

Legislative Council Panel on Economic Development

Supplementary information requested during the discussion at the Panel meeting held on 26 October 2015 on Agenda Item IV : Revision of postage rates and miscellaneous postal fees and charges

Purpose

At the meeting of the Legislative Council Panel on Economic Development held on 26 October 2015, Members requested the Administration to provide supplementary information on the following issues:

- (a) the result of the review on the business operation of the Hongkong Post ("HKP") with the objectives of enabling the department to, among others, expand its service offerings in response to market needs;
- (b) actions that had been taken to preserve the historical records, equipment and tools relating to the postal services provided in Hong Kong, and whether HKP had any plan for the establishment of a postal museum in future; and
- (c) postal service(s) which was/were operating at a profit or at a loss, and measures, if any, implemented to increase the market share of those services that were making a profit.

2. The review on the HKP's business operation under paragraph 1(a) is still in progress. We will report on the review outcome in due course separately. Information on the issues mentioned in paragraph 1(b) and (c) above is set out in the ensuing paragraphs.

Preservation of historical records, equipment and tools relating to postal service provision in Hong Kong

3. HKP has all along devoted effort to preserve records, equipment and tools relating to postal service provision in Hong Kong both for archival and public education purposes.

Preservation of historical records

4. HKP observes the guidelines and requirements promulgated by the Government Records Service (GRS) on the management of government records, including the preservation of departmental records having archival value. In compliance with these guidelines, HKP appraises its documentary records according to specified schedules and the disposal approach for these records (e.g. permanent retention, transfer of records to other storage media or to off-site storage or destruction, etc.) is subject to the agreement of the Public Records Office (PRO) of the GRS. For those records assessed by HKP to warrant permanent retention, they will be further appraised by PRO. Records appraised as possessing archival value by the PRO will be transferred to and preserved by the PRO. HKP's records held by the PRO for permanent preservation are made available for public access according to the arrangements laid down by the GRS.

5. To supplement these documentary records, HKP undertook a number of initiatives over the years to preserve the postal history in Hong Kong. Examples include:

- (a) To commemorate the 150th Anniversary of the establishment of the Post Office in Hong Kong in 1991, we commissioned a research study on the development of the postal service in Hong Kong. The research outcome resulted in the publication of “The History of Hong Kong Post Office (1841 - 1991)” in 1991;
- (b) In 2012-13, HKP conducted a study on the history of the Old General Post Office (GPO) Building. As part of the study, oral history was collected from a number of retired and serving colleagues who had previously worked in the building. In addition, the Antiquities and Monuments Office (AMO) conducted a study on the architectural aspects of the old GPO Building. The outcome of these two studies was presented in an exhibition jointly organised by HKP and AMO in 2014 (please see paragraph 13(c) below); and
- (c) In view of the closure of the International Mail Centre (IMC) in March 2014, oral history on the postal operations in IMC was collected from some IMC staff and photographic record was made of the building and the postal operations there.

Preservation of postal equipment and tools

6. Postal equipment, tools and other items used in postal operations that are of historical value are identified for preservation when there is a change in mail processing operations arising from, for example, substitution of manual processes by mechanisation and use of information technology, reprovisioning of postal premises, etc. These items, which include date-stamps, scales, postal stationery, stamp vending machines, uniforms, mail

bags, postal bicycles, etc., are kept in an archive maintained by the Department.

Preservation of philatelic items

7. HKP maintains a Stamps Archive to chronicle the history of stamp issue in Hong Kong. The archive collection comprises materials associated with the development and production of a stamp issue, e.g. stamp designs at different stages of development leading to the finalised stamp design artworks, stamp proofs as well as the stamps and related products that were eventually released for public sale.

8. Moreover, HKP sends a set of the following materials for each stamp issue in Hong Kong to the Hong Kong Museum of History for preservation : “block of four” stamps¹, stamp sheetlet, souvenir sheet and date-stamped first day cover.

Conservation of post offices and street posting boxes

Post offices

9. To meet service needs, Wan Chai Post Office was relocated to its present location at Wu Chung House, Wan Chai in 1992. The original post office building², located at 221 Queen’s Road East in Wan Chai, was preserved and revitalised for use as an Environmental Resource Centre under

¹ “Block of four” stamps refer to a block of four (2 x 2) stamps in a stamp sheet joined by perforation. Examples are shown in **Annex A**.

² The Old Wan Chai Post Office was declared a monument under the Antiquities and Monuments Ordinance (Cap. 53) in 1990.

the Environment Protection Department. Postal items of historical value (e.g. stamp vending machine, a suite of old post office boxes, etc.) have been preserved and are now on public display.

10. In August 2007, HKP embarked on a project to restore the original characteristics of Stanley Post Office³, which has been in operation since 1937 and is the oldest local post office still in service. The restoration works included reinstalling an original mechanical stamp vending machine and a cast iron GR VI posting box for display, reconstructing the counter layout with grating according to its original design, and restoring the original terrazzo floor and the roof, etc.

Street posting boxes

11. Currently, five street posting boxes have been restored to their original appearance for public display⁴. In 2013, HKP completed the conservation of nine old posting boxes still in service⁵. There are altogether 11 types of old posting boxes of different vintage and box design in HKP's possession. For public appreciation of these postal heritage items, in addition to the five posting boxes already restored to their original appearance as mentioned above, HKP will select seven retired old posting boxes in its store⁶ and restore them to their original appearance for display at suitable locations (e.g. revitalised heritage sites).

³ Stanley Post Office is a grade two historic building.

⁴ These five posting boxes are now displayed at the Hong Kong Museum of History (two boxes of VR and GR V vintage respectively), the Postal Gallery at the General Post Office (two boxes of VR and ER II vintage respectively) and outside Stanley Post Office (one box of GR VI vintage). These five boxes belong to four different box types defined by vintage and box design.

