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Panel on Health Services

Subcommittee on Issues Relating to the Development of Chinese Medicine

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 3 July 2020**

The Chinese Medicine Development Fund

Purpose

This paper provides background information and summarizes the concerns of members of the Panel on Health Services ("the Panel") and the Subcommittee on Issues Relating to the Development of Chinese Medicine ("the Subcommittee") on the Chinese Medicine Development Fund.

Background

2. The Financial Secretary announced in his 2018-2019 Budget Speech the setting up of the Chinese Medicine Development Fund ("the Fund") of \$500 million to provide support in areas such as applied research, Chinese medicine specialization, knowledge exchange and cross-market co-operation. The Fund provides Chinese medicine practitioners ("CMPs") and the Chinese medicine drug sector with financial support to jointly promote the development of Chinese medicine and enhance the overall standard of the industry, including nurturing talent for the Chinese medicine industry and the Chinese medicine hospital ("CMH"), promoting Chinese medicine-related studies and scientific research, and providing assistance to local Chinese medicine traders for improving the quality and standards of production and registration of proprietary Chinese medicines ("pCm") in accordance with statutory requirements. It also enhances public knowledge and understanding of Chinese medicine. The Fund commenced operation in June 2019. The Food and Health Bureau has

earmarked \$161.49 million for operating the Fund in the financial year of 2020-2021.

3. An Advisory Committee on Chinese Medicine Development Fund ("the Advisory Committee") was established under the Food and Health Bureau in March 2019 to advise and make recommendations on matters relating to the overall administration of the Fund, including applications and related assessment arrangement of the funding schemes. The Advisory Committee comprises representatives from the sectors of CMPs, Chinese medicine drugs, testing and certification, and healthcare, as well as experts, academics and lay persons with experience in business management and public administration. According to the Administration, the Advisory Committee has approved a number of funding projects and the first batch of funding was released in the fourth quarter of 2019. The Hong Kong Productivity Council serves as the implementation partner to support and assist in the management of the operation of the Fund, provide expert and technical advice and recommendations regarding the operation of the Fund, and serve as the secretariat of the Advisory Committee.

Deliberations of the Panel and the Subcommittee

4. Issues relating to the Fund were discussed by the Panel and by the Subcommittee in the Sixth Legislative Council ("LegCo"). The deliberations and concerns of members are summarized in the following paragraphs.

5. Members were first advised in February 2018 on the plan of the Administration to provide funding support to further promote and drive the development of Chinese medicine. It was noted that the Administration would work out the details of the funding support measures in consultation with the Chinese Medicine Development Committee and the Chinese medicine industry. Members suggested that the Administration should, among others, provide financial assistance and technical support to local pCm manufacturers for their meeting of the Good Manufacturing Practices ("GMP") requirements, the pCm traders for their fulfilling of the requirements in formal registration of their pCm products, as well as the wholesalers and retailers of Chinese herbal medicines for enhancing their warehouse management.

6. In the context of discussing the latest progress of the Administration's initiative on the development of Chinese medicine at the Panel meeting in December 2018, members were briefed on the details of the proposed funding schemes under the Fund. Members noted that the financial assistance under the Fund would include one-off subsidy subject to a cap, full grant and matching

funds. Question was raised about the source of funding and operation of the Fund. The Administration advised that its plan was that the Fund would operate for a period of five years and it would seek additional resources for the Fund as and when necessary.

7. Members noted that the proposed scope of funding in respect of support for members of the Chinese medicine sector would cover training for members of the Chinese medicine and Chinese medicine drug sectors; improvement of facilities in Chinese medicine clinics; and Chinese medicine master-apprentice programme. As regards funding support for members in the Chinese medicine drugs sector, matching funds subject to a cap for individual members of the trade would be provided for pCm manufacturers to facilitate their compliance with the GMP standards and enhance their understanding of the registration requirements of pCm, and for the Chinese medicine traders to enhance their Chinese medicine storage and management systems. Some members called on the Administration to set up GMP-compliant factory premises of various scales for use by pCm manufacturers under leasing arrangements, with specific measures formulated to ensure that the formulae of the pCm concerned would be kept confidential. They were also concerned about the types of support to be provided under the Fund for those pCm manufacturers who had already become GMP-compliant before the launch of the Fund. There was a suggestion that part of the Fund should be deployed for promoting Chinese medicine-related scientific research which was crucial for the long-term development of Chinese medicine.

8. At the meeting of the Subcommittee in January 2020, members were advised that two support programmes, namely the Industry Support Programme and the Enterprise Support Programme, had been set up under the Fund. The Industry Support Programme provided funding for non-profit-making organizations, professional bodies, trade and academic associations and research institutions to support training programmes and courses to nurture talents for CMH and facilitate the development of Chinese medicine, conduct applied or policy research on Chinese medicine, and organize various Chinese medicine promotional activities. The Enterprise Support Programme provides matching funds for individual CMPs and clinics, members of the Chinese medicine industry and Chinese medicine drug traders to enhance the professional and manufacturing standards as well as management quality of Chinese medicine drug and help them with registration of pCms in accordance with statutory requirements, such as offering technical and hardware support to manufacturers of pCms to assist them in conforming with the GMP standard. In addition, a Chinese medicine resources platform had been established under the Fund to provide practical information to the industry. Since the launch of the Fund in

June 2019, the programmes on Chinese medicine-related training, research and promotional activity had received an overwhelming response from the industry.

9. Some members were concerned if the application procedures for the Fund would be too complicated for small-and-medium-sized Chinese medicine traders. The Administration advised that the Hong Kong Productivity Council, being the implementation partner of the Fund, would be responsible for processing applications for the Fund.

Relevant papers

10. A list of the relevant papers on the LegCo website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
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Appendix

Relevant papers on the Chinese Medicine Development Fund

Committee	Date of meeting	Paper
Panel on Health Services	12.2.2018 (Item VI)	Agenda Minutes CB(2)1060/17-18(01)
	15.10.2018 (Item III)	Agenda Minutes
	17.12.2018 (Item III)	Agenda Minutes
	21.10.2019 (Item I)	Agenda Minutes
Subcommittee on Issues Relating to the Development of the Chinese Medicine	20.1.2020 (Item I)	Agenda
	8.6.2020 (Item I)	Agenda