

Hospital Authority

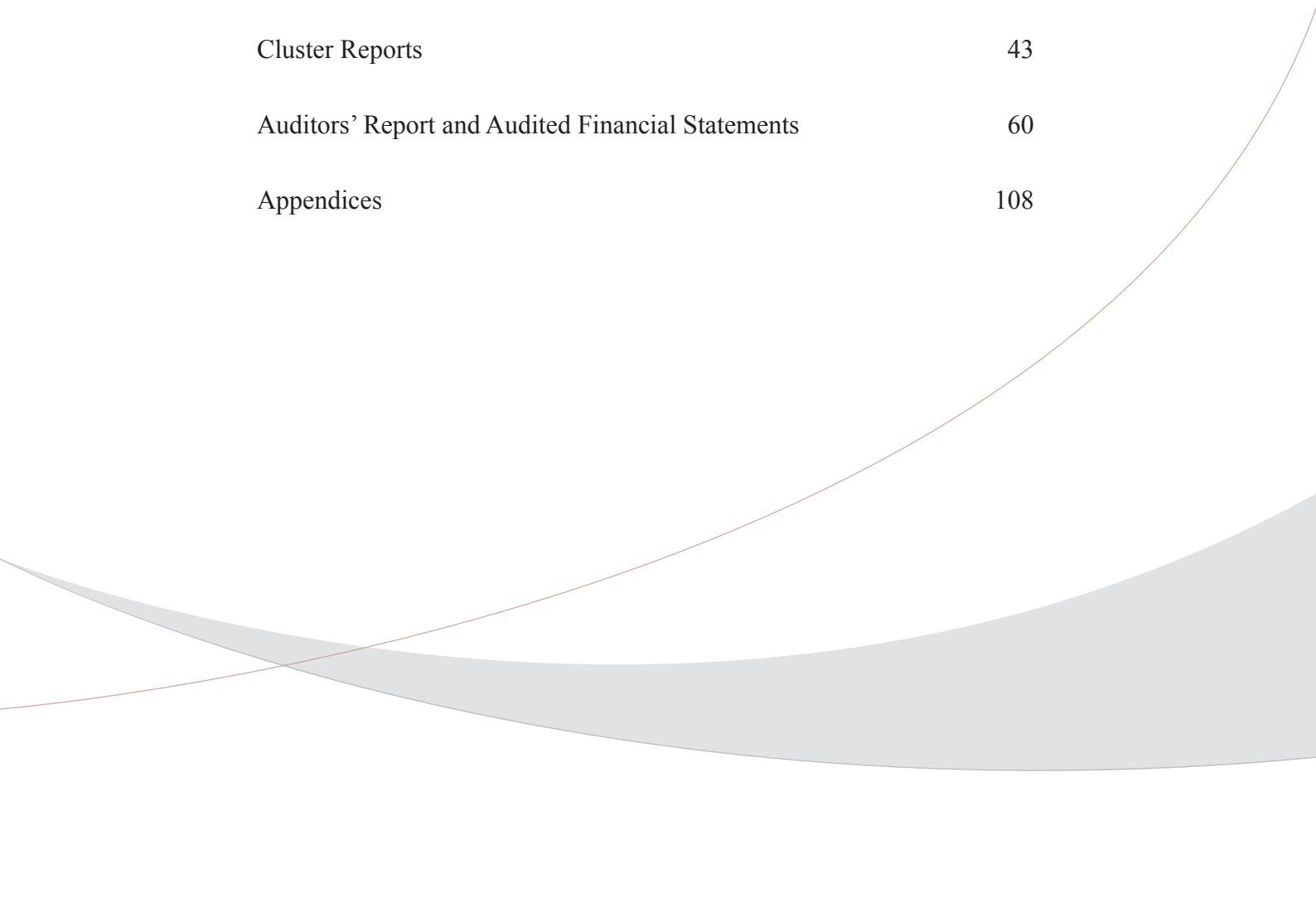
Annual Report 2005-06



醫院管理局
HOSPITAL
AUTHORITY

Table of Contents

Membership of the Hospital Authority	2
Role, Mission, Corporate Vision & Corporate Governance	6
Chairman's Review	12
Chief Executive's Report	16
Calendar of the Year	30
Teamwork, Values and Innovations	36
Cluster Reports	43
Auditors' Report and Audited Financial Statements	60
Appendices	108



Membership of the Hospital Authority



Mr Anthony WU, JP

Mr Wu has been appointed as Chairman of the Authority since 7 October 2004. He is an experienced accountant with a distinguished public service record.

Miss Eliza C H CHAN, BBS, JP

Appointed on 1 December 1994, Miss Chan is a solicitor and a Senior Partner of Jewkes Chan & Partners. She retired from HA membership on 30 November 2005.



Miss Iris CHAN, BBS, JP

Appointed on 1 December 1995, Miss Chan is Chairman of the Alliance for Patients' Mutual Help Organisations. She retired from HA membership on 30 November 2005.

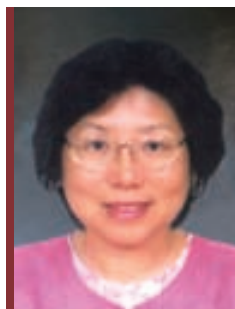


Ms Vivien CHAN, JP

Appointed on 1 December 2004, Ms CHAN is a solicitor, Senior Partner of Vivien Chan & Co., who is active in public and community service.

Dr Lily CHIANG

Appointed on 1 December 2001, Dr Chiang is a businesswoman who has extensive community services experience. She retired from HA membership on 30 November 2005.



Dr Margaret CHUNG

Appointed on 1 December 2005, Dr Chung is an expert in Biomedicine and is currently a member of the Health and Medical Development Advisory Committee and the Rehabilitation Advisory Committee.





Hon Vincent FANG Kang, JP

Appointed on 1 April 2000, Mr Fang is a businessman. He is currently a member of the Legislative Council.



Mr Edward HO Sing-tin, SBS, JP

Appointed on 1 December 2002, Mr Ho is a distinguished professional architect with extensive public service experiences. He was a former Member of the Executive Council (1991-92) and Legislative Council (1987-2000).



Dr Hon KWOK Ka-ki

Appointed on 1 December 2004, Dr Kwok is a private urologist by profession. He is a member of the Legislative Council from the medical functional constituency.

Prof FOK Tai-fai, JP

Prof Fok was appointed on 1 December 2004 in his capacity as the Dean of Faculty of Medicine of the Chinese University of Hong Kong.



**Miss Susie HO, JP
Deputy Secretary for Health,
Welfare & Food (Health)**

Appointed on 29 July 2004, Miss Ho is a member of the Authority in her capacity as Deputy Secretary for Health, Welfare and Food (Health).



Prof LAI Kar-neng

Appointed on 1 April 2005, Prof Lai is a chair professor of the Faculty of Medicine of the University of Hong Kong and the Cluster Chief of Service (Medicine) of Queen Mary Hospital.



Dr Anthony HO Yiu-wah, JP

Appointed on 1 December 2001, Dr Ho is a legal consultant who has been active in public and community services for many years.



Dr William HO Shiu-wei, JP

Dr Ho is a member of the Authority in his capacity as the Chief Executive of the Hospital Authority. He retired from HA membership on 19 September 2005.



**Dr PY LAM, JP
Director of Health**

Dr Lam is appointed in his capacity as the Director of Health.



Prof LAM Shiu-kum

Prof Lam was appointed on 1 April 2001 in his capacity as the Dean of Faculty of Medicine of the University of Hong Kong.



Mr John LEE Luen-wai, JP

Appointed on 1 December 2004, Mr Lee is a professional accountant and the managing director of a listed company.



Mr LO Chung-hing, SBS

Appointed on 1 December 1997, Mr Lo is an experienced banker and a non-executive Director of the Mass Transit Railway Corporation Limited. He retired from HA membership on 30 November 2005.

Ms Polly LAU

Appointed on 1 December 2005, Ms Lau is the Cluster Manager (Physiotherapy) of Kowloon Central Cluster and is currently the President of the Hong Kong Physiotherapy Association.



Mr Lawrence LEE Kam-hung

Appointed on 1 April 2005, Mr Lee is a solicitor and is the chairman and a partner of Baker & McKenzie Solicitors and Notaries.



Mr Peter LO Chi-lik

Appointed on 1 April 2005, Mr Lo is a solicitor and is currently the President of the Law Society of Hong Kong.



Dr Hon Joseph LEE Kok-long, JP

Appointed on 1 December 2004, Dr Lee is an Assistant Professor at the Open University of Hong Kong. He is a member of the Legislative Council from the health services functional constituency.



Mrs Eleanor LING, SBS, JP

Appointed on 1 December 1991, Mrs Ling has been active in public service. She is Advisor of the Jardine Pacific Group. She retired from HA membership on 30 November 2005.



Mr Charles MOK

Appointed on 1 April 2005, Mr Mok is currently the Chief Executive Officer of Globe Technology Development Limited, a wireless information technology developer.



Mr Shane SOLOMON

Mr Solomon has been a member of the Authority since 1 March 2006 in his capacity as the Chief Executive of the Hospital Authority.



Prof Thomas WONG Kwok-shing

Appointed on 1 December 1999, Prof Wong is Dean of the Faculty of Health & Social Sciences, and College of Professional & Continuing Education, the Hong Kong Polytechnic University.



Dr Loretta YAM, BBS

Appointed on 1 December 2003, Dr Yam was formerly the Chief of Service of the Department of Medicine of Pamela Youde Nethersole Eastern Hospital. She resigned from HA membership on 31 May 2005 after taking up the post of Cluster Chief Executive (Hong Kong East).

Mrs Gloria NG WONG Yee-man, JP

Appointed on 1 April 2002, Mrs Ng is a businesswoman who has been active in voluntary services in the health and welfare sectors.



Dr Vivian WONG, JP

Dr Wong was a member of the Authority from 20 September 2005 to 28 February 2006 in her capacity as the Chief Executive of the Hospital Authority.



**Ms Elizabeth TSE, JP
(representing Secretary for
Financial Services and the
Treasury)**

Ms Tse was appointed on 13 October 2003 in her capacity as representative of the Secretary for Financial Services and the Treasury.



Dr Eden WOON, JP

Appointed on 1 April 2005, Dr Woon was the former Chief Executive Officer of Hong Kong General Chamber of Commerce. He resigned from HA membership in March 2006.

Mr Paul YU Shiu-tin, JP

Appointed on 1 December 2001, Mr Yu is a businessman who has been actively involved in community services. He is currently a member of the Advisory Board of Tung Wah Group of Hospitals.



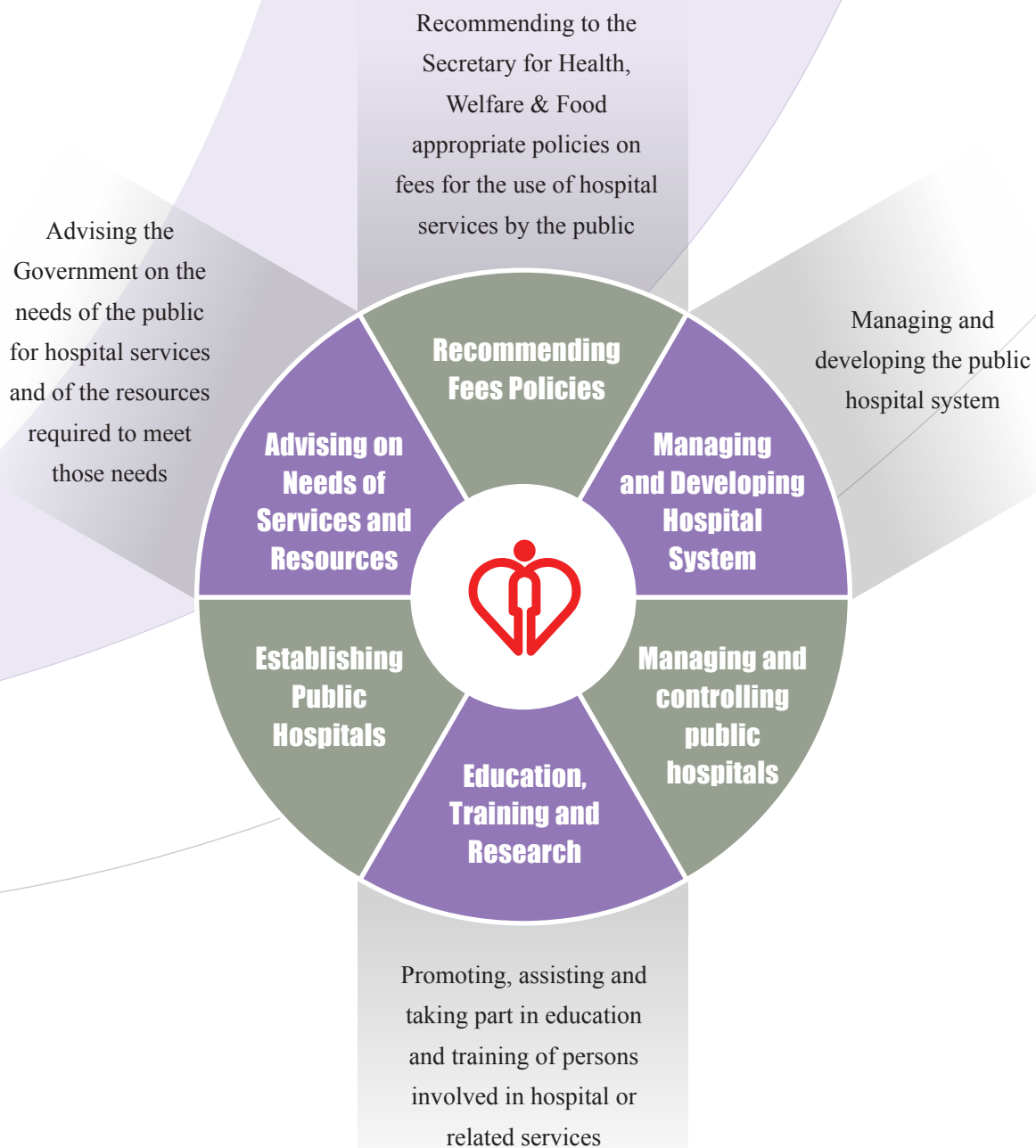


Role, Mission, Corporate Vision & Corporate Governance

The Hospital Authority (HA) is a body corporate within the Hong Kong Special Administrative Region. Its functions are stipulated in Section 4 of the Hospital Authority Ordinance 1990. This Chapter outlines the role, mission, corporate vision and corporate governance practices of HA.

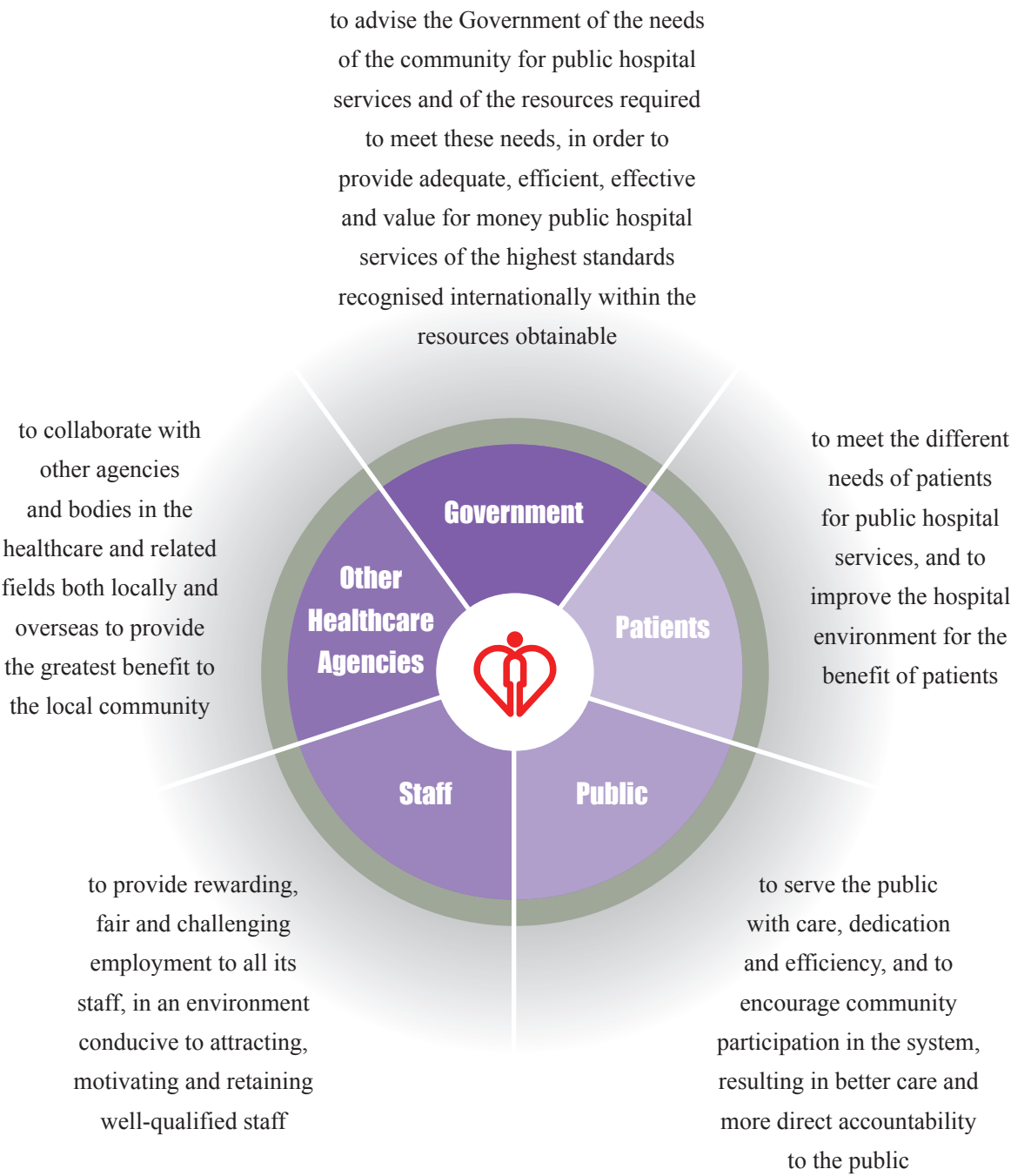
Role of the Hospital Authority

The Hospital Authority is responsible for:



Mission Statement

The Mission of the Hospital Authority is:



Corporate Vision and Strategies

To realise its mission, HA has developed the following Corporate Vision:

“The Hospital Authority will collaborate with other healthcare providers and carers in the community to create a seamless healthcare environment which will maximise healthcare benefits and meet community expectations.”

The Authority aims to achieve this corporate vision by adopting the following five Corporate Strategies:



In addition to these annual plan strategies, the Authority Board has also formulated a number of strategic priorities to address important issues arising from its planning workshop held at the beginning of the year. These include: managing service demand, managing service supply, managing staff morale and managing budget and value for money.

In his report of the year presented in Chapter 3, the Chief Executive set out some of the major achievements of the Authority under these strategies. In total, the Authority set 276 targets for 2005/06, of which all but seven were achieved. The notable events occurring during the year are illustrated by photographs in Chapter 4 of this Report.

Corporate Governance

Principles

Recognising that the Authority's stakeholders expect the highest standards of performance, accountability and ethical behaviour, the Board acknowledges its responsibility for and commitment to corporate governance principles.

The following outlines the Authority's approach to corporate governance and how it was practised during the year.

Hospital Authority Board

Under the Hospital Authority Ordinance, the Chief Executive of the Hong Kong Special Administrative Region appoints members to the Authority Board. The 2005/06 Board consists of 28 members (including the Chairman) whose details are given in Appendix 1 of this report. Membership of the Authority comprises 24 non-public officers, three public officers and one principal officer (the Hospital Authority Chief Executive). Apart from the principal officer, other members are not remunerated in the capacity as Board members.

The Authority Board meets formally about 12 times a year and any other times as required. In 2005/06, it met 14 times. In addition, 19 Board papers covering urgent matters had been circulated for approval between meetings.

Board Committees

For the optimal performance of its roles and exercise of its powers, the HA Board has established the following committees – Audit Committee, Finance Committee, Human Resources Committee, Main Tender Board, Medical Services Development Committee, Public Complaints Committee, Staff Committee, Staff Appeals Committee, Supporting Services Development Committee, and Emergency Executive Committee (Appendix 2a). Membership of the committees, their terms of reference and focus of work in 2005/06 are presented in Appendix 3.

Hospital Governing Committees

To enhance community participation and governance of the public hospitals in accordance with the Hospital Authority Ordinance, 31 Hospital Governing Committees have been established in

38 hospitals/institutions (Appendix 4). These committees held three to six meetings during the year to receive regular management reports from Hospital Chief Executives, monitor operational and financial performance of the hospitals, participate in human resources and procurement functions, as well as hospital and community partnership activities. In total, the 31 Hospital Governing Committees held 133 meetings in 2005/06.

Regional Advisory Committees

In accordance with the Hospital Authority Ordinance and to provide the Authority with advice on the healthcare needs for specific regions of Hong Kong, the Authority has established three Regional Advisory Committees. Appendix 5 lists out these three Regional Advisory Committees and their respective memberships. Each Regional Advisory Committee meets four times a year.

In 2005/06, the three Regional Advisory Committees received reports from hospital clusters in their respective regions on new service delivery programmes, community care projects, disease management/infection control measures, and implementation progress of the HA Drug Formulary. The Regional Advisory Committees also deliberated on the annual plan targets of individual clusters and gave advice to the Authority on the healthcare needs of local communities.

