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中華人民共和國香港特別行政區政府總部衛生福利及食物局
Health, Welfare and Food Bureau
Government Secretariat, Government of the Hong Kong Special Administrative Region
The People's Republic of China

Our ref.: HWF/1/19
Your ref.:

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6 November 2006

Ms Mary So
Clerk to Panel
Panel on Health Services
Legislative Council
8 Jackson Road
Central

Dear Ms So,

Financial Situation of the Hospital Authority

Item 2 of the list of follow-up actions in LC Paper No. CB(2)/06/07 refers.

At the Panel meeting on 8 November 2004, Members expressed their concern about the budget deficit of the Hospital Authority (HA). The Secretary for Health, Welfare and Food has, at the Special Meeting of the Finance Committee for Examination of the 2006-07 Draft Estimates held on 15 March 2006, explained the measures to help alleviate the stringent financial condition of the HA. I am now writing to recapitulate the relevant measures taken by the Administration.

To alleviate the tight financial situation of the HA, the Administration has provided the HA with new resources for the 2006-07 financial year, which include

- (a) the conversion of \$650 million in one-off funding (which was due to lapse in March 2006) into recurrent funding for strengthening infectious disease control, providing additional

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hospital services to meeting increasing demand and supporting specific programmes to improve the quality of clinical care in public hospitals; and

- (b) the allocation of additional recurrent funding of \$300 million to cater for general increase in public demand for hospital services.

In order to provide the HA with greater certainty to facilitate longer-term financial planning, the Administration has also committed to providing additional recurrent funding of about \$300 million in each of the following two financial years (i.e. in 2007-08 and 2008-09). In addition, the Administration will continue to work closely with the HA to develop a sustainable long-term funding arrangement to ensure the provision of quality public health care services.

Yours sincerely,



(Paul Cheng)
for Secretary for Health, Welfare and Food

c.c. Mr Shane Soloman, Chief Executive of the Hospital Authority