only half of the contractual standard was not grounded.