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Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 8th meeting
held at the Legislative Council Chamber
on Friday, 6 May 2005, at 2:30 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP

Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH
Dr Hon Joseph LEE Kok-long
Hon Daniel LAM Wai-keung, BBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon MA Lik, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG
Hon KWONG Chi-kin
Hon TAM Heung-man

Members absent:

Hon Martin LEE Chu-ming, SC, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP

Public officers attending:

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Mr Alan LAI Nin, GBS, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Elizabeth TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Michael WONG, JP	Deputy Secretary for Security
Mr Alan CHU	Principal Assistant Secretary for Security
Mr Raymond HO	Principal Assistant Secretary for the Environment, Transport and Works (Transport)

Mr Raymond WONG, IMSM	Assistant Director of Immigration (Information Systems)
Mr Henry SIU, IDSM	Assistant Director of Immigration (Control)
Mr Albert LAI	Chief Systems Manager of Immigration Department
Mr Clement LEUNG, JP	Acting Director-General of Trade and Industry
Mrs Philomena LEUNG	Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr NGAI Wing-chit	Assistant Director-General of Trade and Industry (Industrial Support)
Mrs Carrie YAU, JP	Permanent Secretary for Health, Welfare and Food
Mr Jeff LEUNG	Principal Assistant Secretary for Health, Welfare and Food (Health)
Dr P Y LAM, JP	Director of Health
Dr Thomas TSANG	Consultant of Department of Health (Community Medicine)
Mr Paul CHENG	Principal Assistant Secretary for Health, Welfare and Food (Health)
Dr Allen CHEUNG	Director of Hospital Authority (Professional Services and Operations)
Dr Beatrice CHENG	Senior Executive Manager of Hospital Authority (Professional Services)
Mr Paul TANG, JP	Director of Social Welfare
Mrs Brenda FUNG	Principal Assistant Secretary for Health, Welfare and Food (Elderly Services and Social Security)
Mrs Mary MA	Commissioner for Rehabilitation
Mrs Rachel CARTLAND, JP	Assistant Director of Social Welfare (Social Security)
Mr CHENG Man-yiu, JP	Deputy Secretary for Education and Manpower
Mrs Betty IP	Principal Assistant Secretary for Education and Manpower (School Administration and Support)

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Mrs Mary TANG	Senior Council Secretary (1)2
Ms Caris CHAN	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

Action **Item No. 1 - FCR(2005-06)1**

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE MADE
ON 2 MARCH 2005**

The Chairman put the item to vote. The Committee approved the proposal.

Item No. 2 - FCR(2005-06)2

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Immigration Department

- ♦ **New Subhead “Computer Systems for the Immigration Department at the New Control Point for the Lok Ma Chau Terminus of the Sheung Shui to Lok Ma Chau Spur Line”**

2. Mr Albert CHENG said that he, in principle, supported the proposed installation of the computer systems for the Immigration Department at the New Control Point for the Lok Ma Chau Terminus. He asked whether the 66 traditional counters would be converted to self-service e-channels after the computer systems were installed and if so, the cost for conversion. The Deputy Secretary for Security 3 (DS(S)3) said that the use of e-channels would be on a voluntary basis to provide self-service clearance for holders of Hong Kong permanent identity cards in smart card format. Visitors and non-permanent residents would not be able to use e-channels for immigration clearance. Depending on the actual usage of e-channels, the number of e-channels to be deployed at the control point would be adjusted to meet operational need. Additional funding would only be sought if necessary. Dr LUI Ming-wah enquired about the ratio of e-channels to traditional counters and whether this was able to meet the growing demand of tourists arriving under the Individual Visit Scheme. DS(S)3 said that over 50% of all passengers at the Lok Ma Chau Terminus were expected to use the e-channels. Taking this into account, the respective number of traditional counters and e-channels to be installed at the Lok Ma Chau Terminus would be roughly the same.