Executive Management

The executive management team is shown in Appendix 2(b). The executives are charged by the Hospital Authority Board with the responsibility for managing and administering the Authority's day to day business and operations. To ensure the management can discharge its duties in an effective and efficient manner, the Board has set out certain clear delegated authorities, policies and codes of conduct. The Board also approves an annual plan that is prepared by the executives in accordance with the Board's direction. The executives make regular accountability reports to the Board that include agreed performance indicators and progress against established targets (See Appendix 8).

Under the powers stipulated in the Hospital Authority Ordinance, the Authority determines the remuneration and terms and conditions of employment for all of its employees. Remuneration packages of executive directors and other senior managers are aimed at attracting, motivating and retaining high-calibre individuals in a competitive international market. With regard to senior executives, each case is considered and endorsed by the Authority Board through its Staff Committee.



Chairman's Review

I am very delighted to write the Chairman's review for the Hospital Authority (HA) Annual Report on the 15th anniversary of HA.

Over the past 15 years, under the leadership of my predecessors and with the hard work of all HA staff, we have successfully transformed the quality of patient care and public healthcare services in Hong Kong. Today, there is a growing demand for the Authority's inpatient, outpatient and accident & emergency services. We are also very aware of the great challenges ahead of us and will continue to work innovatively and collaboratively with the private sector and other community partners to put the Government's policy directions on healthcare into practice.

2005/2006 has been a very challenging yet remarkable year for the Authority. Amidst severe budgetary constraints, there are tremendous cost pressures on the Authority arising from an ageing population, escalating service demand and public expectations, as well as the rising cost of healthcare services, early occurrence of chronic diseases, and rapid advances in biomedical science with new drug discoveries and new medical technologies. Moreover, we have the constant threat of an avian flu pandemic and recent experience shows that we must always be alert to other emerging infectious diseases.

Yet, with the commitment and professionalism of our dedicated staff, tremendous progress had been made on all fronts during the year. To name just a few, a triage mechanism was put into place at the Specialist Outpatient Clinics to manage clinical risks to ensure that urgent cases were given priority treatment. The Drug Formulary was implemented to standardise drug policy and utilisation. Referral guidelines were drawn up for major specialties and measures were taken to educate doctors to improve quality of service at both the referral source and at the receiving end. Clinical audits were carried out to monitor performance, ensure quality, benchmark best practices and consolidate expertise. New information systems were implemented and old systems were revamped for efficiency, information sharing and knowledge management. Traditional Chinese medicine is

being progressively developed in public hospitals under an evidence-based, research-oriented and collaborative model.

In addition to all the improvements in service accessibility, efficiency and quality, the Authority also achieved significant progress in strengthening its capability of handling major incidents. The preparedness of public hospitals for a possible avian flu pandemic was greatly enhanced by the formulation, revision and promulgation of contingency plans and infection control measures at all levels, and organisation of exercise drills to familiarise staff with the action plans and emergency measures. The provision of medical support to the World Trade Organisation Sixth Ministerial Conference in December 2005 was extremely well handled by our staff to universal praise. The Authority's Hospital Overseas Support Team was activated to provide assistance to victims of the Egypt traffic accident in early 2006. The High Court finally handed down its judgment on the litigation with public doctors on work hour compensation in March 2006. Compensation packages for full and final settlement of this drawn-out litigation were sent out to doctors in August 2006 and we certainly hope that this will bring an end to this rather unpleasant episode. Reviews are underway to further improve the working conditions of doctors and other staff groups in the Authority.

In line with the recommendations of the Health & Medical Development Advisory Committee, the Authority has also taken steps during the past year to develop family medicine and preventive care, setting up district-based hospital service networks, encouraging home care to patients through the provision of outreach medical support to local elderly, long-term and rehabilitation care agencies, and establishing specialised tertiary centres for the treatment of catastrophic illnesses. We have also enhanced our partnership with private medical practitioners and healthcare organisations to provide patients with more choices. Without doubt these are the essential attributes of a successful healthcare model for Hong Kong in the future.

While noting some of HA's achievements over the past year, I am well aware that sustainability is the most important and imminent issue determining the future success of our public healthcare system. I believe that the Authority needs to move forward in three main directions. First, we will have to keep modernising our services and facilities in line with fast-moving developments in healthcare around the globe. Second, we will need to work towards reducing avoidable hospitalisation to manage the growing service demand arising from an ageing population with chronic health conditions. Third, we will have to strengthen public-private partnership to promote a wider range of choices for patients.

Modernising HA not only means keeping pace with new treatment methods and new technologies. It requires the modernisation of staff roles, facilities, information technology, management systems and techniques. The key to reducing avoidable hospitalisation, besides the introduction of new technologies such as minimally invasive surgery and improved anaesthetic techniques, is to build a strong primary care system and to provide alternative services in the community or in step-down facilities like community mental health support, community elderly services, community nursing services, and home care support. Wider choices for public hospital patients can only be provided through close collaboration with the private healthcare sector and the development of a financing model which encourages appropriate use of healthcare services, reasonable and affordable contributions by users, and which targets subsidies for patients in genuine need.

In order to implement the strategic goal of improving the health of the people of Hong Kong, we must rely on the professionalism and dedication of our staff. That is why I always stress the importance for HA to promote a PEOPLE FIRST culture, in which all staff members respect, trust, care, value and team with each other to accomplish the mission of providing quality patient-centred healthcare services to the people we serve. In this regard, I will continue to work closely with all HA members and executives to address the various staff issues such as remuneration, career development, work hours and job security, within the limit of our resources. We realise that we still have a long way to go.

The Authority welcomed its new Chief Executive, Mr Shane SOLOMON, to the organisation in March 2006. With Shane's experience and ability, I am sure that he will lead the Authority's excellent team of professionals to put our policies into practice.

Finally, I would like to thank and pay tribute to some of our very dear friends and colleagues. First, I would like to extend my very best wishes and heartfelt appreciation to Dr William HO, who had been the Chief Executive of the Authority since 1999 until he stepped down in September 2005. He has certainly done a lot for the Authority and we are most grateful for his invaluable contribution. I would also like to thank Dr Vivian WONG, who led HA during the interregnum before Shane came to office.



During the year, there have been significant changes in the membership of the HA Board. I would like to thank Miss Eliza CHAN, Miss Iris CHAN, Dr Lily CHIANG, Mrs Eleanor LING,

Mr LO Chung-hing and Dr Loretta YAM, who retired from the Board during 2005/06. They all have made tremendous contributions to the work of HA, for which we are most grateful. I would also like to welcome new HA members Dr Margaret CHUNG and Ms Polly LAU who joined the Board in December 2005. With the experience and expertise of our members, old and new, in their respective fields, I am confident that the Board will steer the Authority in a proper direction and put us in a better position to meet the daunting challenges ahead.

I would also like to congratulate two of our healthcare professionals upon their receipt of internationally renowned awards in 2005/06. In August 2005, Ms Sylvia FUNG from Kwong Wah Hospital received the Florence Nightingale Medal of the People's Republic of China in recognition of her lifelong commitment and contribution to quality nursing care. This is the first time that a nurse from Hong Kong has received such an award. The medal was presented to her at the Great Hall of People by President HU Jintao. Then, in January 2006, Professor S T FAN and his colleagues in the Department of Surgery of the University of Hong Kong were conferred with a first-class award by the Beijing National Office of Science & Technology in recognition of their achievements in liver transplantation.

I also wish to congratulate all the outstanding staff and teams who won this year's outstanding staff and team awards. Their work has clearly demonstrated the core values of HA, i.e., respect, fairness, teamwork, professionalism and innovation, making them all excellent exemplars of the superb work that goes on in HA.

Last but not least, I would like to thank all our dedicated staff. Without their invaluable efforts, HA would not be able to achieve all these successes. I would extend my appreciation to members of the Hospital Authority Board who provide invaluable guidance, working with and supporting the executives and myself to develop and implement the strategies and policy direction of the Authority. I am confident that with the support of staff and Board members and the concerted efforts from Government and our community partners, we will be able to meet our challenges and continue to provide effective, efficient and high-quality healthcare services to the people of Hong Kong.



Anthony WU, JP
Chairman



Chief Executive's Report

Introduction

As the incoming Chief Executive, in post for just one month of the 2005/06 operational year, any report on 12 months of activity in an organisation as complex as the Hospital Authority (HA) is inevitably largely dependent on input and advice from HA colleagues, for which I am extremely grateful. I would also like to begin this report by paying personal tributes to Dr William Ho for his exemplary leadership of HA for the past six years, and to Dr Vivian Wong who so ably acted up as Chief Executive before I came into post.

I find that I arrive at an auspicious time as HA completes 15 years of its existence. This is a time to look back, to review and celebrate progress; but it also gives us all the opportunity to look at the many challenges that lie ahead. Indeed, on my arrival in Hong Kong, I was immediately entrusted with the task of taking stock of the Authority's past achievements with a view to formulating some effective strategies for helping this large and complex public healthcare organisation meet these challenges. After 15 years of operation, HA has undoubtedly built up a strong tradition of continuous quality improvement in patient care. Nevertheless, the looming threat of new infectious diseases, such as avian influenza, severe budgetary constraints, escalating demand and cost of healthcare services, early occurrence of chronic illnesses, and rapid advancement of medical technology continued to pose threats to the sustainability of Hong Kong's public healthcare system.

Change for HA is inevitable, as indeed is change in every developed health system in the world. I have already set out three immediate priorities. First, HA must continue to modernise, along with fast-moving developments in healthcare both here and internationally. Second, HA must work to reduce avoidable hospital use if we are to deal with the future demands of an ageing population and the burden of chronic health conditions. Third, HA should promote a wide range of choices for patients.

As I look back on our work in 2005/06, it is clear that this has been a year of continued improvement. Thanks to the commitment and professionalism demonstrated by our 52,000-strong workforce, HA has continued to take an innovative approach to improving the effectiveness and efficiency of the care and services we provide and I believe that significant progress has been made on all fronts. The ensuing paragraphs summarise the key achievements of HA at the corporate and cluster levels during the year 2005/06.



Strategic directions

The Authority is responsible for delivering a comprehensive range of hospital, outpatient and community-based services through its network of healthcare facilities in accordance with the policy directions set by the Government. For 2005/06, the Secretary for Health, Welfare & Food has directed HA to focus its services in the following priority areas:

- Acute and emergency care
- Services for the low-income group and the underprivileged
- Illnesses that entail high cost, advanced technology and multi-disciplinary professional team work in their treatment
- Training of healthcare professionals.

In line with these policy directions, the Authority had organised its improvement initiatives for 2005/06 under a planning framework comprising the following five major corporate strategic directions:

- Improving population health
- Enhancing organisational performance
- Enhancing healthcare system sustainability
- Improving service quality and clinical governance
- Building human resources capability

Under these five strategic directions, HA initiated a total of 276 improvement targets in its Annual Plan for 2005/06 to maintain its service level and enhance service quality with a view to meeting the community's demand for public healthcare services. All these were achieved with results either in line with or exceeding the original targets except for seven targets, which were deferred or partially achieved due to changed circumstances.

With the implementation of these initiatives, the Authority has made significant progress in improving its capabilities of delivering quality healthcare services to the people of Hong Kong amid budgetary constraints and the threat of a new range of communicable diseases.

In addition to the above-mentioned strategies, the HA Board has also formulated a number of strategic priorities to address the eminent issues identified at its planning workshop held at the beginning of the year. These include managing service demand, managing service supply, managing staff morale and managing budget and value for money.

The remaining parts of this Report will briefly describe HA's key achievements during the year under these four strategic priorities.

Managing service demand

To manage demand for public healthcare, HA continued to reposition its services to the four priority areas set by Government, taking into consideration scope of services, risk management, fees structure, and the need to uphold service quality. The cost-effectiveness of introducing new drugs and technologies was also pursued during the past year to manage the increasing demand for public healthcare services.

Services repositioning

To reposition its services to the four priority areas, a Working Group on Resources Management & Utilisation Review was set up to work out a model for improving resources utilisation and management taking into account the Government's directions and practical issues in resources allocation. A resources management model basing on programme costing is being formulated with a view to achieving an optimum budget balance between the four priorities and other essential services. The priorities set by Government were taken as the major planning parameters in the formulation of the 2006/07 HA Annual Plan.

Scope, risk, fees and quality

To manage demand with due consideration given to the scope of service, the roles of the Specialty Services Coordinating Committees (COCs) and Central Committees (CCs) were enhanced. These committees, represented by practising specialists with up-to-date knowledge of medical development in their own areas, are empowered to advise HA on the priority of services development. Their proposals are put forward to the Medical Services Development Committee for consideration.

The need to manage clinical risks had also been taken into account in services repositioning. The Advance Incident Reporting System was rolled out to all hospitals in 2005/06 to encourage reporting by frontline staff and facilitate analyses/follow-up actions by the management. A self-assessment guide for medication safety and procedures/practices for reporting drug administration were promulgated to hospitals to help prevent medication incidents. In addition, a triage mechanism was put in place and is being continually improved to address the risk of long waiting times at the specialist outpatient clinics. This will ensure the provision of priority treatment to urgent cases. Patients' access to general outpatient services had also been enhanced with the implementation of a series of improvement measures, including extension of opening hours, allocation of staggered appointments, extension of prescription durations for patients with chronic illnesses, promulgation of utilisation information of clinics in the same district, and piloting automated phone appointment system.



Facing the threat of an avian influenza (AI) pandemic, HA had reviewed and updated its contingency plans including infection control guidelines and staff deployment/bed mobilisation plans in collaboration with the Centre for Health Protection and the Health, Welfare & Food Bureau to ensure preparedness. The e-Flu System was implemented to strengthen surveillance and ensure timely capturing of AI cases. Updated scientific information and situation reports on AI were assimilated and disseminated to frontline staff and other healthcare professionals through various channels such as staff forums, training courses, the HA Homepage and the e-Knowledge Gateway (eKG) Infectious Disease Alert Service. The HA Influenza Collaborative Group, involving clinicians and scientists from

different disciplines, was set up to steer the exploration of various treatment/research protocols and rescue therapies for AI infection.

In addition, over 40 exercise drills were held during the year to test contingency responses to a possible pandemic at the corporate and hospital levels. A series of hospital visits by HA Board members were organised in late 2005 to inspect the implementation of infection control measures and exchange views with frontline staff on issues of common concern. A “Let’s Beat the Flu” campaign was launched in November 2005 with organisation of “Train-the-Trainer” infection control courses for over 2,800 ambassadors from some 200 large local companies to raise public awareness of the precautionary measures to be taken to prevent AI.



To promote the appropriate use of public healthcare services, the fees structure for HA hospitals and clinics is being reviewed to be more in line with the policy directions of Government. The increased package price for maternity care for Non-entitled Persons and its strict enforcement in 2005/06 also helped ensure that only Hong Kong residents have access to HA’s highly subsidised services.

In addition, referral guidelines had been drawn up for major specialties with measures taken to educate the referring doctors to improve the quality of service at the referral source, and to make room for quality service at the receiving end. The clinical audit process was reviewed, resulting in reorganisation of the HA Clinical Audit Committee and establishment of a central audit team to coordinate clinical audit activities to monitor performance, uphold service quality, benchmark best practices, and consolidate expertise.

Cost-effective introduction of new drugs and technologies

With a view to standardising drug policy and utilisation in public hospitals and clinics, HA implemented its Drug Formulary in phases from July to October 2005 after extensive external and

internal consultation. In the face of competing needs plus the goal of maximising health benefits for more patients, expensive treatment beyond the standard provision at HA is to be provided according to the targeted subsidy principle under the safety net. On the principle of patient choice, drugs which have preliminary medical evidence, drugs with marginal benefits and lifestyle drugs are to be self-financed by patients. The Drug Advisory Committee will continue to evaluate the safety, efficacy and cost-effectiveness of new drug items for introduction in HA.

The Clinical Effectiveness Unit, through conducting Health Technology Assessment and supporting the HA Mechanism for the Safe Introduction of New Procedure/Technology (HAMSINP), is responsible for reviewing current best evidence on the safety and efficacy for new and debatable health technologies. To balance service demand with efficacy, safety and cost, preparation works were done during the year to form the Technology Advisory Committee to provide a common platform for practitioners and healthcare managers to deliberate on the cost-effectiveness of technology-related services planning.

External communication

To manage the escalating community expectation on public healthcare services, ongoing and extensive communication programmes were launched throughout the year with media organisations, legislators, district councillors, community opinion leaders and academics to enlist their support in educating the public on various health-related themes including HA's preparedness for AI, its public-private partnership initiatives, proper use of accident & emergency services, and the HA Drug Formulary. In addition, a total of 280 press conferences, media briefings and press interviews were organised, 260 press releases issued, 2,100 media enquiries handled, and 120 column articles contributed in 2005/06 to promote better understanding of HA's services among members of the public.

Managing service supply

To manage supply, the Government's directions for services repositioning were implemented taking into account a wide range of factors including complexity and relativity, affordability in relation to chronicity, benchmark for private sector, and inter-relationship between individual policy directions. Efforts had been made to reprioritise services in different dimensions and to identify areas where there was over-supply or under-supply.

Services reprioritisation in four dimensions

To reprioritise services in the dimension of specialties, diseases, patient groups and level of care in line with the Government's directions, specialty services were reviewed and analysed. This will facilitate services planning to alleviate overall disease burden and to target services at specific high risk groups.

In light of the burden of various diseases, priority has been refocused in the following ten priority disease and patient groups: cancer, cerebrovascular disease, ischaemic heart disease, end stage renal failure, chronic lung disease, diabetes mellitus, geriatric care, care of adolescents, perinatal care, and care for the mentally ill. For example, a central Oncology Committee comprising multi-disciplinary professionals was established in 2005 to coordinate and rationalise cancer services in HA and to steer the development of the cancer registry and cancer research.

In July 2005, the Government's Health & Medical Development Advisory Committee (HMDAC) published a policy paper on Hong Kong's future healthcare delivery model, recommending greater emphasis on family medicine, health promotion and preventive care, development of a district-based hospital service network with provision of outreach medical support to local elderly, long-term and rehabilitation care agencies, establishment of specialised tertiary centres for the treatment of catastrophic illnesses, and more integration between the public and private healthcare sectors.

In line with these recommendations, continuous efforts have been made during the year to reduce reliance on inpatient services through the promotion of preventive and community-based care and intensifying collaboration with community carers. District-based fall prevention and hypertension management programmes were launched in association with primary care providers, home carers, district councils and non-government organisations to promote population health. The Comprehensive Child Development Service Programme was organised in collaboration with the Department of Health and other government agencies to support the healthy development of children aged 0-5. About 100 care empowerment workshops were co-organised with 165 patient groups in 2005/06 to enhance patients' self-care ability, benefiting over 15,000 patients and carers. Other preventive care programmes organised during the year included the "Better Health for a Better Hong Kong" Campaign, the "Health in Mind" Youth Mental Health Promotion Programme, the Eye Care Campaign, and the World No Tobacco Day Project. The role of Observation Wards as a safe alternative to emergency admissions was also enhanced by the development of innovative programmes at the Accident and Emergency Departments.



In 2005/06, medical support to elderly residents in over 120 Old Aged Homes with high hospital admissions was strengthened through the Visiting Medical Officer Scheme. Extension of the Clinical Management System to more Old Aged Homes has helped promote continuity of care with community partners. Initiatives were launched to provide infirmary and long-stay psychiatric care in non-hospital settings. In addition, the quality of community-based nursing care was enhanced by implementing outcome-focused home care protocols and by rolling out the computerised Nursing Discharge Summary.

Transfer of public patients to private sector

Transfer of public patients to the private sector was facilitated during the past year through intensifying collaborations with private general practitioners in the formulation of common disease management protocols. Patients' medical records will be made available to private practitioners under agreed protocols with implementation of the electronic patient record (ePR) pilot project. Workload of specialist outpatient services was relieved by moving chronic but stable patients to general outpatient clinics or private practitioners. The setting up of Chinese Medicine clinics under a self-financing model will also help alleviate workload of the general outpatient service.

Identification of over-supply or under-supply areas

To identify areas where service supply could be further rationalised, information support from HA's clinical database and knowledge synthesis from evidence to practice have been organised for COCs and CCs. Discussions are taking place on future strategies, service needs and service gaps of their respective domains. The clinicians' input will form the basis for formulating future service development plans and the HA Annual Plan for 2007/08 after considering the impact on physical, human and financial resources. Obstacles, trade-offs and critical success factors are also relevant to determining the direction, size and timing of service reorganisation.

Managing staff morale

In 2005/06, a wide range of initiatives have been implemented to address staff morale through promoting a “people first” culture, improving remuneration conditions and job security, providing more training and career development opportunities for different staff groups and enhancing two-way communication with staff members.

Promotion of “people first” culture

To promote a “people first” culture within HA, the heavy workload of frontline staff was alleviated by the continued employment of more clinical and non-clinical support staff to provide the necessary support to frontline professional healthcare workers. In this regard, around 2,000 long-serving temporary General Services Assistants and Technical Services Assistants were converted to contract employment during the year, based on service needs identified in various cluster hospitals and staff performance. In addition, the professional workforce of the Authority was strengthened by recruiting 337 doctors, 485 nurses and 246 allied health professionals in 2005/06 to meet service needs and relieve staff's work pressure.

