

**For discussion
on 16 December 2013**

Legislative Council Panel on Public Service

Manpower Situation of the Hongkong Post

Purpose

This paper briefs Members on the manpower deployment in Hongkong Post (HKP) and related issues.

Background

Overview

2. Notwithstanding its trading fund status, HKP remains a government department. Insofar as manpower management is concerned, it is required to comply with regulations, rules and guidelines promulgated by the Civil Service Bureau (CSB) with regard to both civil servants and non-civil service contract (NCSC) staff. As at 30 September 2013, there were 5 227 civil servants and 2 008 NCSC staff in HKP. Some 98% of the civil servants in HKP belong to three departmental grades, viz. Controller of Posts, Postal Officer and Postman Grades. The NCSC staff in the department typically take up specified tasks rather than the full range of duties normally assigned to civil service posts¹. About half of the NCSC staff in HKP are engaged to meet service needs that require them to work less than the conditioned hours required of civil servants.

Need for a mix of civil servants and NCSC staff

3. Due to the particular work pattern in mail processing as illustrated in paragraph 4 below, seasonal and daily fluctuations in mail traffic against the

¹ Examples of the job scopes of NCSC positions in HKP are :

- NCSC Workers are mainly tasked to load and unload mail bags;
- NCSC Sorting Office Assistants perform manual mail sorting and other mail processing duties;
- NCSC Mechanised Letter Sorting System (MLSS) Operations Assistants input address information into the MLSS to assist mail processing; and
- NCSC Operations Assistants perform simple coding of parcels and recording duties.

need to meet performance pledges², as well as uncertainty in the longer term changes in the posting behaviours of mailers, there is a practical need for HKP to engage a mix of civil servants and NCSC staff in order to maintain flexibility in manpower deployment.

4. HKP has a long history of engaging contract staff³ to cope with the particular work pattern in mail processing⁴ and fluctuations in mail traffic. Apart from the traditional peak season in the run-up to Christmas, the mail volume handled by HKP may also vary significantly from day to day as a result of long holidays, election postings, mailing of annual reports by listed companies, etc. Changes in the mail volume under the prevailing volatile and price-sensitive market are often difficult to predict and are beyond HKP's control. Moreover, as a trading fund, HKP is allowed to conclude service agreements with customers for revenue generation. As the continuity of these contracts beyond contract expiry is not guaranteed, there is a practical need to engage NCSC staff to supplement the civil service workforce to deliver the contracted services.

5. It is also noteworthy that the postal industry has undergone significant changes in recent years as electronic communication has become more prevalent. Personal mail has dropped significantly in volume and e-substitution has led to a continued decline in transactional mail traffic, e.g. bank statements, bills, etc. In recent years, alternative service providers have emerged for the conveyance of local mail. They tend to cream off the more profitable traffic (e.g. delivery in

² HKP is committed to the provision of efficient and affordable postal service to the public. To this end, a set of performance pledges with specified performance targets covering various areas of HKP's service provision, e.g. the delivery and dispatch of local and international mail, counter service, processing of applications for postal services, etc. has been introduced, including the pledge to deliver 99% of the locally posted letters to local addressees by the following working day.

³ HKP has a long history of engaging contract staff to cope with operational requirements, even before the introduction of the NCSC Scheme. After the launch of the NCSC Scheme by CSB in 1999, HKP engages contract staff in accordance with the terms of that Scheme.

⁴ Under HKP's performance targets, there is a narrow timeframe for mail processing. For illustration of the typical daily mail processing operation in HKP, around 70% of our daily mail volume are posted locally after 3 p.m. Following collection, the mail items are transported to one of the three sorting centres located at the General Post Office, the International Mail Centre and the Air Mail Centre respectively for processing. The bulk of the mail items arrives at these centres after 7 p.m. Most of the mail sorting and associated work (including revenue protection checks and stamp cancellation) is undertaken from 7 p.m. to 11:30 p.m. Outbound mail items are sorted by destination and handed over to airlines for uplifting to aircraft either the same evening or the following morning unless a longer mail processing timeframe is allowed under the posting conditions. Local mail items are sorted by district and then conveyed to our 28 district delivery offices overnight for further processing. These delivery offices complete the mail sorting by street and by building between 6 a.m. and 9:30 a.m. the following morning. The mail items are then delivered by postmen in the course of that day.

commercial areas and along the railway lines) and leave non-profitable traffic (e.g. delivery to remote locations) to HKP, which has to fulfill the universal postal service obligation. Although the reduction trend in letter mail has been partially offset by an increase in packet/parcel traffic as a result of the growing popularity of online shopping, it is difficult to predict how the overall mail traffic volume and mail mix will evolve in the longer term. In view of this uncertainty, we need to exercise care when making manpower plans, including the mix of civil service posts and NCSC positions, for HKP.