3. Dr KWOK Ka-ki enquired whether the proposed computer systems at the control points would be able to detect false identity cards as otherwise they would need to be replaced within a short period of time. DS(S)3 said that smart identity cards contained state-of-the-art security features and it was unlikely that forged cards could be used for immigration purpose at the e-channels.

4. Dr KWOK Ka-ki further asked if the present computer systems at the control points would be able to meet passenger demands within the next five to 10 years. DS(S)3 replied in the affirmative. The projected handling capacity of the Lok Ma Chau Terminus had taken into account the passenger demands as worked out by the Planning Department and such information would be made available to the relevant Panels as necessary.

5. Responding to the Chairman's question on the capacity and service life of the proposed computer systems, the Assistant Director of Immigration (Information System) explained that in designing the systems, care had been taken to ensure flexibility for further upgrading. The systems to be installed would have the capability to handle as much as double of the planned capacity through the addition of equipment items. As the systems were expected to operate for at least 10 years, the contractors would be responsible to provide repair and maintenance services of the systems during the maintenance period. The capacity of the systems would be upgraded as appropriate and contingency measures were already included in the Business Continuity Plan.

6. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 3 - FCR(2005-06)3

HEAD 181 - TRADE AND INDUSTRY DEPARTMENT

♦ Subhead 700 General non-recurrent

Item 520 SME Loan Guarantee Scheme

Item 524 SME Training, Export Marketing and Development Funds

7. The Chairman informed members that the Panel on Commerce and Industry (CI Panel) was consulted on the proposal at its meeting on 19 April 2005.

8. Mrs Sophie LEUNG, Chairman of CI Panel, said that the Panel was in support of lowering the assumed loan default rate from 15% to 7.5% and increasing the total loan guarantee commitment under SME Loan Guarantee Scheme (SGS) from \$6.6 billion to \$10.6 billion so that more small and medium enterprises (SMEs) could benefit from the Scheme. As regard the SME Export Marketing Fund (EMF), there was concern that funding for export promotion activities should form part of SMEs' operating costs and should not be met by EMF. According to the Administration, EMF was conducive to encouraging SMEs to develop overseas markets. Besides, SMEs concerned would have to share the cost for participation in the export promotion activities. There was a cap of \$30,000 or 50% of the approved expenditure, whichever the less, for each application. Mrs LEUNG added that the Panel was in support of the continuation of the SME Development Fund because it could help SMEs, in general and in specific sectors, to raise their awareness and capabilities. There was also a consensus that resources of the SME funding schemes should best be used to strengthen the overall competitiveness of SMEs or SMEs in a specific sector, instead of targeting at individual SMEs.

9. While expressing support for the proposal, Mr James TIEN questioned the propriety for Panel Chairman to speak on behalf of the Panel lest this would pre-empt other Panel members from expressing their views. The Chairman said that it had been the practice of the Finance Committee (FC) for Panel Chairmen to report on the deliberation of the Panels.

10. Mr Ronny TONG considered it appropriate for Panel Chairmen to report on the deliberation of Panels provided that other members could also express their individual views. Mr Albert CHENG also supported the present arrangement for Panel Chairmen to make a verbal report to FC on the deliberation of Panels, which was not binding on other members who could still express their own views. Ms Margaret NG said that Panels were set up to provide a forum for discussing policy issues and members were free to exchange views with the Administration. These exchanges had no binding effect. Besides, it had been the practice for the Administration to brief the relevant Panels on financial and legislative proposals.

11. Mr SIN Chung-kai said that it had been an agreed practice for Panels to deliberate the policy aspects of relevant financial/legislative proposals before submission to FC or its subcommittees, or before introduction to the Legislative Council, as appropriate. Such an arrangement had all along had the support of Members of the Democratic Party. While members were free to express their views at Panel meetings, such views had no binding effect as Panels did not have the authority to approve the proposals.

12. Mrs Sophie LEUNG considered it proper for Panel Chairmen to report on the deliberation of Panels such that FC was made aware of the points which had already been discussed at Panel meetings, thereby saving much time and effort on the part of FC. The report of the Panel Chairman would not in any way pre-empt the expression of views on the subject.