To promote work-life balance, a variety of staff welfare and wellness programmes were organised at both the corporate and cluster levels on ongoing basis. The Bright Suggestion Scheme was launched for the first time to solicit good ideas on streamlining work flow and procedures conducive to workload relief. A total of 180 suggestions were received from staff members and some of these suggestions were implemented during the year.



Occupational safety and health among staff members was strengthened with emphasis on the prevention of repetitive musculoskeletal injuries, needle/sharp injuries, chemical exposure and workplace violence. Compared with last year, the overall injury-on-duty rate and number of sick leave days in 2005/06 decreased by 2.3% and 34% respectively, whilst the manual handling operation incident rate dropped from 27% to 25%. A comprehensive campaign against workplace violence was also launched to enhance staff safety in various HA hospitals and clinics.

The welfare of employees injured on duty during the SARS period continued to be one of our major concerns. In December 2005, a compassionate arrangement was offered to these employees so that they could continue to receive paid sick leave when the timeline for legal compensation expired.

Performance management was enhanced by rolling out competency-based Staff Development Review for different staff groups. To strengthen support for line managers, action was being taken to enhance the staff management mechanism with increased human resources input in managing sub-standard performers.

To involve staff members in the development and implementation of improvement measures, working groups for doctors, nurses and allied health professionals were established with representatives from different grades to look into important areas requiring urgent attention, including leadership, remuneration and employment terms, performance management, career development and employee engagement.

Remuneration and employment terms

Following a consultancy review, the Authority decided to abolish the annual incentive award scheme for the Chief Executive, Cluster Chief Executives and Hospital Chief Executives.

To foster a sense of enhanced job security among staff members, operational arrangements were being developed to allow contract staff with good performance the opportunity to be employed on longer term or permanent employment. A new arrangement for granting study leave to employees was also approved for implementation in 2006/07.

Training and Development

To enhance the training and career development of staff members, a number of new initiatives were implemented in 2005/06 with allocation of additional resources for the purpose. These include:

- developing a set of core leadership competencies for senior executives;
- formulating an overall strategy and conceptual framework for the management development of HA's senior clinical leaders;
- introduction of the Administrative Medicine Training Programme;
- formalising the Continuing Professional Development Schemes for different professional staff groups;

- providing on-going information on career prospects of various clinical specialties to medical graduates and Resident doctors to facilitate their career planning;
- organisation of epidemiology training for infection control officers in partnership with overseas institutions;
- promotion of self-learning using web-based technology; and
- rolling out of cluster-based training programmes on root cause analysis, risk assessment as well as risk reduction.

The career development of nursing staff was enhanced with the conversion of 149 Enrolled Nurses to Registered Nurses in September 2005, and the recruitment of 46 and 54 Registered Nurses (General) to commence midwifery and psychiatric training respectively in November 2005. In addition, the Advanced Practice Nurse Pilot Project was evaluated during the year to provide more advancement opportunities for nurses.

To promote the psychological wellness of staff members, 40 sessions of the “Resilience to Crisis” and six sessions of the “Mindfulness-based Stress Reduction” training programmes were organised in 2005/06 with the formation of additional Critical Incident Support Teams in various hospital clusters.

Staff Communication

The internal staff communication system of the Authority was audited to identify weaknesses and room for improvement. Subsequent to the audit, measures had been initiated to enhance strategy alignment between the HA Head Office and clusters, strengthen the Communication Ambassador System, establish a new human resources structure at the cluster/hospital level, and step up communication with staff group leaders on key issues faced by HA and in the process of policy formulation.

To further enhance internal staff communication, a Working Group on Staff Engagement and Communication was formed in June 2005 to thrash out ideas of improving the current internal



communication system on a continuous basis. The Staff Newsletter, HASLink, was published more frequently during the year, supplemented by special issues of HASLink Express, to intensify communication with staff members.

Managing budget and value for money

To manage the deficit budget situation, HA continued to implement stringent deficit management and efficiency improvement measures to increase its cash flow, to open up new avenues for revenue generation, and to promote the long-term sustainability of our public healthcare system, while upholding service quality.

Deficit management

In an effort to control expenditure, a structured manpower and budget planning process was developed and introduced in 2005/06 with the formulation of cluster manpower plans to facilitate central coordination and monitoring. Mid-year budget review and quarterly cluster financial review meetings were held to monitor the financial performance of Head Office and clusters.

To improve longer term financial planning, multi-year financial projections of different scenarios based on various assumptions and parameters in manpower, intake, wastage and Government subvention were prepared and discussed by the Finance Committee and with the Health, Welfare & Food Bureau. The internal resources allocation model was further refined and agreed by clusters to better support financial and service planning at the cluster level.

To improve efficiency in the fees collection process, Octopus payment was successfully implemented for accident & emergency and outpatient services in all clusters. A review was also conducted on the future funding requirement of the Samaritan Fund, which provides a safety net for expensive new technology. As a result of the review, a grant of \$200 million was allocated by Government to relieve the Fund's stringent financial position.

To mobilise more funds for meeting HA's operating requirements in the coming few years, an actuarial study on the Home Loan Interest Subsidy Scheme (HLISS) was commissioned to assess its funding position over the next 20 years. The study found that given the sound position of the Fund and the low payouts for mortgage interest subsidies, HA could reduce its contributions to the Fund and redeploy investment income amounting to about \$500 million for meeting its operating needs in 2006/07 without adversely affecting the employees' entitlement to HLISS benefits.

Efficiency measures

To further enhance efficiency and productivity, a wide range of measures had been implemented in 2005/06 to optimise HA's internal capabilities with focus on realignment of services. These included generating savings by taking over the biomedical engineering services for general outpatient clinics from the Electrical & Mechanical Services Department; increasing productivity by arranging a total solution contract for supply of staff uniforms; achieving efficiency and quality improvements in catering services through public private partnership and in-house initiatives; reengineering the cluster finance, procurement and human resources functions; and exploring options for further consolidation of facilities in individual hospital clusters as well as for the rationalisation of resources in caring for stable infirmity patients.

Revenue generation

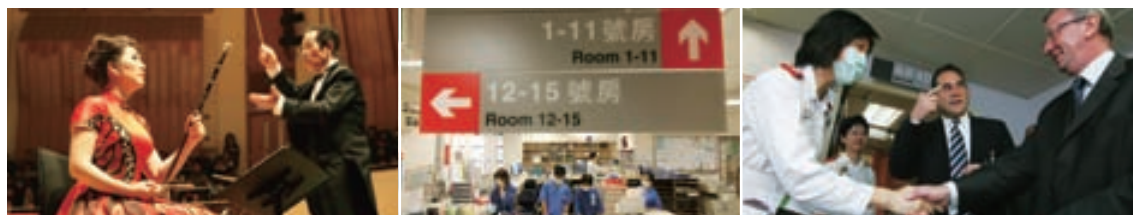
New avenues for revenue generation have been opened up in 2005/06 by evaluating the safety, efficacy and cost-effectiveness of new medical technologies for introduction through private financing, and by offering training activities of the HA Institute of Health Care to external parties on the basis of cost recovery. Other revenue generation programmes in the pipeline include the use of hospital premises for advertising, negotiation with public utility companies for better tariff rates, and establishing a private eye clinic in Hong Kong Eye Hospital. In addition, the strategies for securing community support in form of donations had been reviewed to achieve better coordination among the Head Office and hospital clusters. In January 2006, the Authority organised a "Spring and Strings Concert for Health" to arouse public awareness of many patients' need for extra help and succeeded in raising more than \$6 million for the HA Charitable Foundation.

Promotion of long-term sustainability

System sustainability was promoted during the past year by supporting Government in the deliberation of long-term healthcare financing options in the Health & Medical Development Advisory Committee (HMDAC). A study on the financial impact of fee revision options on public hospital users was undertaken to facilitate the Health, Welfare & Food Bureau's review on fees and charges. Analyses on HA's resources utilisation in the Government's four targeted priority areas were also performed to assist the HMDAC formulate long-term healthcare financing options.

To improve imbalance in service utilisation between the public and private healthcare sectors, a comprehensive central directory of all private medical practitioners had been set up in collaboration with the Hong Kong Medical Association to promote sharing of patient information and continuity of

care across the two sectors. With enhancements in the existing information technology infrastructure including successful implementation of the Electronic Patient Record (ePR) System, private practitioners would be able to receive automatic reply on clinical updates after referring a patient to HA.



Conclusion

In 2005/06, staff members of the Authority continued to show dedication and professionalism in carrying out the organisation's mission of providing quality healthcare services to meet the health needs of Hong Kong people amid stringent financial constraints and the looming threat of new infectious diseases. Staff have worked tirelessly throughout the year to improve the quality and efficiency of Hong Kong's public healthcare system and have achieved all the major targets laid down in the HA Annual Plan and the HA Board's strategies. As a result, Hong Kong's preparedness for any future infectious disease outbreak has been enhanced; its public healthcare facilities and service provision continue to be modernised; preventive and community care to reduce avoidable hospitalisation has been strengthened; public healthcare expenditure has been contained; and the public-private interface has been improved to provide patients with more choices. Together we are building a people-first culture within HA, emphasising on the core values of respect, fairness, teamwork, professionalism and innovation. I am confident that under the able leadership of our Chairman, Mr Anthony WU, and the invaluable guidance of other HA Board Members, the Authority will continue to implement all its strategic priorities in the coming year.

A handwritten signature in black ink that reads 'Shane Solomon'.

Shane SOLOMON
Chief Executive



Calendar of the Year

The Appendices to the Annual Report give details of the enormous amount of activity in the Hospital Authority that takes place every day of the year across Hong Kong. The following pages give a pictorial calendar of some of the key events and highlights of the Hospital Authority year.

APR 05



Above: In the beginning of the year, the Hospital Authority Board held its strategic planning workshop at the Beas River Country Club to formulate the coming year's strategies for addressing the key issues facing the organisation.

Below: To help manage undesirable health seeking behaviour of pregnant women from the Mainland, the HA Board approved the introduction of an obstetric packaged charge for non-eligible persons in April 2005.

The HA Convention 2005 held from 9 to 10 May 2005 succeeded in attracting over 2000 local and overseas delegates to share experiences and knowledge under the theme of "New Frontiers in Population Health".



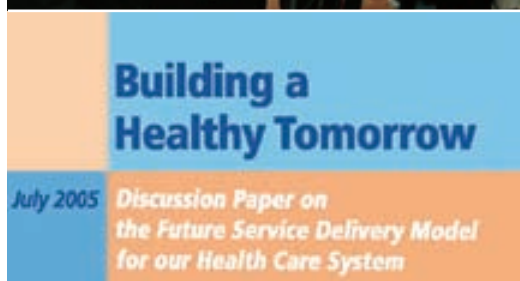
MAY 05

The construction of a state-of-the-art Infectious Disease Centre at Princess Margaret Hospital is a major milestone in modernising HA's facilities in preparation for any possible infectious disease outbreaks. With the Centre's foundation laid in June 2005, this \$538.3 million project is due for completion in mid-2007.



JUN 05

JUL 05



Above: With a view to standardising drug policy and utilisation in public hospitals and clinics, the Authority implemented its Drug Formulary in phases from July to October 2005 after extensive internal and external consultation.

Below: The Government's Health & Medical Development Advisory Committee (HMDAC) published a discussion paper in July 2005 to solicit the public's views on Hong Kong's future healthcare delivery model. A working group was set up within HA to study the paper and to formulate a response to its recommendations.

Above: Ms Sylvia FUNG, General Manager (Nursing) of Kwong Wah Hospital, received in August 2005 the Florence Nightingale Medal awarded by the Red Cross Society of China for her lifelong contributions to nursing care in Hong Kong.

Below: Patients' access to general outpatient services has been enhanced since August 2005 with the implementation of a series of improvement measures, including extension of opening hours, allocation of staggered appointments, extension of prescription durations for patients with chronic illnesses, and piloting automated phone appointment system.



AUG 05



SEP 05

Above: Mr Anthony WU, JP, Chairman of the Authority, presents a souvenir to Dr William HO, JP, to thank him for his exemplary leadership of HA as its Chief Executive for the past six years.

Below: Upon Dr Ho's relinquishment of the Chief Executive position on 20 September 2005, Dr Vivian WONG, JP, was appointed to be the Chief Executive of HA as interim arrangement.

OCT 05



The HA Board approved in October 2005 the formation of a subsidiary for further development of Chinese Medicine in public hospitals. The setting up of Chinese Medicine clinics under this self-financing model has helped alleviate workload of the Authority's general outpatient service.



NOV 05

Above: Over 40 exercise drills were held during the year to test the Authority's contingency responses to a possible pandemic. During an interdepartmental drill in November 2005, Mr Donald TSANG, GBM, JP, Chief Executive of Hong Kong Special Administrative Region, is seen on the frontline encouraging our healthcare workers in the fight against a fictitious avian flu pandemic.

Below: A "Let's Beat the Flu" campaign was launched in November 2005 to raise public awareness of the precautionary measures to be taken to prevent avian flu.

Above: Board Members visited all major acute hospitals in December 2005 to inspect infection control measures and isolation facilities, and to discuss with frontline staff on issues of common concern.

Below: Many HA staff members were mobilised to provide medical support to the World Trade Organisation Sixth Ministerial Conference held from 13 to 18 December 2005 in Hong Kong, winning universal praise.



DEC 05



JAN 06

Above: The Authority organised a “Spring and Strings Concert for Health” in January 2006 to arouse public awareness of many patients’ need for extra help and succeeded in raising more than \$6 million for the HA Charitable Foundation.

Below: Prof FAN Sheung-tat and his liver transplantation team in Queen Mary Hospital received the prestigious State Science & Technology Award of the People’s Republic of China in January 2006.

FEB 06



The Authority’s Hospital Overseas Support Team was activated to provide assistance to victims of a serious traffic accident in Egypt in February 2006. This photo was taken during a briefing to the victims’ relatives.

MAR 06



Above: The Authority won the Best of Healthcare Award in the Asia Pacific Information & Communications Technology Awards 2005 with its “Electronic Patient Record with Radiological Image Distribution”.

Below: Mr Shane SOLOMON, the new Chief Executive of HA, receives an enlarged staff card and a warm welcome from staff of the Head Office on 1 March 2006, his first day of joining HA.



Teamwork, Values and Innovations

In one of his first addresses as Chief Executive, Mr. Shane Solomon spoke of the five core values of HA as ***respect, fairness, teamwork, professionalism and innovation***. The six winners of this year's team excellence awards all clearly demonstrate the value of effective teamwork. However they also demonstrate the other key values of HA, making them all excellent exemplars of the superb work that goes on in teams throughout HA.

AED Supra-acute Rehab Team, Queen Elizabeth Hospital, Kowloon Central Cluster



Prompt Physiotherapy Service for Patients with Acute Musculo-ligamentous Discomfort

It is established science that early physiotherapy is much more effective in breaking the pain-immobilization-pain cycle, and hence helps alleviate patients' pain and allows them to return to normal daily living or work earlier. That is why the Physiotherapy and Accident & Emergency (A&E) Departments of Queen Elizabeth Hospital have been collaborating closely since 2002. Suitable patients are identified and managed in the A&E Observation Ward with the provision of a prompt and early physiotherapy service from experienced physiotherapists. Outpatient physiotherapy sessions are also arranged upon discharge.

Since the launch of the programme, 90% of the treated patients have been discharged home after 1-2 sessions of physiotherapy. With shorter hospital stays, the work pressure of frontline colleagues has been reduced, and hospital beds are better utilized by those in need. The service provided by the AED Supra-acute Rehab Team creates a winning scenario for patients, the hospital and specialty development.

ePR – Electronic Patient Record Radiological Image Distribution Project Team, HA Head Office



Obtaining and Delivering High Quality Images Directly and Efficiently

This new application uses the existing Clinical Management System (CMS) and related infrastructure to distribute digital radiological images to all clinical departments in the network, allowing front line colleagues to obtain and deliver high quality images directly and efficiently. With this new capability, digital radiological images are integrated into the electronic patient record and easily shared anywhere and anytime on a ‘need to know’ basis over the network, giving clinicians access to vital clinical information at the point of care.

The value of this project has been demonstrated not only through high acceptance and utilization by our users, but also its recognition in the 7th Hong Kong Computer Society IT Excellence Awards 2005. Its judges commented that the ePR Image Distribution helped eliminate previous delays caused by the need to pass the radiological films physically from one point to another. The project also gained the Health Category Gold Award from the Asia Pacific Information & Communication Technology Awards 2005, showing significantly how important and convenient it is for our front line colleagues and patients.

Extra Mile Movement Team, United Christian Hospital, Kowloon East Cluster



Caring for our Carers

The EMM team is a voluntary and self-initiated group of colleagues who work beyond their call of duties to serve fellow workmates at times of extreme stress in the hospital. Members walk the ‘extra mile’ to render peer support and workload sharing in busy clinics by providing additional supervisory, moral and emotional support to fellow colleagues. The team also commences a series of unconventional, down-to-earth and face-to-face ‘pre-clinic’ teaching sessions on practical and practicable skills and knowledge.

No matter how dedicated our health care workers are, the immense work pressure and tension would simply burn out their energy and cool down passion for their jobs. EMM teammates ‘walk the talk’ through visible work and ‘talk the walk’ through a series of internal communication including intranet e-mails. Motivating messages and inspiring quotes are shared to re-invigorate morale. The movement generates a heightened sense of solidarity and comradeship within the department, serving not only patients, their families and the community, but also caring for the carers.

Family Medicine & Primary Health Care Services Team, Hong Kong East / Hong Kong West Clusters



Primary Health Care Service in the Public Sector

The Family Medicine and Primary Health Care Services (FM&PHC) of Hong Kong East and West Clusters is a team of pioneers providing General Out-Patient Clinic (GOPC) services for the HA. In July 2003, FM&PHC team took over 15 GOPCs on Hong Kong Island from the Department of Health (DH) and started devoting itself to Family Medicine and primary health care services.

Distributed all over the island as well as the remote islands, the GOPCs are governed by the Hong Kong East and West Clusters. Whether colleagues come from DH or HA, they all work closely and cooperatively to serve the public with quality primary care, especially for the socially disadvantaged, chronically ill population.

The team has innovated to improve services by introducing Clinical Management System (CMS) and Out-Patient Appointment System (OPAS). The clinics have also launched patient hand-held records and brought in new measures to eliminate queues. The team also plays an important role in community health care by establishing communication channels between private primary care doctors and hospital specialists. The opening of Family Medicine Specialist Clinics (FMSC) has improved the use of community resources through a triage system. With real commitment and dedication of the team, primary health care services in the public sector in Hong Kong have been further improved.

Risk Management Team, New Territories East Cluster



Promoting the Importance of Patient and Staff Safety

Consisting of 37 front line colleagues and management staff from various clinical departments as well as Occupational Safety & Health (OSH), Patient Relations and Quality Assurance teams in the New Territories East Cluster (NTEC), the NTEC Risk Management Team has been very active in promoting a “safety” culture across NTEC with high degree of professionalism. Its exemplary achievement has gained the credit of being called the “NTEC Safety Team”.

The team organises Safety Days annually to promote greater awareness of patient and staff safety. To enhance patient safety, it has implemented a series of measures to minimize common errors of misidentification, including patient labeling and laboratory report. Other programmes implemented include standardisation of the drug administration process, revision of the “3 Checks and 5 Rights” procedures and unification of different Medication Administration Forms and infusion pumps across the Cluster. The team also organised a very successful hand hygiene programme amongst all staff in 2005/06.

Together with the OSH team, the team has further implemented a comprehensive needle stick injury prevention programme, under which a newly designed blood taking trolley is introduced to facilitate immediate disposal of needles at bed side. The team has also organised risk registry workshops and staff forums to introduce relevant measures for the purpose of reducing workplace violence. The Advanced Incident Report System developed by NTEC was named as the most outstanding safety programme in the 2005 Hospital Management Asia Awards.

Short Stay Medical Centre, New Territories West Cluster



Providing All-round Ambulatory Services to the Public

To address the increasing medical need of the population with limited resources, the New Territories West Cluster reorganized the Day Procedure Unit of Tuen Mun Hospital and founded the Short Stay Medical Centre in Aug 2003. The Centre is made up of six units and wards across different specialties: Day Procedure Unit, Pre-operative Services Unit, Day Minor Surgery Unit, Combined Urology & Vascular Unit, Integrated Short Stay Ward, Step Down Ward and Day Ward, providing all-round ambulatory services to the public. A nurse-led pre-admission clinic has also been established to provide advance medical and nursing care to patients. As a result, the length of stay has been shortened and the demand of acute beds reduced, optimizing the use of health care services. In the Medical Centre, all levels of staff have worked cohesively and cooperatively to improve efficiency and provide high quality professional care to patients.



