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\$17m Post Office update scheme

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THE Government plans to spend about \$17 million to modernise its equipment for applying postmarks to mail by buying two machines known as automatic culler-facer-cancellers.

Legislators will be asked to grant funds for the equipment to be installed in the Central Post Office and the International Mail Centre as well as \$2 million annually for recurrent expenditure, which would include staff costs.

A Finance Committee paper said the new equipment was needed as four of six existing machines were more than 15 years old.

Once the Post Office had gained

experience in operating the new machines and was satisfied with their performance, a further two would be bought to replace outdated equipment.

The new machines can automatically segregate different sizes of mail items and face them in the right direction for the purpose of applying postmarks, removing the need for this work to be done manually.

Due to the reduced manual work required and the faster speed of the new machines, the Government estimates that savings of up to \$3 million a year can be made.

The Government says the total cost of the equipment would be recovered after seven years.

With the volume of mail at both sorting offices estimated to be growing at a rate of 4.6 per cent a year, further overtime would be required if manual segregation and facing were to be retained.

The new machines would remove this requirement, resulting in notional savings of overtime costs, rising from \$260,000 in 1995/96 to \$1 million in 2003/04, by which time the costs of the system would be fully recovered.

In the 1992-93 financial year, the Post Office handled about 863 million locally posted letters and packets, an average of 2.4 million items daily.