13. The Chairman said that according to the established guidelines, relevant Panels should be consulted on financial proposals before these were submitted to FC. The Administration would often take into account views of Panels and make amendments as appropriate to the proposals as otherwise, these would unlikely have the necessary support from FC. She said that the present arrangement of consultation with Panels had been working well.

14. Reverting back to the funding proposal, Mr Albert CHENG said that he was not opposed to the proposal. However, in view of the fluctuations in the money market and the recent speculation over Renminbi, he was concerned about the transfer of money out of Hong Kong which might in turn undermine the financing of SMEs. In this connection, he asked if the Administration was prepared to further increase the loan guarantee commitment. The Acting Director-General of Trade and Industry (DG of T&I) said that the proposal of lowering the assumed loan default rate from 15% to 7.5% was a prudent one having regard to the fact that during the Asian financial crisis, the loan default rate for the now defunct Special Finance Scheme for SMEs was less than 7%. The Trade and Industry Department (TID) would review the situation on a weekly basis through monitoring of the loan default rate and the loan guarantee commitment. In the event of high fluctuations in the money market that led to an increase in the loan default rate, further application of loan guarantees would not be approved. TID would report to members should the expected maximum expenditure likely exceed \$800 million. The Deputy Secretary for Financial Services and the Treasury added that the loan guarantee commitment had been increased by \$4 billion to \$10.6 billion.

15. Responding to Dr LUI Ming-wah, DG of T&I said that based on the current utilization rates, the \$6.6 billion approved commitment for SGS would be used up around the middle of this year. While the SME loans were provided by the participating lending institutions (PLIs), Government would be responsible under SGS for repaying 50% of the loan in case of default by the SMEs concerned. As at end March 2005, TID had approved a total guarantee of \$5.7 billion for some 13 000 loans extended by PLIs to SMEs, received total claims of \$91.3 million from PLIs for default in loan repayments by concerned SME borrowers, and paid out \$19.4 million to the relevant PLIs for verified loan defaults. Based on the current utilization rate, the loan default rate would be less than 2%.

16. Noting that the loan default rate was less than 2%, the Chairman questioned why PLIs were still unwilling to make loans to SMEs in the absence of loan guarantees from the Government under SGS. DG of T&I explained that PLIs had reservations in making loans to SMEs, in particular new SMEs which might not have a proven credit record. Although the Government would be responsible for repaying 50% of the defaulting loan under SGS, the remaining loan would have to be written off by PLIs concerned in case of default by SMEs and hence a prudent risk assessment had to be made.

17. In response to the Chairman's further enquiry on whether a survey was conducted on the number of employment opportunities created as a result of the provision of SME loan and funding schemes, DG of T&I said that the findings of a survey indicated that about 10 000 new jobs were created by SME recipients under SGS and EMF. As SMEs constituted 98% of business establishments in Hong Kong and provided about 60% of the total employment (excluding the civil service), maintaining their viability and competitiveness would help stabilize the economy and the labour market.

18. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 4 - FCR(2005-06)4

Head 37 – DEPARTMENT OF HEALTH

◆ Subhead 700 General non-recurrent

New Item “Antiviral Stockpile for Influenza Pandemic”

19. The Chairman informed members that the Panel on Health Services and the Panel on Food Safety and Environmental Hygiene were consulted on the proposal at a joint meeting on 14 March 2005.

20. Mr Andrew CHENG, Chairman of the Panel on Health Services, said that the two Panels unanimously supported the proposal to create a new commitment of \$254 million to meet the costs of increasing the stockpile of antiviral for influenza pandemic from about 3.7 million to 20.6 million capsules. However, the Panels had requested the Administration to explain in greater detail the prioritization of the high-risk groups for the use of the increased stockpile of the antiviral and its policy on

the provision of free vaccination against influenza to all the elderly people aged 65 above to comply with the recommendation of the World Health Organization.

