

16pc profit rate for Post Office

THE Post Office aims to run at a 16 per cent profit rate, the Secretary for Economic Services, Mrs Anson Chan, said.

She said the Post Office was one of the five departments operated along commercial lines. The others were the airport, the marine ferry terminals, the government tunnels and the waterworks.

"In such cases, fees and charges are set at levels designed to produce a reasonable return to the public over and above recovery of full operating costs," she said.

The purpose of setting a target rate of return, Mrs Chan noted, was to provide a yardstick to measure the performance of commercially-run departments.

She also pointed out that the Government had a general policy of recovering from users the full cost of running the ser-

vices through fees and charges unless the Government decided to subsidise the services. The charging of fees, she said, helped spread the tax load and reduced the Government's dependence on revenue from direct taxation.

Councillor Miss Leung Wai-tung proposed to contract out some services, such as stamp selling, to convenience stores or other outlets.

In reply, Mrs Chan said controlling officers were required to conduct regular reviews over the cost-effectiveness of the existing services, particularly the scope of privatisation.

She noted that the Government had recently conducted a review to explore the possibility of contracting out parcel delivery, but the idea was not pursued following consultations with postal staff.