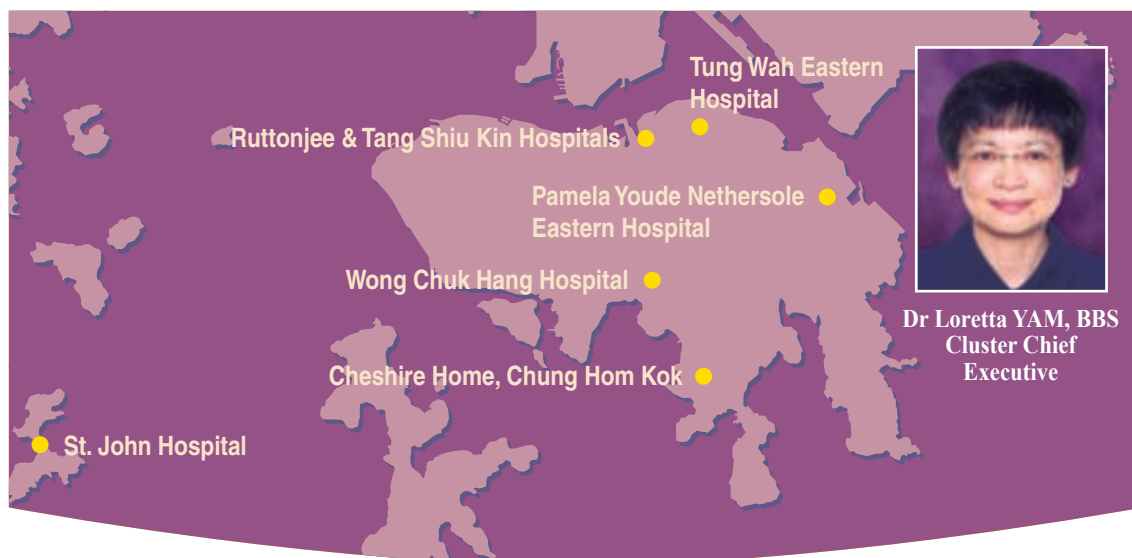
Cluster Reports

The Hospital Authority provides public healthcare services to the people of Hong Kong through the following seven hospital clusters:

- Hong Kong East
- Hong Kong West
- Kowloon East
- Kowloon Central
- Kowloon West
- New Territories East
- New Territories West

Below, each Cluster Chief Executive gives an overview of their cluster and highlights key achievements of the past year, under the five corporate strategic directions.

Hong Kong East Cluster



The Hong Kong East Cluster takes care of the population of the eastern part of the Hong Kong Island as well as Cheung Chau, which is estimated to be around 0.82 million. There are six hospitals in the Cluster, including Pamela Youde Nethersole Eastern Hospital, Ruttonjee & Tang Shiu Kin Hospitals, Tung Wah Eastern Hospital, Wong Chuk Hang Hospital, St. John Hospital and Cheshire Home, Chung Hom Kok. They provide a full range of comprehensive inpatient, ambulatory and community-based healthcare services. There are also ten general outpatient clinics under the cluster management. In addition, the Hong Kong Tuberculosis, Chest & Heart Association also supports healthcare promotion activities of the cluster hospitals.

Key achievements:

To manage service demand and to reduce the need for inpatient services, the Hong Kong East Cluster continued to enhance its community-based services and support by developing Tang Shiu Kin Hospital into an ambulatory and community health centre with facilities for Chinese Medicine Clinic, an integrated palliative care centre and rehabilitation services. A new community care structure was established in July 2005 with seven service platforms and liaison working groups formed in collaboration with community partners to increase efficiency and effectiveness. During the year, the Cluster's Community Care Network succeeded in obtaining a subsidy of \$2 million from the Community Investment and Inclusion Fund together with seven Non-Government Organisations to support various community care projects, including fall prevention and hypertension screening programmes.

Patient access to healthcare services was improved through the implementation of an effective triage system for specialist outpatient referrals, diversion of suitable patients from the specialties of Medicine, Orthopaedics and Urology to the Family Medicine Specialist Clinics for timely and appropriate management, and introduction of the internal district boundary booking system for new cases. Pre-hospital diversion of trauma patients from the ambulance catchment area of Ruttonjee & Tang Shiu Kin Hospitals to Queen Mary Hospital was also implemented to improve emergency care.

Public-private partnership was enhanced by sharing clinical expertise/information and organising shared care programmes with private practitioners in the Hong Kong East Doctors' Network and by inviting them to participate in the Visiting Medical Officers' Scheme to provide medical support to Community Geriatric Assessment Teams and elderly homes.

To bolster organisational performance, the Cluster's management and committee structure was reviewed and streamlined with the appointment of Cluster General Managers to oversee various service areas. Palliative care was rationalised through the development of inter-hospital referral guidelines and provision of designated infirmity beds in Cheshire Home, Chung Hom Kok. Microbiology service was coordinated at the cluster level to strengthen year-round support and improve turnaround time. Intensive care services were strengthened through integration with the medical High Dependency Unit of Pamela Youde Nethersole Eastern Hospital.



Various programmes were implemented to realise productivity gains, including centralisation of warehouse services, reorganisation of facilities management, and launching of energy saving and environment protection measures. Because of its achievements in environmental management, Pamela Youde Nethersole Eastern Hospital received the HA Green Hospital Gold Award in 2005.

To improve service quality, ongoing efforts were made to review and streamline various clinical processes during the year, including revamping the patient identification procedure, adoption of new patient consent guidelines and forms for patient treatment, implementation of the HA Drug Formulary and Advanced Incidents Reporting System, enhancement of surveillance on hospital infection and surgical site infection, and launching of multi-disciplinary care for acute stroke patients.

In preparation for the provision of medical support to the 6th World Trade Organisation Ministerial Conference (WTO MC6) held in December 2005, the Cluster reviewed and enhanced its emergency action plans in response to major incidents. The Cluster handled over 80% of the WTO MC6-related casualties efficiently, demonstrating admirable spirits of professionalism and teamwork.

Recognising the importance of providing a healthy, safe and rewarding work environment to support staff in the delivery of patient care, the Cluster placed much emphasis on the promotion of staff wellness. Injury-on-duty and workplace violence prevention projects and disease surveillance programmes were launched to ensure occupational safety and health. Critical Incident Support Teams were formed to provide support to staff during major incidents. The Cluster Outstanding Staff and Team Award was introduced in the year to give due recognition to staff members with exemplary performance.

Hong Kong West Cluster



The Hong Kong West Cluster comprises seven hospitals and six satellite institutions serving an estimated population of 0.53 million in the Central, Western and Southern Districts. The seven hospitals are Queen Mary Hospital, Duchess of Kent Children's Hospital, Grantham Hospital, Fung Yiu King Hospital, MacLehose Medical Rehabilitation Centre, Tsan Yuk Hospital and Tung Wah Hospital. The six satellite institutions are David Trench Rehabilitation Centre, the General Outpatient Clinics in Sai Ying Pun, Aberdeen, Ap Lei Chau, Kennedy Town and the Central District Health

Centre. Apart from providing a comprehensive range of healthcare services to cater for the needs of the residents in its catchment area, the Cluster is well known for its tertiary and quaternary services that serve the whole population of Hong Kong.



2005/06 was a year with gratifying results for the Hong Kong West Cluster as a number of improvement projects were completed. Faced with the challenges of rising service demand and financial constraints, the Cluster focused on and achieved operational efficiency by way of process re-engineering, service rationalisation, integration and reprioritisation and by enhancing the gate keeping/community-oriented services. The Cluster also made significant progress in preventing workplace violence, promoting occupational safety, health and wellness, and improving working conditions and environment for its staff.

Key Achievements:

Avoidable hospitalisation was reduced through strengthening community care in collaboration with non-government organisations with the recruitment of Visiting Medical Officers to provide primary care services to elderly home residents and implementation of award schemes as well as counselling services to encourage good drug administration and infection control practices in elderly homes. Hypertension management and fall prevention programmes, educational talks, and Tai Chi classes were organised with community partners to promote health among the local population.

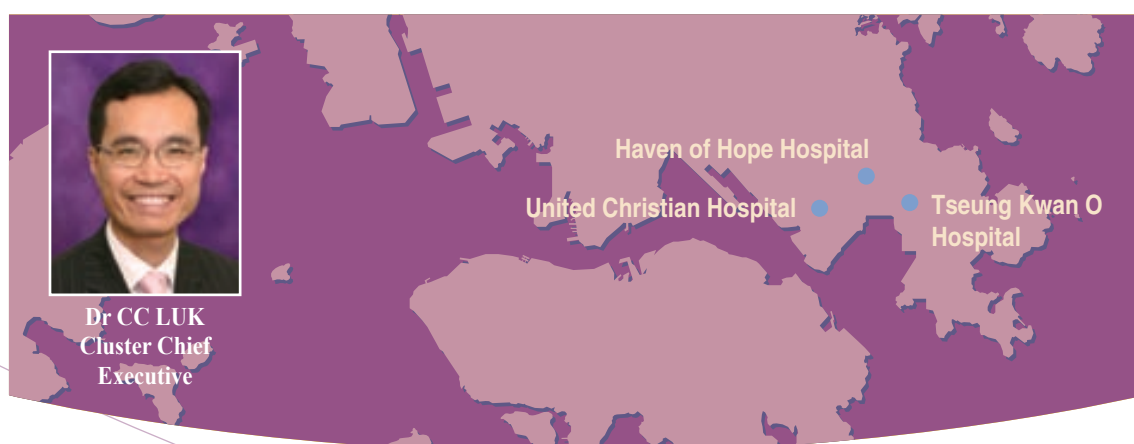
Operational efficiency was enhanced by rolling out the Inventory Control System to operating theatres of three cluster hospitals, by arranging the replacement of old Magnetic Resonance Imaging/Computed Tomographic equipment items, and by commencing the construction of an annexe in Queen Mary Hospital to accommodate the (a) Positron Emission Tomography Centre; (b) Magnetic Resonance Imaging Centre; (c) Integrated Brachytherapy Unit and Clinical Oncology Ward; (d) Combined Endoscopy Centre; and (e) The Jockey Club Lithotripsy and Uro-diagnostic Centre.

To promote sustainability of the healthcare system, energy conservation measures such as controlling chilled water temperature for the central air-conditioning system, installation of timer for lightings, and adjustment of operating hours for lifts were introduced. Efforts had also been made to modernise facilities in the Cluster to achieve maximal efficiency, e.g., the setting up of a multi-disciplinary Chemotherapy Day Centre and renovation of the private wards.

During the year, service quality and clinical governance were improved by implementation of the Advanced Incident Reporting System, the new patient consent guidelines and the HA Drug Formulary, by introduction of new anti-psychotic drugs, and by setting up an integrated Chinese and Western Medicine Treatment Centre in Tung Wah Hospital. To provide patients with more choices and convenience, the following improvement initiatives were successfully completed: (a) provision of Internet Broadband Service in selected public areas and private wards in Queen Mary Hospital; (b) implementation of Octopus payment in specialist outpatient clinics; (c) introduction of one-stop billing payment service for private patients in specialist outpatient clinics; and (d) interactive telephone & fax enquiry hotline for private clinics.

As part of the “Care for the Carers” initiative, staff health/wellness programmes and workplace violence prevention campaigns were organised throughout the year to boost staff morale and a Cluster Occupational Safety and Health Resource Centre was set up to help eliminate occupational hazards and protect staff from injury-on-duty caused by manual handling.

Kowloon East Cluster



The Kowloon East Cluster serves the population of Kwun Tong, Tseung Kwan O and Sai Kung districts which have an estimated population of 0.95 million. There are three hospitals in the

Cluster, namely, United Christian Hospital, Tseung Kwan O Hospital and Haven of Hope Hospital. As of 31 March 2006, there were a total of 2,185 beds in the Cluster, with 2,039 for acute and convalescent care, 116 for infirmary care and 30 for mentally ill. The Cluster also manages eight general outpatient clinics, as well as the outpatient and day patient facilities in the Yung Fung Shee Memorial Centre and Pamela Youde Polyclinic.

During the year, the Cluster provided services to 118,400 inpatient and day patients, 303,500 Accident & Emergency attendees; 948,400 specialist/allied health outpatients, and 724,200 general outpatients. It also conducted 234,800 outreach patient visits.



Key Achievements:

To improve population health through community care and patient empowerment, an effective collaboration network was formed in Kwun Tong District with active participation of hospital volunteers, district elderly community centres, social service agencies, local organisations and resident committees. By means of home visits, timely assistance was provided to the discharged patients of United Christian Hospital to help them cope with their composite problems while awaiting formal home care support. The project was well received by patients and would be rolled out to other hospitals in the Cluster in the near future.

To enhance organisational performance, construction works were initiated to install additional lifts in the main clinical block of United Christian Hospital to improve its vertical transportation flow for patients, staff members and visitors. It is anticipated that the improvement works would be completed in early 2007. Other organisation enhancement measures implemented during the year included integration of the laboratory services of Tseung Kwan O Hospital and Haven of Hope Hospital, installation of a new Computed Tomographic Scanner in United Christian Hospital, and deployment of a team of doctors with family medicine training to provide timely consultation to patients triaged to be of lower priority for specialist consultation.

To promote public-private interface and system sustainability, a mentorship programme on minimal invasive surgery was organised for private surgeons to share professional knowledge and skills.

To improve service quality and clinical governance, the HA Drug Formulary was implemented to standardise drug utilisation and payment practices in accordance with corporate directions. A set of standardised patient consent guidelines and forms was also adopted to minimise risks in the patient treatment and care process.

To promote staff wellness, hospital-wide staff forums were conducted to raise awareness of the need to prevent workplace violence and to enhance support to staff in the management of such incidents. Further training and experience sharing sessions would be organised for staff members in collaboration with the Hong Kong Police in the coming year.

Kowloon Central Cluster



The Kowloon Central Cluster comprises six hospitals and institutions including the Hong Kong Buddhist Hospital, Hong Kong Red Cross Blood Transfusion Service, Hong Kong Eye Hospital, Kowloon Hospital, Queen Elizabeth Hospital and Rehabaid Centre, all contributing towards the delivery of quality patient-centred services in accordance with corporate directives. The Cluster also operates six general outpatient clinics.

In 2005/06, the Cluster implemented many initiatives to enhance its preparedness for any possible outbreak of infectious diseases and to reduce dependency on inpatient services through strengthening community care and disease prevention. Its major challenge in the coming year is still that of managing the escalating service demand with limited resources. With the loss of some experienced clinical staff

through the HA and Civil Service's voluntary early retirement schemes, the Cluster would need to continue rationalising its services in line with corporate directions to meet the health needs of the local population amid budgetary constraints.



Key Achievements:

To improve population health, fall prevention programmes were organised in collaboration with eleven non-government organisations. The Cluster's Diabetic Complication Screening Programme was enhanced by adding two retinal cameras and extending services to Hong Kong Buddhist Hospital and Leung Kau Kui General Outpatient Clinic. The management and operation of the Hong Kong Bone Marrow Donor Registry had been taken over from the Hong Kong Marrow Match Foundation with effect from 1 September 2005.

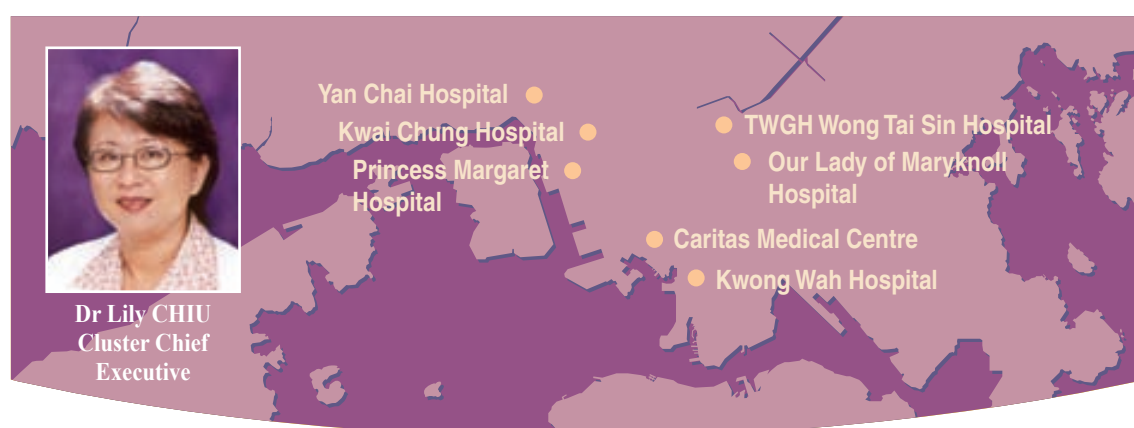
Organisational performance was improved by setting up a triage clinic at Yau Ma Tei General Outpatient Clinic to reduce the workload and waiting time of specialist outpatient services, by strengthening the Accident & Emergency Department's gate-keeping function through the commissioning of ten additional beds in the Emergency Ward, by renovating the Rehabilitative Training Centre for further development of augmented-ambulatory rehabilitative training and community oriented rehabilitation & empowerment Programmes, as well as by replacing the old Computed Tomography Scanner to upgrade radio-diagnostic services.

In an effort to enhance system sustainability, a subcommittee was set up under the Hospital Governing Committee of Hong Kong Eye Hospital to analyse the waiting time for cataract surgery and make recommendations for improvement. Patient flow and utilisation of hospital beds in the Cluster were improved by strictly enforcing the screening criteria for the Non-Emergency Ambulance Transfer (NEATS) Service upon implementation of the NEATS Transport Supporting System.

Service quality was upgraded through implementation of the antibiotic stewardship programme in the second quarter of 2005, enforcement of proper infection control measures with organisation of a post-campaign audit on the effectiveness of the Hand Hygiene Campaign, and promulgation of streamlined logistics and protocols for managing patients requiring non-invasive ventilation in ward and home settings.

To strengthen the Cluster's human resources capability, a "Care for Carers" programme was launched to promote community awareness and support for healthcare workers through a series of talks, seminars and experience-sharing sessions. Staff wellbeing was enhanced by improving the work process for manual handling operations and upgrading relevant training for some 839 staff members.

Kowloon West Cluster



The Kowloon West Cluster comprises seven public hospitals, including Caritas Medical Centre, Kwai Chung Hospital, Kwong Wah Hospital, Princess Margaret Hospital, Our Lady of Maryknoll Hospital, TWGH Wong Tai Sin Hospital and Yan Chai Hospital. It is the largest cluster under the Authority and serves a population of over 1.9 million in the Wong Tai Sin, Mong Kok, Shamshuipo, Kwai Chung, Tsing Yi, Tsuen Wan and Tung Chung districts. As at 31 March 2006, there were in total 7,156 beds in the Cluster.

To meet the challenge of managing an enormous service demand with a stringent budget, the Cluster made strenuous efforts to channel its resources for treating patients with real needs. All specialist outpatient referrals were being triaged so that urgent cases would be seen within two weeks. Medical support to Old Aged Homes was enhanced to reduce avoidable hospitalisation. A new Oncology Centre was commissioned at Princess Margaret Hospital to bridge the service gap in cancer care. The redevelopment of the hospital's Accident & Emergency Department was also a major step towards equipping it to become a Trauma Centre in the Kowloon West Region. In addition, the Cluster has revamped its outbreak contingency plans under the looming threat of an avian flu pandemic.

Key Achievements:

The new Oncology Centre at Princess Margaret Hospital started operation in the fourth quarter of 2005, providing a comprehensive range of cancer care including inpatient, outpatient, day chemotherapy and radiotherapy services. With close collaborations among oncologists, physicians and allied health professionals, the palliative care service at Caritas Medical Centre and Our Lady Maryknoll Hospital were also enhanced to support the terminally ill cancer patients.

Equipped with a state-of-the-art trauma resuscitation room, the redeveloped Accident & Emergency Department at Princess Margaret Hospital was commissioned in the year with the trauma team members undergoing intensive training and team building to improve preparedness for handling major incidents. The first phase of trauma diversion from Yan Chai Hospital to the new Centre was implemented in January 2006 with satisfactory outcomes.

Construction works for the Infectious Disease Centre with 108 negative pressure isolation beds at Princess Margaret Hospital was on schedule and would be completed by the end of 2006. Upon completion, the Centre would provide Hong Kong with some unique isolation facilities to meet the challenges from emerging infectious diseases.



To prepare for a possible outbreak of avian flu pandemic, the Cluster has drawn up a comprehensive outbreak contingency plan with detailed manpower deployment and other preparatory arrangements. Being the first hospital to accept avian flu patients in case of an outbreak, repeated drills with other clusters and government departments were conducted in the year to familiarise staff members with the contingency measures to be taken.

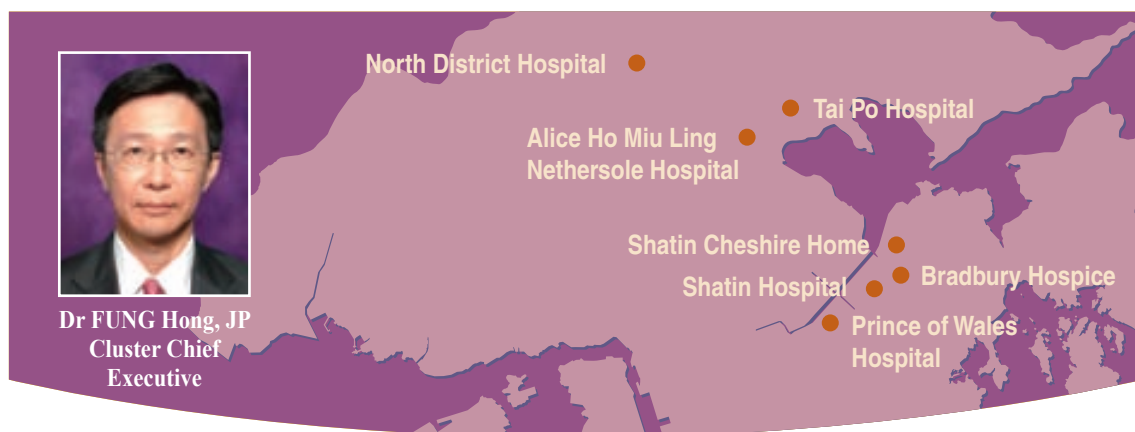
To shorten the waiting time for new cases at specialist outpatient clinics, five designated Family Medicine Specialist Clinics were established to triage patients referred from general outpatient clinics, Accident and Emergency Departments, and private practitioners. This has helped relieve the

overall patient load at specialist outpatient clinics, with appropriate care provided to both urgent and less urgent cases.