21. Mr Andrew CHENG then enquired if the Administration would accede to members' request of providing free vaccination against influenza to all elderly people aged 65 and above, instead of confining such to the needy elderly groups. The Director of Health (D of Health) said that the decision to provide free vaccination for the elderly aged 65 or above on Comprehensive Social Security Assistance (CSSA) was made pursuant to the discussion at the joint meeting on 14 March 2005. The Consultant of Department of Health (Community Medicine) (CDH(CM)) added that the prioritisation of high risk groups for the use of the increased stockpile of the antiviral was discussed by a committee under the Department of Health (DH) in March 2005. Priority would be given to high risk groups, including those infected persons with chronic illness, institutionalized elderly and elderly with chronic diseases, family contacts of the infected persons, healthcare workers, poultry workers engaged in culling of live poultry and front line staff providing essential services such as Police and Civil Aid Service officers.

22. The Permanent Secretary for Health, Welfare and Food (PSHWF) supplemented that while the elderly had been encouraged to receive vaccination against influenza, it was decided that only those aged 65 or above on CSSA, or who had chronic diseases attending public clinics and the institutionalized elderly would be provided with free vaccination as part of the pilot programme. Sufficient resources had been earmarked for the said provision but additional funding would be sought if the existing resources were not able to meet the demand. D of Health said that the Hospital Authority (HA) together with DH had provided 180 000 to 190 000 vaccinations to the elderly, of which 50 000 to 60 000 were institutionalized elderly. The vaccination programme for the elderly, which took weeks to complete, had to be implemented in a timely manner. He said that in the last vaccination cycle, about one million doses of vaccine were acquired by Hong Kong, some of which were provided at a cost of only \$40 by voluntary organizations. He clarified that the present funding proposal was meant to meet the costs of increasing the stockpile of antiviral pandemic and not the costs of the vaccination programme.

23. As regards free vaccination the elderly aged 65 or above who were not CSSA recipients, PSHWF said that this had yet to be decided. She further explained that for the vaccination programme to be effective, it would need to be administered in a timely manner and hence involvement of the private health care sector was necessary. At present, some private clinics were only charging \$60 to \$70 per vaccination which was considered affordable by the general public.

24. Mr Albert CHENG pointed out that the cost of \$60 to \$70 per vaccination was not a small sum for non-CSSA recipients aged 65 or above who might be living on a very meagre income. His view was shared by Mr Albert HO. PSHWF said that the provision of free vaccination to all the elderly aged 65 or above had been discussed at length. The said provision might not be conducive to the elderly as they would have to wait a long time for their turn if the programme was undertaken by HA alone. They might also have to travel a long way to the vaccination centers. As such, the

Administration was of the view that it would be more efficient and effective if the vaccination programme was provided through the joint efforts of the public and private health care sectors.

25. Dr YEUNG Sum remarked that at the meeting on 14 March 2005, the Administration was requested to consider providing free vaccination to all the elderly aged 65 or above given their vulnerability to diseases. This would also help contain the spread of diseases. With the provision of a free vaccination programme, the elderly could choose to wait for their turn under the programme or to have their vaccination in private clinics if they did not want to wait. PSHWF said that the coverage of the free vaccination programme for the elderly on CSSA was considered adequate in optimizing public resources. However, if it was later found that the coverage was not sufficient, consideration would be given to expanding it and the Panel on Health Services would be duly consulted.

26. Mr Andrew CHENG said that he failed to understand the criteria on public spending. While the Government was willing to waive its claim of dividends of \$798 million for the Disney Resort Line (DRL), it declined to spend \$30 million to provide free vaccination for the 0.7 million elderly persons, despite the repeated requests by the two Panels. The Secretary for Financial Services and the Treasury said that it was inappropriate to link the vaccination programme and the waiver of dividends for the construction of DRL. The latter was meant to bridge the funding gap for DRL which would otherwise be financially non-viable. PSHWF said that apart from financial provisions for the vaccine, additional manpower resources in the public sector would also be incurred if free vaccination were to be provided to all the elderly. D of Health supplemented that there were administrative difficulties in providing a free vaccination programme for all the elderly. By way of illustration, a vaccination programme for the 50 000 institutionalized elderly would require about three weeks to administer. As vaccination at an affordable price was made available by many voluntary organizations, the elderly who were not on CSSA would be requested to take their vaccination from the private health care sector. The proposed provision of free vaccination for the elderly aged 65 or above on CSSA was considered a more efficient use of resources.

