

**Finance Committee Meeting on 19 June 2009
FCR(2009-10)29**

**Supplementary Information on Human Swine Influenza Vaccination and
Pneumococcal and Seasonal Influenza Vaccination**

I refer to the issue raised by the FC Chairman on item FCR(2009-10)29 regarding the possible need to pay a non-refundable deposit for the procurement of human swine influenza (HSI) vaccines.

2. According to our informal understanding from some of the vaccine manufacturers, they may require a non-refundable deposit when an order of HSI vaccines is placed. With a strong and competing global demand of HSI vaccines, the manufacturers may like to have some form of guarantee that the government would honour the procurement contract. They are particularly concerned that in case the epidemic eases or there is a change in policy in the next few months, the government may want to cancel or reduce the size of the procurement contract. They may therefore require a non-refundable deposit to minimize their potential loss in that case.

3. In the coming tender for the supply of HSI vaccines, we will include the standard payment terms in the tender documents, i.e payment will be made upon acceptance of the goods. If tenderers counter-propose a payment term requiring a non-refundable deposit, we will then need to examine the conditions proposed by the tenderers on a case by case basis in consultation with the Department of Justice where appropriate and determine the appropriate action necessary. We would resist vigorously a non-refundable deposit but the Government's leverage would depend on the number of confirming offer received and the conditions put forward by the other tenders. As the HSI vaccines are still being developed, in order to ensure that the vaccines we order are of good quality, we will require eventual approval of the vaccines by the drug regulatory authorities of either the United States or the European Union and DH as a condition in the procurement contract.