To promote public-private partnership, a collaborative initiative was launched with the Hong Kong Association of Private Eye Surgeons and Yan Chai Hospital Board to start a private eye service at Yan Chai Hospital in May 2005. As this alternative service was well received since inception, further partnership opportunities would be explored to offer patients with more choices.

Another new collaborative model of care was embarked at Kwong Wah Hospital with the involvement of Chinese Medicine practitioners in delivering inpatient consultation service together with Western Medicine practitioners to selected groups of patients using a research oriented approach. Five sets of research protocols for different disease groups have so far been developed under this pilot project, which would be reviewed in the near future to identify ways for improvement.

New Territories East Cluster



The New Territories East Cluster serves the districts of Shatin, Tai Po and North District with a total population of 1.3 million. There are seven hospitals in the Cluster, namely, Prince of Wales Hospital, North District Hospital, Alice Ho Miu Ling Nethersole Hospital, Tai Po Hospital, Shatin Hospital, Shatin Cheshire Home and Bradbury Hospice. The Cluster provides a full range of ambulatory, acute, convalescent, rehabilitation and extended care patient services to the public. As at the end of March 2006, the Cluster operates 3,931 inpatient beds with 8,473 staff, including 768 doctors, 3,145 nurses, 823 allied health staff and 3,737 other staff.

The Cluster had the highest number of inpatient admissions during the winter surge period while the Yellow Alert to infectious diseases was raised in 2005. Much effort was made to control hospital admissions through early discharge and aftercare programmes, streamlining and increasing referrals to community outreach services, as well as enhancing medical support to non-government organisations and private old aged homes. The Cluster continued to place emphasis on improving staff relations and communication through various staff feedback and recognition programmes. Meanwhile, clinical services were further rationalised to improve quality and efficiency.



Key achievements:

In 2005/06, the Cluster handled a total of 192,365 inpatient, 372,231 accident & emergency, 948,028 specialist outpatient, and 803,018 general outpatient attendances. The percentage of ultra-major and major operations conducted increased from 29.6% in 2004/05 to 30.5% during the year. The clinical conditions of inpatients were generally more complex with increasing need for rehabilitation support. As a result, the total number of allied health attendances had increased to 767,584, representing a 7.5% growth compared to the previous year. Despite stringent financial constraint, the Cluster managed to maintain a reasonable waiting time for its new specialist outpatient appointments, averaging 22.6 weeks, with first priority and second priority cases being seen within two weeks and eight weeks respectively.

Facing the challenge of rising service demand, a collaborative model of operating Family Medicine clinics and community outreach service teams was adopted to promote early discharge and reduce avoidable hospitalisation. The network with private doctors was also strengthened to enhance public-private partnership in form of knowledge/information sharing and shared care programmes.

In 2005/06, the Cluster continued to rationalise its clinical services to improve organisational performance. The key achievements included centralisation of day surgery cases in general

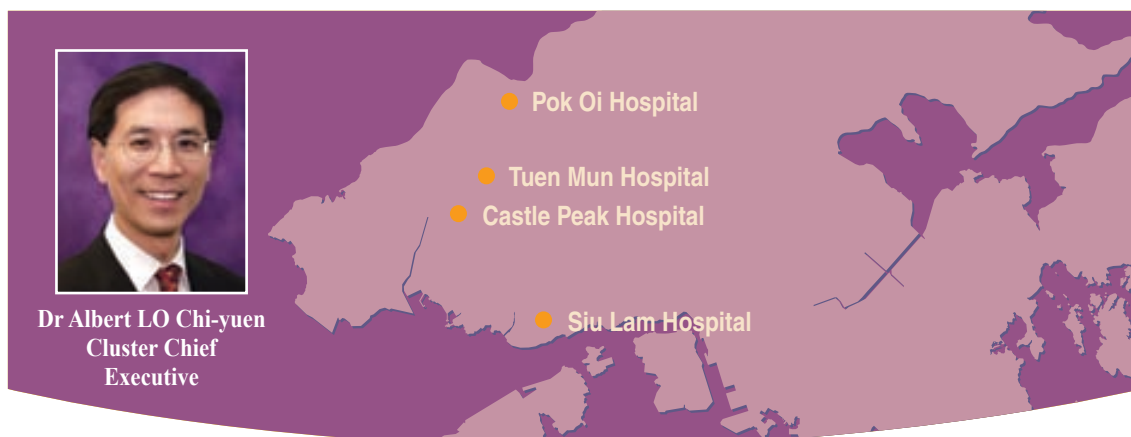
surgery at Alice Ho Miu Ling Nethersole Hospital while developing it into a training centre for community specialists, reorganisation of orthopaedics and traumatology services into cluster-based sub-specialty functional teams to enhance clinical outcomes, establishment of an integrated ambulatory otorhinolaryngology centre to meet service needs, revamp of psychiatric services in Tai Po Hospital, expansion of haemodialysis service, diversion of resources for the mobile general outpatient service to relieve other hard pressed areas, and extension of service hours for the chemotherapy day centre at Prince of Wales Hospital.

To strengthen support to staff, the Cluster has established multiple tools and channels to promote communication with its staff, including the introduction of a Questions and Suggestions Corner in the Cluster Intranet and organisation of a “Suggestion Month” in April 2005 to collect staff feedback, setting up of Critical Incident Support Teams in all cluster hospitals to provide support to staff members during major incidents, and mobilisation of staff members to take part in community charity events to enhance fraternity and support the community. Additional funding was allocated for hospitals to improve their hardware and software for ensuring occupational safety and health.

On quality and risk management, the Cluster continued to place much emphasis on ensuring patient safety through reviewing patient identification procedures, implementing new patient consent guidelines and forms, launching the antibiotic stewardship surveillance programme and infection prevalence surveys, and rolling out standardisation programmes on the surveillance of methicillin resistant *Staphylococcus aureus* (MRSA) and Multi-drug resistant Gram-negative organism.

In order to strengthen the Cluster’s preparation for a possible avian flu pandemic and formulation of response strategies, an expert committee on the subject was formed in collaboration with the Chinese University’s School of Public Health with participation of representatives from the Centre for Health Protection and local private practitioners. An Avian Flu Webpage was set up in November 2005 to facilitate staff access to the latest information about the disease. Infection control measures were stepped up by completing improvement works at the Accident & Emergency Department of Alice Ho Miu Ling Nethersole Hospital to provide physical segregation for patients, by organising regular hand hygiene promotion campaigns, and by conducting audits to ensure compliance with infection control guidelines. Results of the audit indicated that the staff compliance rate had improved from 91% in 2004/05 to 94% in 2005/06.

New Territories West Cluster



The New Territories West Cluster comprises four hospitals, namely, Pok Oi Hospital, Castle Peak Hospital, Siu Lam Hospital and Tuen Mun Hospital. The Cluster also operates the Tuen Mun Ambulatory Care Centre, Tuen Mun Eye Centre, seven general outpatient clinics and the Butterfly Bay Laundry. The Cluster's service mission is to develop and deliver a sustainable community-oriented quality healthcare service to meet the health needs of the local population.

Key Achievements:

To improve population health, the Yung Fung Shee Community Care Centre and Yan Oi Community Care Centre were commissioned and put into operation during the year. Equipped with allied health clinics, triage and step-down clinics, these new Centres provide nurse consultations, nurse education classes, medical triage consultations, medical specialist support consultations, allied health consultations and allied health education classes to enhance the Cluster's community-based services. To support the Government in implementing its Comprehensive Child Development Service for children aged 0-5 in Tuen Mun and Tin Shui Wai districts, postnatal depression screening was rolled out at Maternal & Child Health Centres and the Cluster's Ambulatory Care Centre.

To ensure the provision of appropriate care to patients with urgent conditions, triage clinics have been set up to screen the new cases of Medicine, Gynaecology and Paediatrics specialties. The disease management frameworks for cardiovascular diseases, stroke, diabetes mellitus, chronic obstructive airway disease, chronic low back pain and depression have been developed to provide a comprehensive and coordinated system of care for patients with chronic diseases. Collaboration with Non-government Organisations and community partners was enhanced during the year by

implementing joint allied health programmes, setting up liaison networks and referral channels, conducting training and development programmes, and sharing of clinical information.

To improve service quality and clinical governance, the Cluster has developed a risk register to facilitate the implementation of risk reduction programmes such as counterchecking the frequency for drug administration and enhancement of drug allergy alerting procedures. In addition, guidelines and checklists for transport of critically ill patients were revised and promulgated to all relevant departments. The access of cancer patients to key radiological and pathological diagnostic tests was also improved with the waiting time for Magnetic Resonance Imaging and Fine Needle Aspiration Cytology services kept within two weeks.



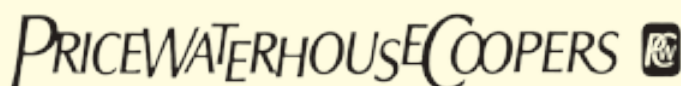
Over the years, the Cluster has developed very good relationship with its community partners. In 2005, donations were received from many external charitable organisations for launching joint healthcare projects. For example, the Tuen Mun Lions Club donated \$1.25 million to sponsor cataract operations at Tuen Mun Eye Centre and the Hong Kong Cancer Fund donated \$2.2 million for the purchase of equipment in the Department of Clinical Oncology. Furthermore, joint projects were initiated in collaboration with local organisations such as Tuen Mun Yan Oi Tong Community Centre and the Pok Oi Hospital Board to improve population health. These included community rehabilitation programmes and Chinese Medicine services. Communication with the District Councils was also enhanced through regular consultation and liaison meetings to exchange views on issues of common concern, including preparedness for avian flu outbreak, services development, and the Cluster Annual Plan.

The Cluster has put great emphasis on its preparatory works for a possible avian flu outbreak. Contingency plans with detailed staff deployment arrangement during crisis situations were formulated, updated and promulgated to frontline staff on ongoing basis. During the year, 12 drills were conducted to familiarise staff with various contingency measures, covering all relevant departments.

To care for the carers, a set of guidelines on “Management Workflow for Workplace Violence” was developed and promulgated to enhance staff’s skills and knowledge in managing workplace violence. The structure of the Critical Incident Support Team was revamped and a series of activities were organised to enhance the care and support to those staff members facing crisis.

Auditors' Report and Audited Financial Statements

Auditors' Report	61
Audited Financial Statements	
Balance Sheet	62
Statement of Income and Expenditure	63
Statement of Changes in Net Assets	64
Cash Flow Statement	65
Notes to the Financial Statements	66-107



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Auditors' Report

To The Members of the Hospital Authority

We have audited the financial statements on pages 62 to 107 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of the Hospital Authority and auditors

The Hospital Authority Ordinance requires the Hospital Authority to prepare financial statements. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 10 of the Hospital Authority Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Hospital Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Hospital Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Hospital Authority as at 31 March 2006 and of the deficit and its cash flows for the year then ended.

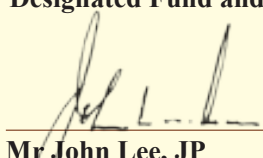
PricewaterhouseCoopers

CERTIFIED PUBLIC ACCOUNTANTS

Hong Kong, 21 August, 2006

Hospital Authority Balance Sheet

	Note	Balance at 31 March 2006 HK\$' 000	Balance at 31 March 2005 HK\$' 000 (Restated)
Non-Current Assets			
Property, plant and equipment	5	2,113,564	2,096,884
Intangible assets	6	13,975	7,155
Loans receivable	7	43,108	51,655
Fixed income instruments	8	1,224,077	1,540,440
		3,394,724	3,696,134
Current Assets			
Inventories	9	722,438	654,127
Loans receivable	7	2,944	3,529
Accounts receivable	10	122,577	139,267
Other receivables	11	138,579	64,554
Deposits and prepayments	12	232,140	241,511
Fixed income instruments	8	619,989	470,549
Bank deposits with maturity over three months	13	3,032,654	3,986,393
Cash and cash equivalents	13	1,778,678	701,113
		6,649,999	6,261,043
Current Liabilities			
Creditors and accrued charges	14	2,732,392	1,967,824
Deposits received	15	24,294	18,075
		2,756,686	1,985,899
Net Current Assets		3,893,313	4,275,144
Total Assets Less Current Liabilities		7,288,037	7,971,278
Non-Current Liabilities			
Death and disability liabilities	16	76,511	78,857
Deferred income	17	558,456	567,045
Net Assets		6,653,070	7,325,376
Capital subventions and donations	18	2,127,539	2,104,039
Designated fund	19	5,077,369	4,542,289
Revenue reserve		(551,838)	679,048
Capital Subventions and Donations, Designated Fund and Reserves		6,653,070	7,325,376


Mr John Lee, JP
 Chairman
 Finance Committee


Mr Shane Solomon
 Chief Executive

Hospital Authority

Statement of Income and Expenditure

	Note	For the year ended 31 March 2006	For the year ended 31 March 2005
		HK\$' 000	HK\$' 000
Income			
Recurrent Government subvention	20	26,388,732	27,133,620
Capital Government subvention		803,276	461,700
Hospital/clinic fees and charges	21	1,628,459	1,386,505
Donations		548	256
Transfers from:			
Designated donation fund	17	82,650	98,027
Training and Welfare Fund	17	28,132	41,959
Capital subventions	18	487,621	539,511
Capital donations	18	90,272	80,777
Home loan interest subsidy	19	310,160	240,038
Investment income		97,464	34,306
Other income		212,374	250,135
		<u>30,129,688</u>	<u>30,266,834</u>
Expenditure			
Staff costs		(23,044,334)	(23,411,817)
Medical supplies and equipment		(3,132,666)	(2,937,456)
Utilities charges		(820,166)	(765,214)
Repairs and maintenance		(1,019,574)	(1,056,318)
Building projects funded by the Government as set out in note 2(f)(ii) and (iii)		(803,276)	(461,700)
Operating lease expenses – office premises and equipment		(19,771)	(12,169)
Depreciation and amortisation	5,6	(571,836)	(615,883)
Other operating expenses	22	(1,948,951)	(1,344,101)
		<u>(31,360,574)</u>	<u>(30,604,658)</u>
Deficit for the year		<u>(1,230,886)</u>	<u>(337,824)</u>
Revenue reserve at beginning of year		679,048	1,016,872
Revenue reserve at end of year		<u>(551,838)</u>	<u>679,048</u>

Hospital Authority

Statement of Changes in Net Assets

	Capital subventions and donations	Designated Fund	Revenue Reserve	Total
	HK\$' 000 [Note 18]	HK\$' 000 [Note 19]	HK\$' 000	HK\$' 000 (Restated)
At 31 March 2004	2,263,214	3,987,376	1,016,872	7,267,462
Additions during the year	461,113	794,951	-	1,256,064
Transfers to statement of income and expenditure	(620,288)	(240,038)	-	(860,326)
Net gains/(losses) not recognised in statement of income and expenditure	(159,175)	554,913	-	395,738
Deficit for the year	-	-	(337,824)	(337,824)
At 31 March 2005	2,104,039	4,542,289	679,048	7,325,376
Additions during the year	601,393	845,240	-	1,446,633
Transfers to statement of income and expenditure	(577,893)	(310,160)	-	(888,053)
Net gains not recognised in statement of income and expenditure	23,500	535,080	-	558,580
Deficit for the year	-	-	(1,230,886)	(1,230,886)
At 31 March 2006	2,127,539	5,077,369	(551,838)	6,653,070

Hospital Authority

Cash Flow Statement

	Note	For the year ended 31 March 2006	For the year ended 31 March 2005
		HK\$' 000	HK\$' 000 (Restated)
Net cash used in operating activities	26	(985,801)	(543,750)
Investing activities			
Investment income received		97,464	34,306
Purchases of property, plant and equipment	5	(539,724)	(390,578)
Purchases of intangible assets	6	(61,669)	(70,535)
Net decrease/(increase) in bank deposits with maturity over three months		953,739	(2,031,433)
Net decrease in fixed income instruments		166,923	96,213
Net cash from/(used in) investing activities		616,733	(2,362,027)
Net cash before financing		(369,068)	(2,905,777)
Financing activities			
Capital subventions	18	466,674	417,828
Capital donations	18	134,719	43,285
Home loan interest subsidy	19	845,240	794,951
Net cash from financing		1,446,633	1,256,064
Increase/(decrease) in cash and cash equivalents		1,077,565	(1,649,713)
Cash and cash equivalents at beginning of year		701,113	2,350,826
Cash and cash equivalents at end of year	13	1,778,678	701,113

Hospital Authority

Notes to the Financial Statements

1. The Hospital Authority

(a) Background

The Hospital Authority (“HA”) is a statutory body established in Hong Kong on 1 December 1990 under the Hospital Authority Ordinance. The Hospital Authority Ordinance provides the HA with the powers to manage and control the delivery of public hospital services in Hong Kong. Under the Hospital Authority Ordinance, the HA is responsible for the following:

- advising the Government of the needs of the public for hospital services and of the resources required to meet those needs;
- managing and developing the public hospital system;
- recommending to the Secretary for Health, Welfare and Food appropriate policies on fees for the use of hospital services by the public;
- establishing public hospitals; and
- promoting, assisting and taking part in education and training of HA staff and research relating to hospital services.

Pursuant to an arrangement, detailed in a draft Memorandum of Administrative Arrangement (“MAA”) with the Hong Kong Government (the “Government”), the Government passed the management and control of the ex-Government hospitals (the “Schedule 1 Hospitals”) to the HA. Under this arrangement, certain specified assets were transferred to the HA. The ownership of other assets was retained by the Government.

The HA has also entered into agreements with the individual governing bodies of the ex-subservent hospitals (the “Schedule 2 Hospitals”) which allowed the HA to assume ownership of some operating assets as at 1 December 1991 and to manage and control other assets, the ownership of which remains with the individual governing bodies.

As a result, the HA has assumed full responsibility for the management of the hospital operations since 1 December 1991. Also, all operating and capital commitments outstanding as at 1 December 1991 were assumed by the HA, except for the capital works projects funded under the Capital Works Reserve Fund of the Government.

1. The Hospital Authority (Continued)

(a) Background (Continued)

As part of the Government's healthcare reform plan, the HA has taken over the management and operation of all general outpatient clinics ("GOPCs") from the Department of Health since July 2003. Under the arrangement, the title and ownership in respect of the related operating assets of the GOPCs were retrospectively transferred to the HA in July 2003 after receiving formal approval from the Government in June 2006. These assets were transferred at nil value.

In order to promote the development and research of Chinese medicine in Hong Kong, the HA entered into agreements in December 2003 with three non-governmental organisations ("NGOs"). In line with the Government's healthcare policy, the HA has commissioned three NGOs to operate another three Chinese medicine clinics during the financial year 2005/06. Under the agreements with the NGOs, the HA will provide an annual lump sum grant to the NGOs which allows the NGOs to operate Chinese medicine clinics in Hong Kong. These NGO clinics will provide Chinese medicine outpatient services including the prescription of Chinese herbal medicine and related services. For the year ended 31 March 2006, the lump sum grant paid to these NGOs amounted to HK\$8,888,000 (2005: HK\$8,000,000).

(b) Hospitals and other institutions

At the balance sheet date, the HA had under its management and control the following hospitals and institutions:

Schedule 1 Hospitals and Schedule 2 Hospitals:

Alice Ho Miu Ling Nethersole Hospital
 Bradbury Hospice
 Caritas Medical Centre
 Castle Peak Hospital
 Cheshire Home, Chung Hom Kok
 Cheshire Home, Shatin
 The Duchess of Kent Children's Hospital at Sandy Bay
 Grantham Hospital

1. The Hospital Authority (Continued)

(b) Hospitals and other institutions (Continued)

Schedule 1 Hospitals and Schedule 2 Hospitals: (Continued)

Haven of Hope Hospital
Hong Kong Buddhist Hospital
Hong Kong Eye Hospital
Kowloon Hospital
Kwai Chung Hospital
Kwong Wah Hospital
MacLehose Medical Rehabilitation Centre
North District Hospital
Our Lady of Maryknoll Hospital
Pamela Youde Nethersole Eastern Hospital
Pok Oi Hospital
Prince of Wales Hospital
Princess Margaret Hospital
Queen Elizabeth Hospital
Queen Mary Hospital
Ruttonjee & Tang Shiu Kin Hospitals
Shatin Hospital
Siu Lam Hospital
St. John Hospital
Tai Po Hospital
Tsan Yuk Hospital
Tseung Kwan O Hospital
Tuen Mun Hospital
Tung Wah Eastern Hospital
Tung Wah Group of Hospitals Fung Yiu King Hospital
Tung Wah Group of Hospitals Wong Tai Sin Hospital
Tung Wah Hospital
United Christian Hospital
Wong Chuk Hang Hospital
Yan Chai Hospital

1. The Hospital Authority (Continued)**(b) Hospitals and other institutions (Continued)****Standalone Specialist Clinics:**

David Trench Rehabilitation Centre
East Kowloon Polyclinic
Ha Kwai Chung Polyclinic and Special Education Services Centre
Tuen Mun Eye Centre
Yan Oi General Outpatient Clinic
Yaumatei Jockey Club Clinic
Yaumatei Specialist Clinic Extension
Yung Fung Shee Memorial Centre

Other Institutions:

HACare (ceased operation of the long stay care home on 31 December 2004 and has remained inactive thereafter)
HACM Limited
Hong Kong Red Cross Blood Transfusion Service
Rehabaid Centre
General outpatient clinics, other clinics and associated units

(c) Principal office

The address of the principal office of the Hospital Authority is Hospital Authority Building, 147B Argyle Street, Kowloon, Hong Kong.