27. Mr Andrew CHENG stressed that the unavailability of financial and manpower resources should not be used as an excuse for the non-provision of free vaccination for all the elderly, given the public concern about health. To resolve the manpower problem, he asked if consideration could be given to providing funding for the private health care sector to assist in taking forward the free vaccination programme for all the elderly. This would also create job opportunity for some unemployed private nurses. PSHWF reiterated that in order for the vaccination programme to be effective, it would need to be implemented before the resurgence of the influenza pandemic and completed in a timely manner.

28. Mr Albert CHENG said that he had previous experience in mobilizing private medical practitioners in providing vaccination for the elderly. If the Government undertook to provide the vaccine, he would be able to mobilize private medical practitioners again to provide the service. Given the experience in dealing with the

Severe Acute Respiratory Syndrome (SARS) outbreak, Mr CHENG was concerned whether there were sufficient antiviral drugs and protective gear, such as masks, to control the spread of the disease. PSHWF said that the Administration had learnt from experience and would ensure a sufficient stockpile of antiviral and medical supplies to protect the community against the resurgence of SARS or other influenza pandemic. The purpose of the present funding proposal was to increase the stockpile of antiviral for influenza pandemic as recommended by the World Health Organization. Provisions for protective gear and other medical supplies were sought under a separate funding proposal. On the availability of antiviral, D of Health said that most private doctors would have a ready supply of antiviral drugs as a stock of about two million capsules had already been delivered to Hong Kong in March 2005. As for protective gear, such as masks, he said that while sufficient stock was maintained in Hong Kong, households were encouraged to stock with some masks for their own use. Meanwhile, sufficient stock of vaccine was made available to the public and private health care sectors.

29. Dr KWOK Ka-ki agreed with the Administration that HA should not be held solely responsible for implementing the vaccination programme, and that assistance from the private health care sector should be sought. He added that the investment on antiviral was worth supporting since it would help contain the spread of disease and hence reduce the subsequent medical costs. He was however concerned if there would be sufficient antiviral drugs in the event of a worsening pandemic. PSHWF said that apart from the use of antiviral and vaccine, isolation and evacuation operation would be conducted in the event of a major pandemic. CDH(CM) said that the Administration had taken into account past experience in handling major pandemic and sufficient stockpile of antiviral and medical supplies, comparable to that of developed countries, had been kept.

30. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 5 - FCR(2005-06)5

HEAD 149 – GOVERNMENT SECRETARIAT : HEALTH, WELFARE AND FOOD BUREAU

◆ Subhead 700 General non-recurrent

New Item “Grant to the Samaritan Fund”

31. The Chairman informed members that the Panel on Health Services was consulted on the proposal at its meeting on 18 April 2005.

32. Mr Andrew CHENG, Chairman of the Panel on Health Services, said that members of the Panel unanimously supported the proposal to make a grant of \$200 million to the Samaritan Fund (the Fund). However, they were concerned about the long-term sustainability of the Fund. To this end, the Administration was urged to expedite its work on health care financing and HA to explore new possibilities of private donations for the Fund. Noting that the discussion paper provided had not set out the assessment criteria for the disbursement of the Fund, Mr CHENG sought elaboration in this respect.