(a) Adequate manpower to meet operational needs

6. The postal industry is by nature labour-intensive. In order to alleviate the demand for manpower, HKP continuously seeks to enhance operational efficiency through automation, mechanisation and work process re-engineering, etc. We keep under review the manpower requirement in HKP and ensure that there is adequate manpower to meet service demand. Where justified, HKP creates additional civil service posts and/or NCSC positions, as appropriate, in accordance with the established procedures.

7. We seek to fill vacancies in HKP as soon as possible through staff redeployment, recruitment or promotion as appropriate. In accordance with CSB's guidelines, recruitment exercises are conducted to select the most suitable candidates for civil service vacancies in HKP through an open, fair and competitive process. Since January 2012, a total of 485 new recruits were appointed to fill civil service vacancies in the basic ranks of the Controller of Posts, Postal Officer and Postman Grades. All along, we encourage serving NCSC staff in HKP to apply for civil service positions in the department. Since January 2012, 149 NCSC staff serving in HKP have been appointed to civil service positions in the department. Since relevant working experience is one of the factors considered in the recruitment of civil servants, NCSC staff who meet the basic entry requirements of the civil service ranks should generally enjoy a competitive edge over other applicants because of their relevant work experience in the Government. For instance, of the 142 Postmen recruited in the last open recruitment exercise, 70 (49%) were serving NCSC staff in HKP.

8. To address the manpower shortage in the Postal Officer and Postman Grades, we have implemented a number of measures to fill vacancies as soon as possible, including :

- (a) compress the recruitment process and the promotion exercises as far as practicable;
- (b) posts vacated by staff on acting appointments in the promotion ranks arising from the recommendations of the promotion boards are filled immediately⁵; and
- (c) defreeze a proportion of unfilled posts which used to be reserved for HKP staff on trial in other grades in case of reversion.

9. Due to the unwillingness of some staff to take up acting appointments in the next higher rank arising from the recommendations of promotion boards, some vacancies in the Postal Officer and Postman Grades cannot be filled for part of the year, in particular the few months before a new batch of officers recommended by the next round of promotion boards commence their acting appointment. We have been tackling this situation by a multi-pronged approach as set out below :

- (a) provide additional guidance and coaching to staff recommended for acting in the next higher rank, arrange peer sharing and introduce a mentorship scheme in order to encourage more Postmen to take up acting appointment at the Senior Postman level;
- (b) review the vacancies to facilitate better matching between job requirements and staff capability;
- (c) remind supervisors to assess staff performance in the acting rank if the acting period exceeds six months so as to give due recognition to staff performance at the higher rank;
- (d) staff who decline acting appointments are required to state their reasons in writing for the reference of future promotion boards; and
- (e) set up a selection panel to consider officers for filling vacancies in the next higher rank when the lists of officers recommended by the last promotion boards for acting appointment have been exhausted, so that the vacancies can be filled in the interim before the next promotion

⁵ These vacancies used to be held vacant until the officers have been confirmed to the promotion rank.

exercise while providing opportunities for younger officers with ability and aspiration to be tested for higher responsibilities at an earlier juncture.

As a result of these measures, the take-up rates for acting appointments in the Postal Officer and Postman Grades as endorsed by the respective promotion boards have improved in 2013.

10. As regards the filling of NCSC vacancies, we have expedited the process by compressing the recruitment process and conducting more targeted recruitment exercises, e.g. distributing recruitment advertisements by posting household circulars in selected districts (e.g. Tung Chung for vacancies in the Air Mail Centre which is located next to the Hong Kong International Airport).

(b) Overtime work

11. For optimal manpower deployment and to avoid idle hours, we maintain a regular workforce that generally caters for the average mail volume. Overtime work is inevitably required to cope with fluctuations in mail traffic while maintaining service standard. HKP's service provision is largely demand-driven, i.e. we have to handle whatever volume of mail that comes in on a daily basis while being required to meet a specified set of performance pledges, including mail which allows a very short timeframe for processing. Instead of maintaining a staff complement capable of handling postal traffic at peak level, engaging NCSC staff and arranging overtime work in response to operational needs are more pragmatic arrangements.