2. Principal accounting policies

(a) Basis of preparation of financial statements

In preparing the financial statements, the members of the HA Board have given careful consideration to the long-term financial sustainability of the HA in light of the negative revenue reserve of HK\$551,838,000 as at 31 March 2006 as a result of providing for the settlement package to doctors estimated at HK\$629,000,000 described in note 4(a). The members of the HA Board consider that the HA could manage its cashflow to meet the financial obligations. To maintain the HA's healthcare services and to address the funding pressures for meeting the existing level of service demands, the HA will continue to explore various options to secure sufficient resources for the provision of public healthcare services. Accordingly, the financial statements have been prepared on a going concern basis.

(b) Basis of presentation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as appropriate to Government subvented and not-for-profit organisations. They have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets which are stated at fair value. The more significant accounting policies are set out below. These policies have been consistently applied to the two years presented, unless otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the HA's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The financial statements reflect the recorded book values of those assets owned by the HA and the liabilities relating to the Schedule 1 Hospitals and Schedule 2 Hospitals which were integrated with the HA in 1991. Those assets under the management and control of the HA, but not owned by the HA, are not accounted for in these financial statements.

2. Principal accounting policies (Continued)

(b) Basis of presentation (Continued)

The financial statements of the HA include the income and expenditure of the Head Office, all Schedule 1 Hospitals and Schedule 2 Hospitals, Specialist Clinics, General Outpatient Clinics and other institutions for the financial year ended 31 March 2006. Intra-institution transactions and balances have been eliminated on combination.

The financial statements are presented in units of thousands of Hong Kong dollars (HK\$'000) unless otherwise stated.

(c) Adoption of new / revised HKFRSs

In the current year, the HA has adopted the new / revised HKFRSs below, which are appropriate to its operations. All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, with the prior year comparatives amended in accordance with the relevant requirements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 36	Impairments of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement

2. Principal accounting policies (Continued)

(c) Adoption of new / revised HKFRSs (Continued)

The adoption of the above HKFRSs has the following impact on the HA's accounting policies:

- (i) HKASs 2, 7, 10, 17, 18, 19, 20, 21, 36, 37 and 39 have no material effect on the HA's policies; and HKASs 1, 8, 16 and 32 have affected certain disclosure in the financial statements, including the reclassification of reserves, designated funds and deferred income.
- (ii) HKAS 24 has affected the identification of related parties and the disclosure of related party transactions.
- (iii) With the adoption of HKAS 38, computer software and system development costs, which were previously capitalised as property, plant and equipment, have been reclassified as intangible assets. Comparative figures as at 31 March 2005 have been restated to achieve a consistent presentation. These changes have no effect on the opening revenue reserve at 1 April 2005 or the deficit for the year ended 31 March 2006 as there is no change in the useful lives of these assets.

(d) Recognition of income

Recurrent grants are recognised on an accruals basis. Non-recurrent grants that are spent on expenditure which does not meet the capitalisation policy of property, plant and equipment or intangible assets as set out in note 2(f)(i) and note 2(h) respectively are recognised when incurred.

Hospital / clinic fees and charges are recognised when services are provided.

Designated donations are recognised as income when the amounts have been received or are receivable from the donors and the related expenditure is charged to the statement of income and expenditure. Other donation income is recognised upon receipt of non-designated cash or donations-in-kind not meeting the capitalisation policy of property, plant and equipment or intangible assets as set out in note 2(f)(i) and note 2(h) respectively.

2. Principal accounting policies (Continued)

(d) Recognition of income (Continued)

Transfers from the designated donation fund are recognised when the designated donation fund is utilised and the expenditure does not meet the capitalisation policy of property, plant and equipment or intangible assets as set out in note 2(f)(i) and note 2(h) respectively.

Transfers from the Training and Welfare Fund are recognised when the related expenditure is charged to the statement of income and expenditure.

Transfers from capital subventions and capital donations are recognised when depreciation or amortisation and net book value of assets disposed/written off are charged to the statement of income and expenditure.

Transfers from the home loan interest subsidy are recognised when the related employee costs are charged to the statement of income and expenditure.

Investment income from fixed income instruments is recognised as set out in note 2(i).

Investment income from bank deposits is recognised on a time proportion basis using the effective interest method.

(e) Donations

(i) Donated assets

Donations for specific assets (“donated assets”) with a value below HK\$100,000 each are recorded as income and expenditure in the year of receipt of the assets.

Donated assets with a value of HK\$100,000 or more each are capitalised on receipt of the assets. Properties, computer software and systems donated to the HA with values of HK\$250,000 or more each are capitalised according to the policy set out in note 2(f)(i) and note 2(h). The amount of the donated assets is credited to the capital donations account. Each year, an amount equal to the depreciation or amortisation charge for these assets and the net book value of assets disposed is transferred from the capital donations account and credited to the statement of income and expenditure.

2. Principal accounting policies (Continued)

(e) Donations (Continued)

(ii) Cash donations

Cash donations for specific use are accounted for in the designated donation fund. When the funds are used in the manner prescribed by the donor and spent for expenditure not meeting the capitalisation policy as set out in note 2(f)(i) or note 2(h), they are accounted for as expenditure of the designated donation fund and, in the case of capital expenditure, in accordance with the policy for donated assets outlined above.

Non-specified donations for general operating purposes are recorded as donations in the statement of income and expenditure in the year of receipt.

(f) Capitalisation of property, plant and equipment

- (i) Effective from 1 December 1991, the following types of assets owned by the HA have been capitalised:

Building projects costing HK\$250,000 or more; and

All other assets costing HK\$100,000 or more on an individual basis.

The accounting policy for the property, plant and equipment is set out in note 2(g).

- (ii) For properties which are funded by the Government through the HA but are owned by an ex-subvented governing body, the associated expenditure is charged to the statement of income and expenditure in the year as incurred. Under the agreements with ex-subvented governing bodies, the ownership of building projects, although funded by the Government through the HA, is vested with the governing bodies. The same accounting policy has been adopted for the North District Hospital and the Tseung Kwan O Hospital, which are all funded by the Government through the HA.
- (iii) For expenditure on subsequent improvement to properties the ownership of which has not been vested with the HA, the amount spent has been capitalised only if the improvement does not form part of the properties and can be re-used by the HA when re-located. Otherwise, the expenditure is charged to the statement of income and expenditure in the year as incurred.

2. Principal accounting policies (Continued)

(f) Capitalisation of property, plant and equipment (Continued)

- (iv) Expenditure on furniture, fixtures, equipment, motor vehicles and computer hardware is capitalised (subject to the minimum expenditure limits set out in note 2(f)(i) above) and the corresponding amounts are credited to the capital subventions and capital donations accounts for capital expenditure funded by the Government and donations respectively.
- (v) Property, plant and equipment transferred from the hospitals to the HA at 1 December 1991 was recorded at nil value.

(g) Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Additions represent new or replacement of specific components of an asset. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The historical cost of assets acquired and the value of donated assets received by the HA since 1 December 1991 are depreciated using the straight-line method over the expected useful lives of the assets as follows:

Leasehold improvements	Over the life of the lease to which the improvement relates
Buildings	20 - 50 years
Furniture, fixtures and equipment	3 - 10 years
Motor vehicles	5 - 7 years
Computer equipment	3 - 6 years

The useful lives of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income and expenditure.

Capital expenditure in progress is not depreciated until the asset is placed into commission.

2. Principal accounting policies (Continued)

(h) Intangible assets

Computer software and systems including related development costs costing HK\$250,000 or more each, which give rise to economic benefits are capitalised as intangible assets. Intangible assets are stated at cost less accumulated amortisation and are amortised on a straight line basis over the estimated useful lives of 1 to 3 years.

(i) Fixed income instruments

Fixed income instruments are classified as held-to-maturity investments on the basis that the HA has the positive intention and ability to hold the investments to maturity.

Fixed income instruments are recognised on a trade-date basis and stated at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of fixed income instruments is aggregated with other investment income receivable over the term of the instrument using the effective interest method.

(j) Inventories

Inventories, which comprise drugs, other medical and general consumable stores, are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Where applicable, provision is made for obsolete and slow-moving items. Inventories are stated net of such provision in the balance sheet. Net realisable value is determined with reference to the replacement cost.

2. Principal accounting policies (Continued)

(k) Accounts receivable

Accounts receivable is recognised at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that HA will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of income and expenditure. Accounts receivable, including accrued income for services rendered, is stated net of such provision in the balance sheet.

(l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and cash investments with a maturity of three months or less from the date of investment.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation. They are tested for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2. Principal accounting policies (Continued)

(n) Provisions and contingent liabilities

Provisions are recognised when the HA has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the HA expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the HA.

(o) Employee benefits

(i) Retirement benefits costs

Payments to the HA's defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to the Mandatory Provident Fund Scheme are dealt with as payments to defined contribution plans where the HA's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan. The retirement benefit costs charged in the statement of income and expenditure represent the contributions payable in respect of the current year to the HA's defined contribution retirement benefit plan and the Mandatory Provident Fund Scheme.

(ii) Termination benefits costs

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement age or whenever an employee accepts voluntary redundancy in exchange for these benefits. HA recognises termination benefits costs when there is an obligation to make such payments without possibility of withdrawal.

2. Principal accounting policies (Continued)

(o) Employee benefits (Continued)

(iii) Death and disability benefits costs

The cost of HA's obligations in respect of death and disability benefits provided to employees is recognised as staff costs in the statement of income and expenditure with reference to annual actuarial valuations performed by an independent qualified actuary.

The death benefits for eligible employees are accounted for as post employment defined benefits. Any cumulative unrecognised actuarial gains and losses exceeding 10% of the greater of the present value of the HA's obligations and the fair value of any qualifying insurance policies are recognised in the statement of income and expenditure over the expected average remaining service lives of the employees.

The disability benefits are accounted for as other long-term employee benefits. Actuarial gains and losses are recognised immediately in the statement of income and expenditure.

Further details of the death and disability liabilities are set out in note 16.

(iv) Other employee benefits costs

Other employee benefits such as annual leave and contract gratuity are accounted for as they accrue.

2. Principal accounting policies (Continued)

(p) Government grants

Subvention grants approved for the year less amounts spent on property, plant and equipment and intangible assets during the year are classified as recurrent grants.

Government subventions of a capital nature (“capital subventions”) are credited to the capital subventions account and the corresponding amounts are capitalised as property, plant and equipment or intangible assets as set out in note 2(f)(iv) and note 2(h) respectively. This includes capital expenditure on furniture, fixtures, equipment, motor vehicles, computer hardware, software and systems. Each year, an amount equal to the depreciation or amortisation charge for these assets and net book value of assets disposed is transferred from the capital subventions account and credited to the statement of income and expenditure.

Government grants in respect of certain employee benefits (note 19) are credited to designated fund and recognised as income to match against the related employee costs as and when these are incurred.

(q) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as expenses in the statement of income and expenditure on a straight line basis over the period of the lease.

(r) Translation of foreign currencies

Items included in the financial statements of the HA are measured using the currency of the primary economic environment in which the HA operates (“the functional currency”). The financial statements are presented in Hong Kong dollars, which is the HA’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange gains and losses are dealt with in the statement of income and expenditure.

2. Principal accounting policies (Continued)

(s) Related parties

Parties are considered to be related to the HA if the party has the ability, directly or indirectly, to control the HA or exercise significant influence over the HA in making financial and operating decisions, or vice versa. Related parties also include key management personnel having authority and responsibility for planning, directing and controlling the activities of the HA.

For the purpose of these financial statements, transactions between the HA and Government departments, agencies or Government controlled entities, other than those transactions such as the payment of rent and rates, fees etc. that arise in the normal dealings between the Government and the HA, are considered to be related party transactions.

(t) Recently issued accounting standards

The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2006.

The HA has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2006. The HA is in the process of making an assessment of the impact of these new HKFRSs and anticipates that the adoption of the new and revised HKFRSs would not have a significant impact on its results of operations and financial position.

3. Financial risk management

(a) Financial risk factors

The HA activities of providing healthcare services to patients, the administration of drugs, the employment of a large workforce and the investment activities are primary areas of risk and where financial management of this exposure is mitigated.

The HA's underlying principles of financial risk management are to transfer the financial cost of a significant level of risk through insurance and self insurance for operational risks, to diversify risk over many insurers and to comply with regulatory insurance requirements as an employer and owner of a motor fleet.

With regard to investments, the primary objective is to meet liquidity requirements and protect capital while investing excess funds to match cash flows. Investments are placed under the HA's investment mandates and allocation parameters to provide reasonable returns. The risk exposures inherent in the investment portfolio ("Portfolio") as at 31 March 2006 are summarised below.

(i) Debt instruments

The Portfolio consists entirely of bank balances and debt instruments and is subject to the debt instrument price risk inherent in debt instruments i.e. the value of holdings may fall as well as rise.

All transactions in debt instruments are settled / paid for upon delivery through approved and reputable banks. The risk of default is considered minimal since debt instruments are held to maturity and not sold. Accordingly, the Portfolio has no significant concentration of credit risk.

The Portfolio is exposed to a minimal interest rate risk as the Portfolio invests mainly in debt instruments and fixed income deposits. Only the bank balances are exposed to interest rate risk which is considered to be minimal. The Portfolio has no significant currency risk because substantially all assets and liabilities are denominated in Hong Kong dollars, the HA's functional and presentation currency.

(ii) Other financial assets and liabilities

Other financial assets and liabilities are substantially denominated in Hong Kong dollars, the HA's functional and presentation currency, and hence will not be exposed to significant currency risk.

3. Financial risk management (Continued)

(b) Fair values of financial assets and liabilities

The fair values of fixed income instruments (including Hong Kong Dollar Bonds and Exchange Fund Notes) are determined based on quoted market prices at the balance sheet date and are summarised as follows:

	Carrying Value [Note 8]		Fair Value	
	31 March 2006	31 March 2005	31 March 2006	31 March 2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fixed Income Instruments	1,844,066	2,010,989	1,803,588	1,975,082

The carrying values of other financial assets and liabilities such as cash and bank balances, loans receivable, accounts receivable and accounts payable are assumed to approximate their fair values and accordingly, no disclosure of fair values for these items is presented.

4. Critical accounting estimates and judgements

In preparing the financial statements, management is required to exercise significant judgements in the selection and application of accounting policies, including making estimates and assumptions. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

(a) Provision for settlement package to doctors

165 doctors filed claims against the HA for alleged failure to grant rest days, statutory holidays, public holidays and overtime worked over a period going back to 1996 in High Court Action No. 1924 of 2002. The trial on liability in respect of three lead plaintiffs against the HA for such claims was heard in the court. The judgement by the court on 1 March 2006 dismissed the lead plaintiffs' case for overtime but found in favour of the lead plaintiffs for rest days, statutory days and public holidays. Assessment of damages has not yet been dealt with.

4. Critical accounting estimates and judgements (Continued)

(a) Provision for settlement package to doctors (Continued)

Following the decision of the court, a Doctors Working Group (“Working Group”) comprising representatives of doctors from various specialties and ranks as well as HA executives met with an aim to reach agreement on a settlement package. The Working Group reached an agreement-in-principle on a proposed settlement package estimated at HK\$629,000,000 on 20 June 2006 based on available data and assumptions on hand. The HA Board approved this package on 29 June 2006. This package is intended to be put forward in full and final settlement of all claims for rest days, statutory holidays, public holidays or overtime. The settlement package to be offered is without prejudice to the HA’s rights and position in High Court Action No. 1924 of 2002 or any other legal proceedings on similar issues and does not amount to any admission of liability on the part of the HA to claims in respect of rest days, statutory holidays, public holidays or overtime. This settlement offer is targeted to gain acceptance by a significant majority of all eligible doctors. Accordingly, a provision for HK\$629,000,000, being the estimated settlement package to doctors, has been made in the financial statements as at 31 March 2006. To the extent that the settlement package is not accepted by a significant majority of eligible doctors or to the extent that doctors resort to pursue their claims in the court, this may lead to a change in the estimate provided.

(b) Provision for medical malpractice claims

The HA co-insures and retains a designated sum for each claim. For those claims in excess of the retained sum, the claims will be borne by the insurer. In view of the complex nature and long development period of the claims, a Claims Review Panel consisting of the participating medical malpractice insurers, the external panel law firms appointed by the insurers and the HA’s in-house experts review the status of potential and active claims semi-annually and assess the provision required on each significant case. With reference to the Claims Review Panel assessments, management reviews the claims exposure and determines the provision required to cover the HA’s exposure at each balance sheet date.

(c) Death and disability liabilities

The HA has engaged an independent qualified actuary to assess the present value of obligations for its death and disability scheme at each balance sheet date. Major actuarial assumptions include the discount rate and salary inflation rate which are set out in note 16. The present value of the HA’s obligations is discounted with reference to market yields on Hong Kong Exchange Fund Notes, which have terms to maturity approximating the terms of the related obligations. The long-term salary inflation is generally based on the market’s long-term expectation of price inflation.

5. Property, plant and equipment

	Building and improvements	Furniture, fixtures and equipment	Motor vehicles	Capital expenditure in progress	Computer equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:						
At 1 April 2005 as previously reported	1,045,471	4,837,471	115,598	40,207	2,618,171	8,656,918
Reclassification of computer software and systems on adoption of HKAS 38 (note 6)	-	-	-	-	(857,816)	(857,816)
At 1 April 2005 as restated	1,045,471	4,837,471	115,598	40,207	1,760,355	7,799,102
Reclassifications [#]	(15,874)	743,489	-	(25,146)	(702,469)	-
Additions	-	483,741	3,367	18,873	33,743	539,724
Disposals	(1,041)	(164,230)	(3,634)	-	(4,430)	(173,335)
At 31 March 2006	1,028,556	5,900,471	115,331	33,934	1,087,199	8,165,491
Accumulated depreciation:						
At 1 April 2005 as previously reported	171,669	4,036,085	104,062	-	2,241,063	6,552,879
Reclassification of computer software and systems on adoption of HKAS 38 (note 6)	-	-	-	-	(850,661)	(850,661)
At 1 April 2005 as restated	171,669	4,036,085	104,062	-	1,390,402	5,702,218
Reclassifications [#]	(2,181)	549,115	-	-	(546,934)	-
Charge for the year	20,628	407,590	5,130	-	83,639	516,987
Disposals	(1,041)	(158,216)	(3,591)	-	(4,430)	(167,278)
At 31 March 2006	189,075	4,834,574	105,601	-	922,677	6,051,927
Net book value:						
At 31 March 2006	839,481	1,065,897	9,730	33,934	164,522	2,113,564

[#] To enhance presentation, non-medical equipment which was previously classified as “Computer hardware, software and systems” is now classified as “Furniture, fixtures and equipment”.

5. Property, plant and equipment (Continued)

	Building and improvements	Furniture, fixtures and equipment	Motor vehicles	Capital expenditure in progress	Computer equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)
Cost:						
At 1 April 2004 as previously reported	1,057,109	4,646,832	114,986	28,328	2,451,793	8,299,048
Reclassification of computer software and systems on adoption of HKAS 38 (note 6)	-	-	-	-	(787,290)	(787,290)
At 1 April 2004 as restated	1,057,109	4,646,832	114,986	28,328	1,664,503	7,511,758
Reclassifications	-	686	-	(23,709)	23,023	-
Cost adjustments	(6,962)	(9,179)	-	-	(11,333)	(27,474)
Additions	480	279,753	5,256	35,588	96,975	418,052
Disposals	(5,156)	(80,621)	(4,644)	-	(12,813)	(103,234)
At 31 March 2005	1,045,471	4,837,471	115,598	40,207	1,760,355	7,799,102
Accumulated depreciation:						
At 1 April 2004 as previously reported	152,413	3,772,261	103,190	-	2,007,970	6,035,834
Reclassification of computer software and systems on adoption of HKAS 38 (note 6)	-	-	-	-	(769,797)	(769,797)
At 1 April 2004 as restated	152,413	3,772,261	103,190	-	1,238,173	5,266,037
Reclassifications	-	(606)	-	-	606	-
Charge for the year	21,085	344,294	5,420	-	164,211	535,010
Disposals	(1,829)	(79,864)	(4,548)	-	(12,588)	(98,829)
At 31 March 2005	171,669	4,036,085	104,062	-	1,390,402	5,702,218
Net book value:						
At 31 March 2005	873,802	801,386	11,536	40,207	369,953	2,096,884

6. Intangible assets

		Computer software and systems	
		2006	2005
		HK\$'000	HK\$'000 (Restated)
Cost:			
Reclassification of computer software and systems on adoption of HKAS 38 (note 5) as at 1 April		857,816	787,290
Additions		61,669	70,535
Disposals		(9,205)	(9)
At 31 March		910,280	857,816
Accumulated amortisation:			
Reclassification of computer software and systems on adoption of HKAS 38 (note 5) as at 1 April		850,661	769,797
Charge for the year		54,849	80,873
Disposals		(9,205)	(9)
At 31 March		896,305	850,661
Net book value:			
At 31 March		13,975	7,155

7. Loans receivable

Certain eligible employees under the Home Loan Interest Subsidy Scheme are offered downpayment loans for the purchase of their residential properties. The repayment period of the loans is the lesser of the mortgage life or 20 years. Interest charged on the downpayment loans is determined by the HA from time to time and is set at 5.609% as at 31 March 2006. New applications for the downpayment loans have been suspended since April 2002.

