

香港特別行政區政府
商務及經濟發展局
工商及旅遊科



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Hon TONG Ka-wah, Ronny
Legislative Councillor
Room 810, Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2509 3101)

Dear Hon Tong,

**Examining the 2015-16 Draft Estimates of Expenditure
Question Serial No. R028**

Regarding your question (Serial No. R028) on the operation of Hongkong Post (HKP), our response is set out as follows:

- (a) At present, there are 124 post offices (excluding 2 mobile post offices) throughout the territory, of which 23 post offices could achieve break-even in 2013-14 and most of the post offices located in residential areas operated at a deficit. We are unable to provide the amount of profit or loss of individual post offices as this involves commercially sensitive information.

The Post Office Trading Fund (POTF) incurred an operating loss in 2011-12. This was mainly due to increases in its major operating costs (including staff costs, air conveyance costs and terminal dues). Coupled

with the fact that most principal postage rates and various postal fees under the Post Office Regulations (Cap. 98A) had not been adjusted for years, the operating revenue of the POTF could not cover the escalating operating costs. To improve its financial position, HKP has been actively pursuing various measures to generate revenue and control costs, and adjusted the principal postage rates and various postal fees in 2013. The operating loss of the POTF was significantly reduced from \$114 million in 2012-13 to \$2.6 million in 2013-14. We expect further improvement in the financial performance of the POTF in 2014-15.

- (b) As at 31 March 2015, there were 5 090 civil servants and 1 942 Non-civil Service Contract (NCSC) Staff in HKP. NCSC staff are responsible for tasks involved in different stages of the mail processing workflow (e.g. loading/unloading, mail categorisation and mail sorting), handling mail enquiries, providing counter services, sales and marketing, etc. About half of the NCSC staff work less than the conditioned hours required of civil servants.

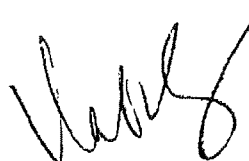
Due to the unique nature of the postal industry, the mail volume handled by HKP varies significantly. The service demand fluctuates between different times of a day, different days of a week, and different months of a year. At the same time, HKP has to meet its performance pledges, e.g. to deliver 99% of locally posted letters to local addressees by the following working day. In addition, with the growing prevalence of electronic communication, it is difficult for HKP to forecast changes in the mail volume in the longer term. There is therefore a genuine need for HKP to engage a mix of civil servants and NCSC staff in order to maintain flexibility in manpower deployment for mail processing.

With a professional team of postal staff, HKP met all the 25 performance pledges in 2013-14. HKP has all along maintained effective communication with its staff and is committed to providing the public with a reliable and value-for-money postal service.

- (c) Generally speaking, loss of mail items occur under two situations. Under the first situation, the loss occurs in the course of mail processing to delivery after posting, and is mainly due to the failure of the personnel involved in mail processing (including the staff of airlines or shipping agents and other postal administrations) to safeguard mail security in accordance with the established procedures. In the second situation, the mail items were lost after delivery. One possible reason is that the recipient has not installed a safe and secure letter box. HKP attaches importance to safeguarding mail security and requires its staff to strictly comply with the relevant legislation and departmental rules.

With HKP handling about 1.2 billion mail items annually, the percentage of mail items lost is less than 0.001%. We do not consider that there is any relation between loss of mail items and the employment of contract staff by HKP.

Yours sincerely,



(Miss Kathy Chan)

for Secretary for Commerce and Economic Development

cc:

Clerk to the Finance Committee
Postmaster General

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