⁵ Eight of these boxes are from the era of GR V and GR VI and the remaining one of an oval shape is of ER II vintage.

⁶ These seven retired posting boxes belong to seven box types defined by their vintage and box design.

Considerations for the proposed establishment of a postal museum in Hong Kong

12. To promote public interest, understanding and appreciation of the postal and philatelic history of Hong Kong, HKP set up the Postal Gallery on the ground floor of the General Post Office in Central in 1999. The Postal Gallery comprises two sections, namely:

- (a) a “Precious Collections” section, which presents stamps issued by HKP and other postal administrations on a thematic basis, with regular changes of the items on display; and
- (b) a “History Corner” section, which displays postal equipment as well as photographs and other materials on a postal theme.

13. On its own and in collaboration with other government departments, HKP organises exhibitions on postal topics for public education from time to time. Examples include:

- (a) In the “Hong Kong Story” permanent exhibition at the Hong Kong Museum of History, an old post office has been set up in one of the exhibition galleries. Postal items on display include post office counters, old posting boxes, a suite of old post office boxes as well as old stamps issued in Hong Kong;
- (b) In celebration of the 150th anniversary of stamp issue in Hong Kong in 2012, HKP held an exhibition entitled “History in Miniature: The 150th Anniversary of Stamp Issuance in Hong Kong” from mid-December

2012 to mid-January 2013 at the Hong Kong Museum of History and subsequently at the Hong Kong Heritage Discovery Centre to present a choice selection of Hong Kong stamps issued during the past 150 years;

- (c) HKP and AMO jointly organised an exhibition entitled “A Journey through Hong Kong's Postal History - A Glimpse of Hong Kong’s Postal History through the Old General Post Office Building (1911-1976)” at the Hong Kong Heritage Discovery Centre from April 2014 to August 2014, followed by a roving exhibition lasting from September 2014 to late 2015. With the aid of archived materials as well as the personal recollections of postal staff who had worked at the old GPO, the exhibition presented the development of the local postal service from 1911 to 1976 when the old GPO Building was in use. The exhibition also highlighted the distinctive architectural features of the old GPO Building; and
- (d) Based on the file records from HKP and postal items loaned by HKP, the Public Records Office is holding an exhibition entitled “Behind the Postman Uniform” from December 2014 to December 2015 on the design, production and supply of uniforms for postmen in the old days.

14. Apart from exhibitions, HKP organises a variety of activities to promote public interest in HKP’s postal service provision and philately, including school talks and public talks; philatelic workshops; seminars; guided school visits to post offices, mail processing centres and the Postal Gallery, etc. In organising these activities, HKP engages the support of schools and tertiary educational institutions, philatelic associations, interested non-governmental organisations as well as relevant government departments.

15. In addition, there is a dedicated webpage on the HKP website (www.hongkongpost.hk) which gives a brief account of the history of postal service in Hong Kong. The content of the webpage is regularly updated. Members of the public who are interested in historical records concerning the postal service in Hong Kong may also access the documentary archives maintained by the GRS.

16. We consider that the arrangements outlined in paragraphs 12-15 above are cost-effective in achieving the objective of promoting public interest, understanding and appreciation of the postal and philatelic history of Hong Kong. We will continue with this effort. In view of the resource implications, HKP does not have a plan to set up a postal museum.

Profitability of postal services and measures to increase market share of profitable services

17. Generally speaking, Local Mail, Surface Mail and most services provided under the Post Office Regulations (Cap. 98A)⁷ are operating at a loss while Air Mail, philatelic service and services provided on a commercial basis such as Speedpost are operating at a profit.

18. For those postal services that are provided under Government's universal service obligation, the cost pressure is high due to the high costs of maintaining a comprehensive retail and delivery infrastructure to support service provision. HKP has made continuous effort to recover the costs of its

⁷ Such as mail redirection, post office private boxes and private bag services, etc.

service delivery through the implementation of costs control measures as well as periodic adjustments of postage rates and postal fees. For those services that are profitable, HKP often faces keen competition from other service providers as the entry threshold for the courier and parcel market in Hong Kong is very low. Most of the services offered by HKP, with the exception of stamp issue, are provided by multiple operators and the service demand is highly price-sensitive. HKP seeks to maintain and grow its market share by ensuring value-for-money in its service provision through the following measures :

- (a) managing costs through process re-engineering, wider use of technology, work-sharing with mailers and load-levelling measures, etc., thus maintaining the price-competitiveness of our services;
- (b) achieving excellence in operational performance in terms of timeliness, reliability and mail security;
- (c) service innovation to meet emerging customer needs, e.g. introducing post office counter collection for online purchases, expanding the e-Express⁸ network to cater for the demand for tracked international delivery, launching EMS Cool Box in collaboration with Japan Post for the delivery of fresh produce from Japan to Hong Kong, lowering the

⁸ e-Express is a reasonably priced tracked service for mail up to 2 kg per item to meet the needs of e-merchants. The current network covers 12 major destinations, such as US, UK, Australia, Canada, Russia, New Zealand, France, Germany, Norway, South Korea, Singapore and Vietnam, and will be further expanded.

posting threshold for the Hongkong Post Circular Service from 2 000 items to 1 000 items to meet the needs of local small and medium sized enterprises, etc.; and

- (d) enhanced customer experience, e.g. the introduction of online posting platforms⁹ to facilitate posting preparation by e-merchants and bulk mailers.

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⁹ Mailers can prepare address labels, calculate postage and manage their postings as well as their own accounts with HKP on these online platforms round-the-clock. To further facilitate mailers, Application Program Interfaces have been developed to enhance efficiency in posting preparation.

Block of Four Stamps