As at the balance sheet date, the downpayment loans advanced to eligible staff which are fully secured by charges over the properties are as follows:

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Repayable within one year	2,944	3,529
Repayable after one year	43,108	51,655
	<u>46,052</u>	<u>55,184</u>

8. Fixed income instruments

The fixed income instruments represent Hong Kong Dollar Bonds and Exchange Fund Notes with maturity periods of no more than 5 years. The overall expected yield of instruments held by the HA is between 2.1% and 4.2% (2005: between 1.3% and 4.2%).

As at the balance sheet date, the fixed income instruments held by the HA are as follows:

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Maturing within one year	619,989	470,549
Maturing in the second to fifth year, inclusive	1,224,077	1,540,440
	<u>1,844,066</u>	<u>2,010,989</u>

9. Inventories

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Drugs	482,162	416,075
Medical consumables	214,299	211,567
General consumables	25,977	26,485
	<u>722,438</u>	<u>654,127</u>

10. Accounts receivable

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Bills receivable [note 10(a)]	161,011	174,532
Accrued income	18,230	12,562
	<u>179,241</u>	<u>187,094</u>
Less: Provision for doubtful debts	(56,664)	(47,827)
	<u>122,577</u>	<u>139,267</u>

The HA recognised a doubtful debt provision expense of HK\$8,837,000 during the year ended 31 March 2006 (2005: reversal of doubtful debt provision expense of HK\$4,508,000) for the impairment of its accounts receivable.

10. Accounts receivable (Continued)

(a) Aging analysis of bills receivable is set out below:

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
0-30 days	55,232	58,050
31-60 days	19,939	25,699
61-90 days	16,784	19,563
Over 90 days	69,056	71,220
	<u>161,011</u>	<u>174,532</u>

The HA's policy in respect of patient billing is as follows:

- (i) Patients attending outpatient and accident and emergency services are required to pay fees before services are performed.
- (ii) Private patients and non-eligible persons are required to pay deposit on admission to hospital.
- (iii) Interim bills are sent to patients during hospitalisation. Final bills are sent if the outstanding amounts have not been settled on discharge.
- (iv) Legal action will be instituted for outstanding bills where appropriate. Patients who have financial difficulties may be considered for waiver of fees charged.

11. Other receivables

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Donation receivable	65,550	22,790
Interest receivable	61,102	19,632
Receivable from the Government for reimbursement of expenditure incurred on capital projects	2,231	7,636
Other receivables	9,696	14,496
	<u>138,579</u>	<u>64,554</u>

12. Deposits and prepayments

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Utility and other deposits	5,164	5,020
Prepayments to Government departments	123,125	144,747
Maintenance contracts and other prepayments	103,851	91,744
	<u>232,140</u>	<u>241,511</u>

13. Cash and bank balances

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Cash at bank and in hand	88,580	83,512
Bank deposits with maturity within three months	1,690,098	617,601
Cash and cash equivalents	1,778,678	701,113
Bank deposits with maturity over three months	3,032,654	3,986,393
	<u>4,811,332</u>	<u>4,687,506</u>

The effective interest rate on short term bank deposits is between 1% and 5.2% (2005: 0.01% to 5.3%). These deposits have an average maturity of 40 days (2005: 25 days).

14. Creditors and accrued charges

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Accounts payable [note 14 (a)]	92,076	86,701
Accrued charges and other payables [note 14 (b)]	2,598,404	1,825,500
Current account with the Government	41,912	55,623
	<u>2,732,392</u>	<u>1,967,824</u>

14. Creditors and accrued charges (Continued)

(a) Aging analysis of accounts payable is set out below:

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
0-30 days	86,527	67,564
31-60 days	4,783	10,959
61-90 days	635	7,767
Over 90 days	131	411
	<u>92,076</u>	<u>86,701</u>

All accounts payable as at 31 March 2006 are expected to be settled within one year.

(b) Accrued charges and other payables include provision for unutilised annual leave of HK\$899,378,000 (2005: HK\$829,221,000) and contract gratuity accrual of HK\$283,928,000 (2005: HK\$257,776,000). The balance also includes a provision for liability of HK\$629,000,000 (2005: Nil), being the estimated settlement package to doctors described in note 4(a).

15. Deposits received

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Patient deposits	12,819	8,224
Deposits received from the Government in respect of building projects	5,306	3,055
Other deposits	6,169	6,796
	<u>24,294</u>	<u>18,075</u>

16. Death and disability liabilities

Under their terms of employment, HA employees are entitled to death and disability benefit cover. This is funded by the HA through the recurrent subvention from the Government.

The amounts recognised in the balance sheet are as follows:

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Present value of funded obligations	74,864	76,459
Fair value of plan assets	(1,167)	(558)
	73,697	75,901
Unrecognised actuarial gains	2,814	2,956
Death and disability liabilities in the balance sheet	76,511	78,857

Movements in the liabilities recognised in the balance sheet date are as follows:

	2006	2005
	HK\$'000	HK\$'000
At 1 April	78,857	78,827
Total (income)/ expense	(536)	2,410
Net premiums and benefits paid	(1,810)	(2,380)
At 31 March	76,511	78,857

16. Death and disability liabilities (Continued)

The amounts recognised in the statement of income and expenditure have been calculated by reference to an actuarial valuation and are as follows:

	For the year ended 31 March 2006	For the year ended 31 March 2005
	HK\$'000	HK\$'000
Current service cost	5,860	6,052
Interest cost	3,342	3,567
Actuarial gains recognised	(9,738)	(7,209)
Total, included in staff costs	<u>(536)</u>	<u>2,410</u>

Principal actuarial assumptions used in the actuarial valuation are as follows:

	For the year ended 31 March 2006	For the year ended 31 March 2005
	%	%
Discount rate	4.50	4.50
Assumed rate of future salary increases	<u>3.10</u>	<u>3.00</u>

17. Deferred income

	Designated donation fund <i>[Note 2(e)]</i>	North District Hospital Fund <i>[Note 17(a)]</i>	Tseung Kwan O Hospital Fund <i>[Note 17(b)]</i>	Training and Welfare Fund <i>[Note 17(c)]</i>	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Restated)
At 1 April 2004	243,693	61,157	139,013	163,927	607,790
Additions during the year	122,742	-	-	1,109	123,851
Utilisation during the year	-	(22,701)	(1,909)	-	(24,610)
Transfers to statement of income and expenditure	(98,027)	-	-	(41,959)	(139,986)
At 31 March 2005	268,408	38,456	137,104	123,077	567,045
Additions during the year	135,805	-	-	3,473	139,278
Utilisation during the year	-	(9,609)	(676)	-	(10,285)
Transfers to statement of income and expenditure	(82,650)	-	-	(28,132)	(110,782)
Return of unspent funds to the Government	-	(26,800)	-	-	(26,800)
At 31 March 2006	321,563	2,047	136,428	98,418	558,456

17. Deferred income (Continued)**(a) North District Hospital Fund**

During the financial year 1993/94, the Government advanced to the HA a sum of HK\$1,690,350,000 for the construction of the North District Hospital. The sum is held by the HA in trust for the Government to meet the construction costs of the North District Hospital which are managed by the HA as an agent for the Government. All interest earned from this grant is repaid annually to the Government. The hospital was commissioned in the financial year 1997/98. An amount of HK\$188,400,000 was returned to the Government during the financial year 2002/03. As at 31 March 2006, the fund balance was HK\$2,047,000 after deducting the estimated amount of unspent funds to be returned to the Government of HK\$26,800,000. The remaining fund balance will be used for construction costs and any unspent balance will be repaid to the Government.

(b) Tseung Kwan O Hospital Fund

During the financial year 1995/96, the Government advanced HK\$2,047,290,000 to the HA for the construction of Tseung Kwan O Hospital. All interest earned from this grant is repaid annually to the Government. The hospital was commissioned in the financial year 1999/2000. An amount of HK\$373,000,000 was returned to the Government during the financial year 2002/03. The remaining fund balance will be used for construction costs and any unspent balance will be repaid to the Government.

(c) Training and Welfare Fund

During the financial year 2003/04, the Government made a special grant of HK\$200,000,000 to the HA for setting up a Training and Welfare Fund to provide (i) its health care staff with additional training to maintain and enhance their expertise in infectious disease control in the hospital setting, (ii) special recuperation grant and additional compensation for those health care staff who contracted Severe Acute Respiratory Syndrome (“SARS”) while on duty, and (iii) for the implementation of other staff welfare initiatives.

The Training and Welfare Fund is maintained in designated bank accounts which are included under cash and bank balances.

18. Capital subventions and donations

	Capital subventions [Note 2(p)]	Capital donations [Note 2(e)]	Total
	HK\$'000	HK\$'000	HK\$'000 (Restated)
At 1 April 2004	1,230,158	1,033,056	2,263,214
Additions during the year	417,828	43,285	461,113
Transfers to statement of income and expenditure	(539,511)	(80,777)	(620,288)
At 31 March 2005	1,108,475	995,564	2,104,039
Additions during the year	466,674	134,719	601,393
Transfers to statement of income and expenditure	(487,621)	(90,272)	(577,893)
At 31 March 2006	1,087,528	1,040,011	2,127,539

19. Designated fund

	Home Loan Interest Subsidy [Note 19(a)]	
	2006	2005
	HK\$'000	HK\$'000
At 1 April	4,542,289	3,987,376
Additions during the year	845,240	794,951
Transfers to statement of income and expenditure	(310,160)	(240,038)
At 31 March	5,077,369	4,542,289

19. Designated fund (Continued)**(a) Home Loan Interest Subsidy Scheme (“HLISS”)**

The HA offers eligible employees under the scheme an interest subsidy to finance the purchase of a residence in Hong Kong. Eligibility under the scheme is primarily determined by the employee’s length of service.

The amount of subsidy generally represents half of the interest rate payable by the eligible employee up to a maximum of 6% per annum. However, eligibility and the maximum amount of subsidies granted are subject to a number of restrictions as further defined in the scheme.

The scheme is funded by the HA through the recurrent subvention from the Government. A designated fund has been set aside for meeting the related expenditure on HLISS benefits and is maintained in designated bank and investment accounts which are included under cash and bank and fixed income instruments balances respectively.

20. Recurrent Government subvention

The HA receives annual operating grants from the Government to provide hospital services in Hong Kong. The draft MAA, described in note 1, provides a formula for the clawback of the excess of income over expenditure in the reporting period. For the year ended 31 March 2006 and 2005, no provision for clawback was required under the terms of the draft MAA.

21. Hospital/clinic fees and charges

The charges for hospital services provided by the HA are levied in accordance with those stipulated in the Gazette. Since the Government has established a set of policies and procedures on granting fee waivers to the needy patients, the hospital/clinic fees and charges recognised as income in the statement of income and expenditure are stated net of such waivers. The amount of hospital/clinics fees and charges waived for the financial year ended 31 March 2006 amounted to HK\$546,408,000 (2005: HK\$570,014,000).

22. Other operating expenses

Other operating expenses comprise office supplies, hospital supplies and other administrative expenses. The balance as at 31 March 2006 includes a provision for liability of HK\$629,000,000, being the estimated settlement package to doctors described in note 4(a).

23. Remuneration of Members of the Board and Five Highest Paid Executives

- (a) No Board members are remunerated in the capacity as Board members.
- (b) The remuneration of the five highest paid executives, which is included in the staff costs for the year, is as follows:

Current Position / Name of Executives	Basic pay, allowance, retirement scheme contribution and other benefits	Variable remuneration related to performance	Total for the year ended 31 March 2006	Total for the year ended 31 March 2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chief Executive				
Dr William HO*	2,203	780	2,983	4,525
Mr Shane SOLOMON*	342	- ^	342	-
Cluster Chief Executive (New Territories East)				
Dr Hong FUNG	3,237	295	3,532	3,530
Cluster Chief Executive (Hong Kong West)				
Dr Lawrence LAI	3,224	295	3,519	3,519
Director (Professional Services and Medical Development)				
Dr Vivian Taam WONG*	3,507	- ^	3,507	3,796
Cluster Chief Executive (Hong Kong East)				
Dr Loretta YAM [#]	3,220	246	3,466	-
Dr Pamela LEUNG [#]	-	-	-	3,519
	15,733	1,616	17,349	18,889

Note

- * Chief Executive is a member of the Board while his remuneration is paid in the capacity as an executive.
Dr William Ho's appointment as the Chief Executive was ended by 19 September 2005. He left HA on 29 December 2005.
Dr Vivian Taam Wong took up the appointment as the Chief Executive from 20 September 2005 to 28 February 2006.
Mr Shane Solomon was appointed as the Chief Executive effective 1 March 2006.
- # Dr Pamela Leung retired from her appointment of the Cluster Chief Executive (Hong Kong East) on 1 June 2005.
Dr Loretta Yam was appointed as the Cluster Chief Executive (Hong Kong East) on the same day to replace Dr Leung.
- ^ Chief Executive and Director (Professional Services and Medical Development) are not entitled to variable remuneration related to performance.

24. Retirement schemes

The HA operates an occupational retirement scheme, the Hospital Authority Provident Fund Scheme (“HAPFS”). In accordance with the Mandatory Provident Fund (“MPF”) Schemes Ordinance, the HA set up a MPF Scheme on 1 December 2000 by participating in a master trust scheme provided by INVESCO Strategic MPF Scheme (“MPFS”). Permanent employees can choose between the HAPFS and the MPFS while contract and temporary employees are required to join the MPFS.

(a) HA Provident Fund Scheme

The HAPFS is a defined contribution scheme. The Scheme was established and governed by its Trust Deed and Rules dated 22 October 1991, and registered under section 18 of the Hong Kong Occupational Retirement Schemes Ordinance (“ORSO”), and was terminated on 1 April 2003 for the purpose of establishing a new provident fund scheme (“the New HAPFS”), with effect from that date. All the funds, assets and monies of the HAPFS as at 1 April 2003 were transferred to the New HAPFS. The New HAPFS was established under a Trust Deed and Rules dated 29 January 2003 and registered under section 18 of the ORSO.

Most employees who have opted for the HA terms of employment are eligible to join the HAPFS on a non-contributory basis. The HAPFS is a defined contribution scheme as all benefits are defined in relation to contributions except that a minimum death benefit equating to twelve months’ salary applies on the death of a member. However, when the member’s account balance is less than his twelve months’ scheme salary, the difference will be contributed by the Death and Disability Scheme of the HA.

The monthly normal contribution by the HA is currently set at 15% of each member’s monthly basic salary. The percentage of benefit entitlement, receivable by the employee on resignation or retirement, increases with the length of service.

At 31 March 2006, the total membership was 37,361 (2005: 38,099). During the financial year 2005/06, the HA contributed to the scheme of HK\$1,858,857,000 (2005: HK\$1,920,169,000), which is included in the staff costs for the year. The scheme’s net asset value as at 31 March 2006 was HK\$29,881,429,000 (2005: HK\$25,496,881,000).

24. Retirement schemes (Continued)

(b) Mandatory Provident Fund Scheme

Effective from the MPF commencement date of 1 December 2000, the HA joined the INVESCO Strategic MPF Scheme which has been registered with the Mandatory Provident Fund Schemes Authority and authorised by the Securities and Futures Commission.

The HA's contributions to MPFS are determined according to each member's terms of employment. Members' mandatory contributions are fixed at 5% of monthly salary up to a maximum of HK\$1,000 per month.

At 31 March 2006, the total membership was 12,911 (2005: 10,662). During the financial year 2005/06, total members' contributions were HK\$88,044,000 (2005: HK\$77,092,000). The HA's contributions to the scheme, including a contribution payable of HK\$10,941,000 as at 31 March 2006 (2005: HK\$9,796,000), was HK\$124,554,000 (2005: HK\$114,428,000) which is included in the staff costs for the year. The net asset value as at 31 March 2006 was HK\$1,227,200,000 (2005: HK\$913,182,000).

25. Related party transactions

Significant related party transactions entered into by the HA include the following:

- (a) The HA has entered into agreements with the Electrical and Mechanical Services Department ("EMSD") of the Government for providing biomedical and general electronics engineering services, hospital engineering services and health building maintenance services to the HA. According to the terms of agreements, the amounts incurred for these services for the year amounted to HK\$569,230,000 (2005: HK\$570,590,000). Other services provided by the EMSD for the year (e.g. routine maintenance and improvement works) were approximately HK\$213,760,000 (2005: HK\$250,156,000).
- (b) The HA has entered into agreements with the Correctional Services Department of the Government for providing linen products and laundry services to the HA. According to the terms of agreements, the amounts incurred for purchases of goods and services for the year amounted to HK\$30,555,000 (2005: HK\$26,668,000).

25. Related party transactions (Continued)

- (c) The HA has entered into agreement with the Government to provide serving and retired civil servants, their eligible dependants and other eligible persons with the services and facilities at all public hospitals and clinics free of charge or at the prevailing rates as prescribed in the Civil Service Regulations. For the year ended 31 March 2006, revenue foregone in respect of medical services provided to these persons amounted to HK\$295,327,000 (2005: HK\$274,218,000). The cost of such services have been taken into account in the Government's subvention to the HA.

- (d) Remuneration of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the HA. It comprises the Chief Executive, Directors, Cluster Chief Executives and other division heads of the Head Office.

Total remuneration of the key management personnel is shown below:

	For the year ended 31 March 2006	For the year ended 31 March 2005
	HK\$'000	HK\$'000
Basic pay and other short term employee benefits	41,451	39,567
Post-employment benefits	3,634	3,424
	<u>45,085</u>	<u>42,991</u>

25. Related party transactions (Continued)

- (e) Other significant related party transactions with the Government include annual recurrent grants (note 20), capital subventions (note 18) and designated funds (notes 17 and 19). Details of transactions relating to the HA's retirement schemes are included in note 24.

- (f) Cash advance to key management personnel

A cash advance was made to the Chief Executive during the financial year 2005/06 to support the expenses incurred for his relocation to Hong Kong. The advance is interest-free and repayable in six equal instalments commencing from March 2006. Details are as follows:

	2006	2005
	HK\$'000	HK\$'000
At 1 April	-	-
Amount advanced during the year	265	-
Amount repaid during the year	(44)	-
At 31 March	221	-

- (g) Outstanding balances with the Government as at 31 March 2006 are disclosed in note 11, 12, 14 and 15.

26. Reconciliation of the deficit for the year to net cash used in operating activities

	For the year ended 31 March 2006	For the year ended 31 March 2005
	HK\$'000	HK\$'000 (Restated)
Deficit for the year	(1,230,886)	(337,824)
Investment income	(97,464)	(34,306)
Income transferred from capital subventions and donations	(577,893)	(620,288)
Income transferred from home loan interest subsidy	(310,160)	(240,038)
Loss on disposal of property, plant and equipment	6,057	4,405
Depreciation and amortisation	571,836	615,883
(Decrease)/increase in death and disability liabilities	(2,346)	30
Decrease in deferred income	(8,589)	(40,745)
(Increase)/decrease in inventories	(68,311)	20,019
Decrease in loans receivable	9,132	9,327
Decrease/(increase) in accounts receivable	16,690	(1,762)
Increase in other receivables	(74,025)	(8,804)
Decrease in deposits and prepayments	9,371	26,258
Increase in creditors and accrued charges	764,568	76,502
Increase/(decrease) in deposits received	6,219	(12,407)
Net cash used in operating activities	(985,801)	(543,750)

27. Funds in trust

At 31 March 2006, funds held in trust (including accrued interest income) for the Government are set out below:

	Balance at 31 March 2006	Balance at 31 March 2005
	HK\$'000	HK\$'000
Health Care and Promotion Fund	61,385	64,750
Health Services Research Fund	2,703	3,982
	<u>64,088</u>	<u>68,732</u>

28. Donations from the Hong Kong Jockey Club Charities Trust

During the financial year 2005/06, the Hong Kong Jockey Club Charities Trust made donations totalling HK\$47,731,000 (2005: HK\$22,129,000) to the following institutions:

	HK\$'000
Hong Kong Red Cross Blood Transfusion Service	811
Prince of Wales Hospital	3,620
Queen Elizabeth Hospital	26,013
United Christian Hospital	17,287
	<u>47,731</u>

The donations were accounted for in the designated donation fund in accordance with the accounting policy set out in note 2(e)(ii).

29. Commitments

As at the balance sheet date, the HA had the following commitments:

	At 31 March 2006	At 31 March 2005
	HK\$'000	HK\$'000
(a) Capital commitments		
Authorised but not contracted for	1,698,772	1,885,064
Contracted for but not provided	528,196	1,160,289
	<u>2,226,968</u>	<u>3,045,353</u>

The capital commitments disclosed above include both costs to be capitalised under property, plant and equipment and also costs which are to be charged to the statement of income and expenditure in accordance with the accounting policy set out in note 2(f).