12. Civil Service Regulation (CSR) 664 provides that overtime work for civil servants should normally be compensated by time off in lieu (TOIL). Where this is, or is likely to be, impracticable within one month of the date on which the overtime work is done, an Overtime Allowance may be paid to the eligible staff. In accordance with CSR 668(1) and Civil Service Bureau Circular No. 18/2000, the ceiling on the accumulation of uncompensated overtime hours by a civil servant at any one time should normally be set at 180 hours, or at a lower level if the Head of Department sees fit⁶. In compliance

⁶ According to the departmental rules promulgated by HKP in 2009, a staff member is allowed to accumulate uncompensated overtime hours of no more than 50 hours at any one time. In circumstances of genuine need where the ceiling has to be exceeded, prior approval must be sought from directorate officers.

with the guidelines promulgated by CSB under the NCSC Scheme, overtime work performed by NCSC staff should be compensated by TOIL only.

13. As at 30 September 2013, the overall uncompensated overtime hours balance of HKP staff was 290 000 hours, 90% of which were accumulated by civil servants and the remaining (10%) by NCSC staff. 96% of the staff with uncompensated overtime hours had a balance not exceeding 180 hours and about 87% had a balance not exceeding 100 hours.

14. Apart from following the measures as promulgated in the Civil Service Bureau Circular No. 18/2000, we have implemented various measures to contain and work down the overtime hours balance accumulated by staff in the department, including :

- (a) continuous effort is made to streamline the workflow and to reduce manual work so as to reduce the need for overtime work at source;
- (b) a workload assessment system is in place to evaluate the workload of all delivery postmen on a day-to-day basis so as to assess the need for overtime work of individual postmen;
- (c) as far as operations permit, we reschedule the duty hours of staff to align with the workload in order to minimise the incurrence of overtime work;
- (d) since 2009, we have implemented a new arrangement to require all staff to clear their time-off earned within the following month;
- (e) civil servants are required to clear their uncompensated overtime hours balance before proceeding to take vacation leave, unless the officer's earned vacation leave balance has reached the accumulation ceiling permitted under the relevant CSR. We apply similar arrangements to NCSC staff in the department; and
- (f) a dedicated team comprising 34 civil service posts and NCSC positions has been set up for clearing the overtime hours accumulated by HKP staff, with priority being given to those cases with a relatively higher balance of uncompensated overtime hours as well as staff approaching retirement.

15. As a result of the measures set out in paragraph 14 above, there has been an 11% decrease in the total number of uncompensated overtime hours from end December 2012 to end September 2013. We expect that the overall accumulated overtime hours balance will continue to decrease with the implementation of the afore-mentioned measures. Barring unforeseen circumstances, we expect that the number of uncompensated overtime hours of each civil service staff will be within the service-wide accumulation ceiling of 180 hours by around mid-2015.

(c) Promotion prospects for HKP staff

16. Some staff representatives in the department have asked for better promotion prospects for the Postman Grade⁷ and the provision of long service increments for the Postman rank. As the main duty of the Postman Grade is mail delivery, there are relatively fewer posts with supervisory duties at the Senior Postman rank. Under the prevailing policy for civil service management, promotion for civil servants is based on merits and subject to the availability of vacancies in the promotion rank, and the creation of civil service posts is subject to operational justifications. With the implementation of the measure mentioned in paragraph 9(e) above, we envisage that vacancies at the Senior Postman rank that remain unfilled for various reasons will be available for younger officers with good performance and aspiration to be tested for higher responsibilities at an earlier juncture.

17. On the proposed provision of long service increments for the Postman Grade, CSB has advised that the Standing Commission on Civil Service Salaries and Conditions of Service has examined several times the case of introducing additional pay to long-serving officers with few prospects of further advancement and took the view in 1989 that there were no grounds to introduce long service increments to civilian grades⁸ and that this stance continues to

⁷ The Postman Grade is a two-rank grade and the promotion rank of Senior Postman was created in 1988. As at 30 September 2013, the Postman rank and the Senior Postman rank had an establishment of 2 900 posts and 406 posts respectively.

⁸ The review conducted by the Standing Commission on Civil Service Salaries and Conditions of Service concluded that (a) grade pay should reflect the rate for the job, irrespective of whether promotion opportunities were good or non-existent; (b) long service increments or other similar form of compensation were not granted in the private sector in recognition of a lack of promotion opportunities, and that it would be difficult to justify providing civil servants on the maximum point of their scale with further increases simply for continuing to perform the job they were already paid to do; and (c) under the pay trend survey system, all civil servants would likely receive regular pay awards enabling them not only to have protection from the effects of inflation but also to share in the economic prosperity of Hong Kong.

apply.

Conclusion

18. Departmental and grade management in HKP attach importance to ensuring that the department has an adequate and motivated workforce, both in terms of number and ability, to meet service needs, and devote much effort to this end. We also maintain a dialogue with staff through various channels, e.g. discussions in the Departmental Consultative Committee and meetings with staff representatives, etc., to promote mutual understanding and cooperation in this mission.

Hongkong Post
December 2013