33. PSHWF said that while a wide range of medical services were provided by HA, certain expensive medical items, such as drugs, surgical implants and consumables etc, were not provided for in public hospitals and had to be purchased by patients themselves. The Fund was meant to provide financial assistance to needy patients to meet the expenses on privately purchased items and all applications for assistance were subject to close scrutiny. The Administration would be reviewing the health care service, delivery model and standardization of the use of drugs in public hospitals and clinics in the context of the health care financing plan. A number of financing options would be made available for public consultation hopefully by late 2005.

34. The Director of Hospital Authority (Professional Services and Operation) (DHA(PSO)) said that it was HA's intention to review the assessment criteria for cases involving expensive drugs, so as to provide patients with greater assurance and to ensure consistency in assessment by Medical Social Workers (MSW). Factors, such as assets and disposable income of the patient's family, would be taken into consideration in the assessment. It was expected that a set of revised assessment criteria for the Fund would be worked out shortly in light of the views received from public consultation.

35. While supporting the funding proposal, Dr YEUNG Sum said that Members of the Democratic Party firmly held that Government should have the responsibility to provide drugs which were proved to be of significant benefits to its patients. Affordability should not be a prerequisite in deciding whether certain drugs should be made available to patients. Dr YEUNG stressed that HA should, as a part of a caring society, endeavour to provide the best medical care at all costs.

36. Mr WONG Kwok-hing said that he had received complaints from patients' organizations that some low-income families were not eligible for the Fund as their income had exceeded the Median Monthly Domestic Household Income (MMDHI) which was used as the basis of assessment. He opined that this was not a fair assessment, and that a more equitable arrangement was to assess the disposable income, which was derived by deducting the necessary expenses from the total family income. PSHWF said that MMDHI was only one of the criteria used in assessing the eligibility for assistance under the Fund. Other factors, such as the actual cost of the medical item and special financial factors/circumstances faced by patients, would be taken into account as well. Nevertheless, DHA(PSO) undertook to consider Mr WONG's suggestion in the review of the eligibility criteria for the Fund. The outcome of the review would be reported to the Panel on Health Services.

37. Mr Fernando CHEUNG indicated support for the proposal as the Fund would provide needy patients with the necessary medical care. He considered it necessary for the Administration to make available the criteria in determining the type of medical items to be supported by the Fund as he noted that about half of the expenditure of the Fund in 2004-05 was related to the use of Percutaneous Transluminal Coronary Angioplasty (PTCA), which in his view should be included as medical supplies to be funded by Government rather than the Fund. PSHWF explained that when first established in 1950, the Fund was meant to provide financial

assistance to needy patients to meet privately purchased items which were either implanted to individual patients or for home use, such as wheel chairs and ventilators. The list of items had since been expanded to cover expensive drugs based on patients' needs. DHA(PSO) added that to assist needy patients in their recovery, more advanced medical items (which were not included as normal inventory) would also be considered by the Fund taking into account the effectiveness, safety and cost of the items.

38. As the Government would be reimbursing the Fund for the actual expenditure incurred for CSSA recipients, Mr Fernando CHEUNG pointed out that it might be simpler if the Government would make direct payments to HA to meet the special medical needs of CSSA recipients, thereby obviating the need to route through the Fund. PSHWF explained that the Government would make direct payments to the Fund on behalf of the CSSA recipients so that they need not make upfront payments for their medical items when applying for the Fund. The Senior Executive Manager of Hospital Authority (Professional Services) added that for the more common privately purchased medical items such as PTCA, a consignment stock was kept to meet patients' demand. Patients on CSSA did not have to make advance payments for these items and the Government would reimburse the Fund upon recommendation of MSW.

39. Mr LEUNG Yiu-chung noted with concern the absence of an appeal channel for low-income families who were denied assistance from the Fund. He enquired if an appeal mechanism would be considered in the upcoming review of the assessment criteria for the Fund. DHA(PSO) took note of Mr LEUNG's concern and advised that a committee would be set up shortly to collate views on the assessment criteria and members' concerns would be taken into account.

40. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 6 - FCR(2005-06)6

HEAD 170 – SOCIAL WELFARE DEPARTMENT

- ◆ **Subhead 179 Comprehensive social security assistance scheme**
- ◆ **Subhead 180 Social security allowance scheme**

41. The Chairman informed members that the Panel on Welfare Services was consulted on the proposal at its meeting on 20 April 2005.

42. While supporting the proposal to relax the annual permissible limit of absence from Hong Kong for Old Age Allowance (OAA) and Disability Allowance under the Social Security Allowance Scheme from 180 days to 240 days, Ms LI Fung-ying considered it unreasonable to require elderly Hong Kong residents who wished to apply for OAA to reside in Hong Kong continuously for at least one year immediately before the date of application. The Assistant Director of Social Welfare (Social Security) clarified that the proposed relaxation would allow elderly Hong Kong residents to be absent from Hong Kong for not more than 240 days in a year without

affecting their entitlement to OAA payment for the year, provided that they had resided in Hong Kong for not less than 90 days in the year. The Director of Social Welfare added that the elderly would be entitled to OAA payments for the year as long as their absence was not more than 240 days in a year.

43. Mr WONG Kwok-hing was not convinced that elderly Hong Kong residents had to meet both the requirements of residing in Hong Kong for at least 90 days and not absent from Hong Kong for not more than 240 days in a year in order to be eligible for OAA. He held the view that the fulfillment of the former requirement should suffice. The Principal Assistant Secretary for Health, Welfare and Food (Elderly Services and Social Security) explained that the requirement for recipients to reside in Hong Kong for at least 90 days in a year had all along been the eligibility criterion for entitlement to the absence limit of OAA. The absence limit of OAA would only apply to those fulfilling the minimum 90-day residence requirement.

44. Mr TAM Yiu-chung welcomed the proposed relaxation which had been requested for a long time. He enquired whether consideration could be given to further relaxing the absence limit after the proposed relaxation had been implemented for one year if it was found that the relaxation had not given rise to significant financial implications. Dr YEUNG Sum echoed that the progress of implementation should be reviewed in a year's time with a view to further extending the absence limit. PSHWF explained that as OAA was a non-contributory and non-means tested scheme which had no upper limit on the number of applications, the Administration would need to be prudent in the management of the Scheme. The implementation of the proposed relaxation would need to be observed over an extended period in order to assess the financial implications. A review would be conducted after the implementation of the proposed relaxation but the exact timing of the review had yet to be decided. Members would be informed of the progress of implementation in due course. At the Chairman's request, she agreed to relay members' views to the Secretary for Health, Welfare and Food (SHWF) for consideration.

45. Noting that the proposed relaxation would cost an estimated expenditure of \$600,000, Mr WONG Kwok-hing enquired about the additional expenditure to be incurred if the absence limit was further relaxed to 360 days and the number of elderly people who would benefit from the further relaxation. PSHWF said that the estimated expenditure was based on assumptions and not actual figures.

46. Referring to SHWF's remark made in his recent visit to Guangzhou that elderly Hong Kong residents residing in the Mainland could use OAA to cover the premium for medical insurance, Mr TAM Yiu-chung sought details on the arrangement. PSHWF said that it was the Administration's intention to assist elderly Hong Kong residents who chose to retire in the Mainland to identify an appropriate medical insurance scheme to provide for the needed protection in the event of illness. However, it was not intended that such insurance payments would be met from OAA payments.

47. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 7 - FCR(2005-06)7

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

♦ Subhead 700 General non-recurrent

New Item “Financial Assistance Scheme for Designated Evening Adult Education Courses”

Education Courses”

48. The Chairman informed members that the Panel on Education was consulted on the proposal at its meeting on 6 April 2005.

49. Mr CHEUNG Man-kwong, Dr YEUNG Sum and Mr Tommy CHEUNG indicated support for the proposal. While commending the Administration for its financial commitment in adult education, Mr LEE Cheuk-yan hoped the same would apply to youth education.

50. The Chairman put the item to vote. The Committee approved the proposal.

51. The meeting was adjourned at 4:30 pm.