(b) Operating lease commitments

Commitments for future minimum payments under non-cancellable operating leases which fall due as follows:

	At 31 March 2006	At 31 March 2005
	HK\$'000	HK\$'000
Buildings		
Within one year	7,217	4,047
In the second to fifth year, inclusive	4,606	3,677
	<u>11,823</u>	<u>7,724</u>
Equipment		
Within one year	1,361	3,705
In the second to fifth year, inclusive	-	1,325
	<u>1,361</u>	<u>5,030</u>

30. Taxation

No taxation is provided as the HA is exempt from taxation under the Hospital Authority Ordinance.

31. Approval of financial statements

The financial statements were approved by members of the HA on 21 August 2006.

Appendices

Appendix 1	Membership of the Hospital Authority	109
Appendix 2	Hospital Authority Committee Structure	114
Appendix 3	Membership and Work Focus of Functional Committees	116
Appendix 4	Membership of Hospital Governing Committees	133
Appendix 5	Membership of Regional Advisory Committees	147
Appendix 6	Membership of the Board of Trustees of the Hospital Authority Provident Fund Scheme	150
Appendix 7	Public Feedback Statistics	151
Appendix 8	Statistics of the Controlling Officer's Report	152
Appendix 9	Statistics on Number of Beds, Inpatient, Accident & Emergency and Outpatient Services in 2005/06	157
Appendix 10	Statistics on Community and Rehabilitation Services, 2005/06	161
Appendix 11	Manpower Position of the Hospital Authority – by Cluster by Institution	165
	Manpower Position of the Hospital Authority – by Staff Group	167
Appendix 12	Resource Utilisation by Hospital Clusters for 2005/06	170
	Hospital Authority Training and Development Expenditure 2005/2006	171
Appendix 13	Hospital Authority Five-Year Financial Highlights	172
Appendix 14	Analysis of Hospital/Clinic Fees and Charges	175

Membership of the Hospital Authority

Name	No. of plenary meetings attended in 2005/06	Committee participation in 2005/06*
Mr Anthony WU Ting-yuk, JP (Chairman)	14	Chairman of plenary meetings, SC, PC and EEC; Chairman of HACF (<i>from 27.10.2005</i>); Chairman of FC (<i>up to 30.11.2005</i>); Chairman of Taskforce on Legal Matters; and Member of HAPFS (<i>from 20.9.2005 to 28.2.2006</i>).
Miss Eliza C H CHAN, BBS, JP (<i>up to 30.11.2005</i>)	5	Chairman of PCC; Member of SC and PC (<i>up to 30.11.2005</i>); HGC Chairman of Kowloon Hospital and Hong Kong Eye Hospital; and member of KRAC.
Miss Iris CHAN Sui-ching, BBS (<i>up to 30.11.2005</i>)	7	Member of MSDC (<i>up to 30.11.2005</i>); Member of PCC; and HGC Member of Tseung Kwan O Hospital.
Ms Vivien CHAN, JP	9	Member of AC (<i>up to 30.11.2005</i>); Vice-chairman of AC (<i>from 1.12.2005</i>); Member of SSDC; Rotating Member of MTB (<i>from 1.12.2005</i>); and HGC Member of Princes of Wales Hospital.
Dr Lily CHIANG (<i>up to 30.11.2005</i>)	8	Chairman of SSDC, Member of SC and Rotating Member of MTB (<i>up to 30.11.2005</i>); Members of PC; and HGC Chairman of Tai Po Hospital.
Dr Margaret CHUNG (<i>from 1.12.2005</i>)	5	Member of MSDC and PCC.
Hon Vincent FANG Kang, JP	11	Vice-chairman of HRC; Member of PC; and HGC Chairman of Kwai Chung Hospital and Princess Margaret Hospital.

Name	No. of plenary meetings attended in 2005/06	Committee participation in 2005/06*
Prof FOK Tai-fai, JP	13	Chairman of MSDC, Member of SC, PC and EEC (<i>from 21.4.2005</i>); Member of FC; HGC Member of Prince of Wales Hospital; and Member of NRAC (<i>up to 15.4.2005</i>).
Dr Anthony HO Yiu-wah, JP	12	Chairman of HRC & SAC, Member of SC and EEC (<i>from 1.12.2005</i>); Vice-chairman of FC and Member of SSDC (<i>up to 30.11.2005</i>); Member of MSDC, PC, HAPFS and Taskforce on Legal Matters; Chairman of MTB (<i>up to 30.11.2005</i>); HGC Chairman of Queen Mary Hospital; HGC Member of Yan Chai Hospital; and Chairman of HRAC.
Mr Edward HO Sing-tin, SBS, JP	12	Chairman of AC and Vice-chairman of SSDC (<i>up to 30.11.2005</i>); Chairman of SSDC, Member of SC and EEC (<i>from 1.12.2005</i>); Member of PC; Rotating Member of MTB; and HGC Chairman of Prince of Wales Hospital.
Miss Susie HO, JP <i>Deputy Secretary for Health, Welfare & Food (Health)</i>	14	Member of PC, EEC, FC, HRC, MSDC, SSDC and Taskforce on Legal Matters.
Dr William HO Shiu-wei, JP <i>(up to 19.9.2005)</i>	5	Member of FC, HAPFS, HACF, HRC, MTB, MSDC, PC, SC, SSDC, EEC, and all RACs and HGCs.
Dr Hon KWOK Ka-ki	10	Member of HRC and MSDC; Rotating Member of MTB (<i>from 1.12.2005</i>); and Member of HRAC.

Name	No. of plenary meetings attended in 2005/06	Committee participation in 2005/06*
Prof LAI Kar-neng	8	Member of HRC and MSDC (<i>from 21.4.2005</i>).
Dr P Y LAM, JP <i>Director of Health</i>	14	Member of MSDC.
Prof LAM Shiu-kum	9	Member of FC and MSDC; and HGC Member of Queen Mary Hospital and Grantham Hospital.
Ms Polly LAU (<i>from 1.12.2005</i>)	6	Member of HRC and MSDC.
Mr John LEE Luen-wai, JP	14	Chairman of FC and MTB, Member of SC (<i>from 1.12.2005</i>); Member of FC (<i>up to 30.11.2005</i>); Member of AC (<i>up to 31.3.2006</i>); Member of Taskforce on Legal Matters; and co-opted HGC Member of Queen Mary Hospital.
Dr Hon Joseph LEE Kok-long, JP	6	Member of HRC and MSDC; Member of PCC (<i>from 1.12.2005</i>); and HGC member of Kwai Chung Hospital and Princess Margaret Hospital.
Mr Lawrence LEE Kam-hung	12	Vice-chairman of FC and MTB (<i>from 1.12.2005</i>); Member of MSDC and Taskforce on Legal Matters; Member of FC (<i>up to 30.11.2005</i>); and HGC Member of Grantham Hospital.
Mrs Eleanor LING LEE Ching-man, SBS, JP (<i>up to 30.11.2005</i>)	7	Chairman of HRC and SAC and Member of SC and EEC (<i>up to 30.11.2005</i>); Member of PC; Chairman of HAPFS; and HGC Chairman of Queen Elizabeth Hospital.

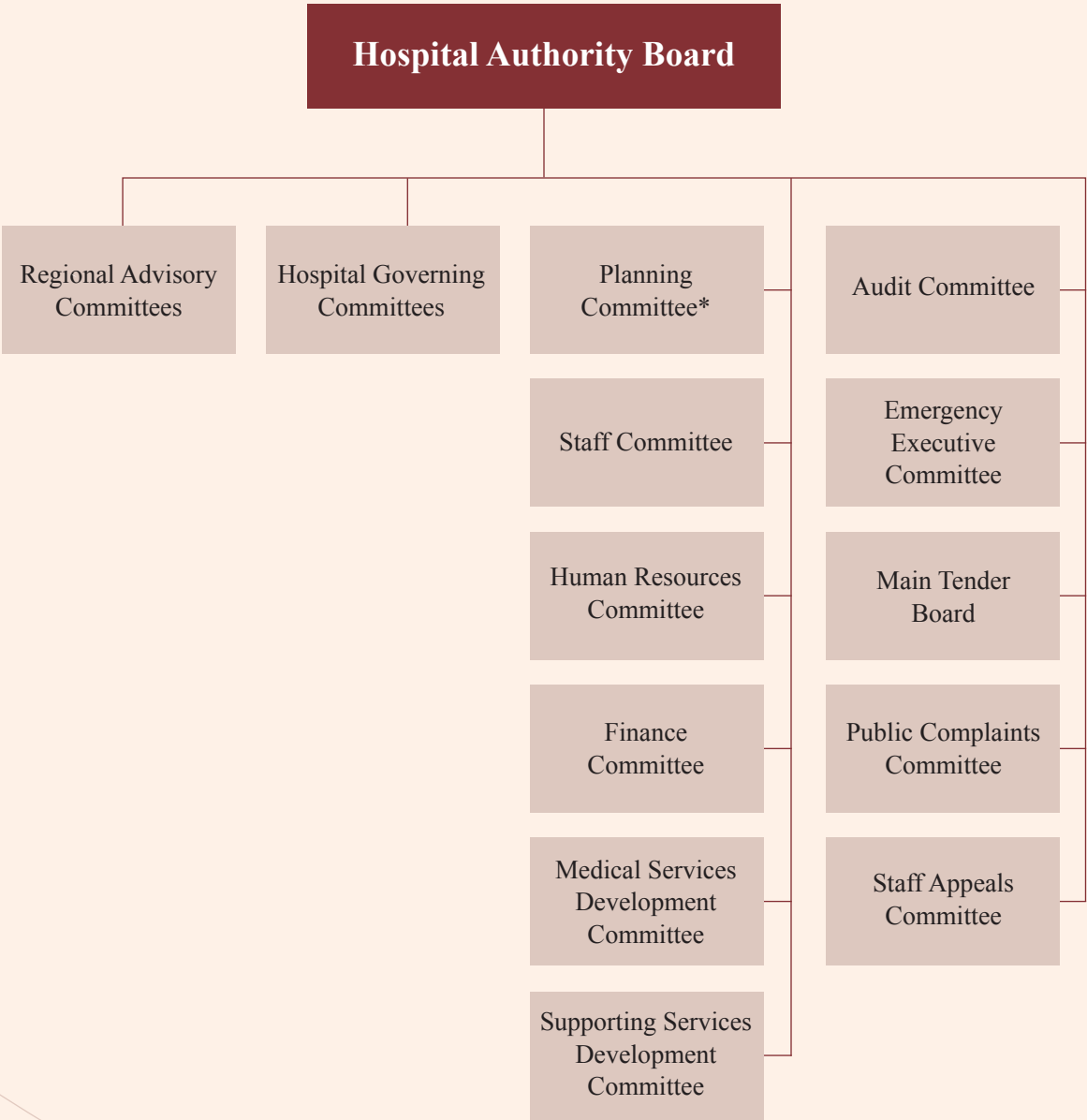
Name	No. of plenary meetings attended in 2005/06	Committee participation in 2005/06*
Mr Peter LO Chi-lik	12	Chairman of PCC, Member of SC and EEC (<i>from 1.12.2005</i>); Member of SSDC and Taskforce on Legal Matters.
Mr LO Chung-hing, SBS (<i>up to 30.11.2005</i>)	5	Member of FC, Rotating Member of MTB, and Chairman of NRAC (<i>up to 30.11.2005</i>); Member of HAPFS; and HGC Chairman of Tseung Kwan O Hospital.
Mr Charles MOK	12	Member of SSDC (<i>up to 30.11.2005</i>); Vice-chairman of SSDC and Rotating Member of MTB (<i>from 1.12.2005</i>); and Member of HRC and MSDC.
Mrs Gloria NG WONG Yee-man, JP	11	Member of FC and MSDC; Rotating Member of MTB; HGC Chairman of North District Hospital; and Chairman of NRAC (<i>from 1.12.2005</i>).
Mr Shane SOLOMON (<i>from 1.3.2006</i>)	2	Member of FC, HAPFS, HRC, MTB, MSDC, SC, SSDC, EEC, all RACs and HGCs and Taskforce on Legal Matters.
Ms Elizabeth TSE, JP (<i>representing Secretary for Financial Services and the Treasury</i>)	14	Member of FC and MSDC.
Prof Thomas WONG Kwok-shing	9	Vice-chairman of MSDC; Member of HRC and PC; Member of PCC (<i>up to 30.11.2005</i>); and HGC Chairman of Shatin Hospital.

Name	No. of plenary meetings attended in 2005/06	Committee participation in 2005/06*
Dr Vivian WONG, JP (from 20.9.2005 to 28.2.2006)	7	Member of FC, HRC, MTB, MSDC, SC, SSDC, PC, EEC and all RACs and HGCs.
Dr Eden WOON, JP	12	Member of AC (from 1.12.2005); and Member of HRC.
Dr Loretta YAM Yin-chun, BBS (up to 31.5.2005)	2	Member of FC, HRC and MSDC; and HGC Member of Ruttonjee & Tang Shiu Kin Hospitals (up to 29.7.2005).
Mr Paul YU Shiu-tin, JP	14	Chairman of AC and Member of EEC (from 1.12.2005); Member of MSDC; Member of AC (up to 30.11.2005); Rotating Member of MTB; Chairman of KRAC; HGC Chariman of Tuen Mun Hospital; and HGC Member of Kwong Wah Hospital/Wong Tai Sin Hospital.

* Apart from the principal officer (the Hospital Authority Chief Executive), other members are not remunerated in the capacity as Board members. They participate in the governance of the Authority through formulating policies/directions and overseeing executive performance at Board meetings, as well as taking part in steering the work of various committees of the Authority including:

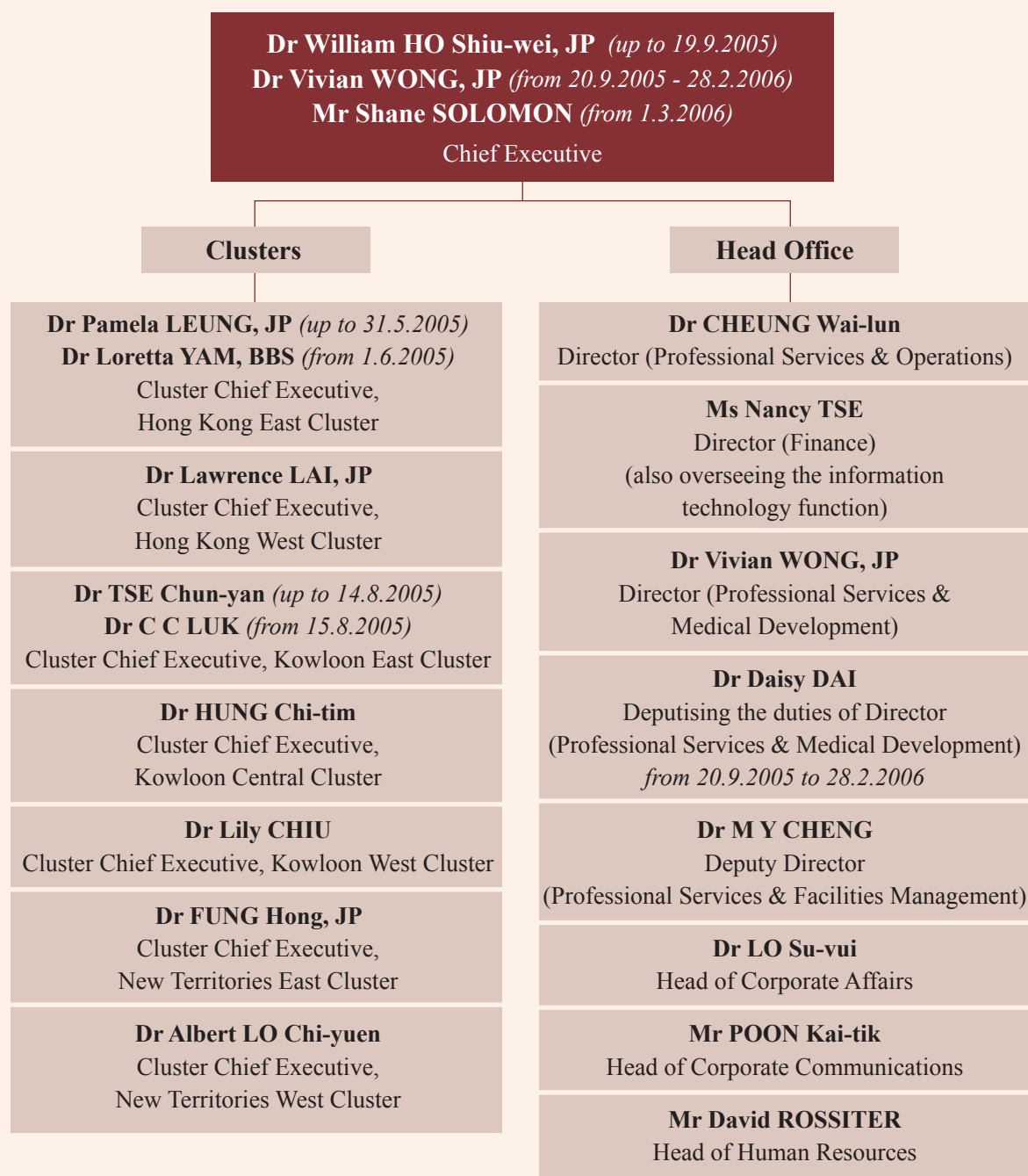
AC – Audit Committee	MSDC – Medical Services Development Committee
EEC – Emergency Executive Committee	MTB – Main Tender Board
FC – Finance Committee	NRAC – Regional Advisory Committee of the New Territories
HAPFS – Hospital Authority Provident Fund Scheme	PC – Planning Committee
HACF – Hospital Authority Charitable Foundation	PCC – Public Complaints Committee
HGC – Hospital Governing Committee	SAC – Staff Appeals Committee
HRAC – Regional Advisory Committee of Hong Kong	SC – Staff Committee
HRC – Human Resources Committee	SSDC – Supporting Services Development Committee
KRAC – Regional Advisory Committee of Kowloon	

Hospital Authority Committee Structure



** The Planning Committee was dissolved on 27.10.2005*
Membership lists of the various committees are set out in Appendices 3, 4 and 5

Executive Structure of the Hospital Authority



Membership and Work Focus of Functional Committees

Audit Committee

Membership List

Chairman	:	Mr Edward HO Sing-tin, SBS, JP (<i>up to 30.11.2005</i>)
	:	Mr Paul YU Shiu-tin, JP (<i>from 1.12.2005</i>)
Vice-Chairman	:	Ms Vivien CHAN, JP (<i>from 1.12.2005</i>)
Member	:	Ms Vivien CHAN, JP (<i>up to 30.11.2005</i>)
	:	Mr Edward HO Sing-tin, SBS, JP (<i>from 1.12.2005</i>)
	:	Mr John LEE Luen-wai, JP
	:	Ms Estella Y K NG
	:	Dr Eden WOON Yi-teng, JP (<i>from 1.12.2005</i>)
	:	Mr Paul YU Shiu-tin, JP (<i>up to 30.11.2005</i>)
In attendance	:	Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>)
	:	Dr Vivian WONG, JP (<i>from 20.9.2005 up to 28.2.2006</i>)
	:	Mr Shane SOLOMON (<i>from 1.3.2006</i>)
	:	Miss Susie HO, JP <i>Deputy Secretary for Health, Welfare & Food (Health)</i>

Terms of Reference :

- Exercise an active oversight of the internal audit function to ensure that its:
 - mandate, resources and organisational status are appropriate;
 - plans and activities are adequate to provide systematic coverage of the internal control and risk management systems put in place by the Management; and
 - findings are actioned appropriately and timely.
- Recommend the appointment of the External Auditor and the audit fee to the Board, endorse any non-audit services to be provided by the External Auditor, and to consider any questions of resignation or dismissal.
- Consult with the External Auditor on all relevant matters including the:
 - nature and scope of the audit;
 - audited financial statements and the audit opinion;
 - management letter and Management's response; and
 - matters of which the External Auditor may wish to draw attention.
- Gain reasonable assurance on the completeness, accuracy, and fairness of audited financial statements, including appropriateness of accounting policies and standards, adequacy of disclosures and significant audit adjustments (in collaboration with the Finance Committee).

5. Monitor HA's financial and administrative control processes, including those designed to ensure the safeguarding of resources and operational efficiency, through the results of internal and external audit.
6. Oversee the processes implemented by the Management for monitoring:
 - compliance with pertinent statutes and regulations;
 - compliance with HA's Code of Conduct, and
 - effectiveness of controls against conflicts of interest and fraud.

[Note : It should be noted that although the functions of the Audit Committee cover a wide area, matters that are of a pure clinical nature (such as medical ethics) are not within its purview.]

Focus of work in 2005/06 :

The Audit Committee met four times in 2005/06 to review the Authority's internal and external audit matters, its internal control as well as financial reporting systems. It provided guidance to formulation of the Authority's Annual Internal Audit Plan and received quarterly reports on the completed audit results and follow-up actions. The internal audits reviewed during the year included "Staff Communications", "Medical Equipment Follow-up", "Special Investigation – Shroff Fraud – Kwong Wah Hospital", "User Access Management", "Missing Patients – Follow-up", "Doctors' Working hours", "Security and Control of HA Extranets and Medical Networks", "Employment Contracts", "Payroll – Temporary Staff" and "Systems Development Life Cycle Framework". The Committee also examined HA's internal audit mandate, organisational arrangements and resources to ensure that these meet HA's needs and comply with relevant best practices.

In addition, the Committee reviewed the External Auditor's work plans and subsequently discussed their audit opinion on HA's financial statements in a joint meeting with the Finance Committee. Discussion on the financial statements included a satisfactory review with the External Auditor on the appropriateness of HA's accounting policies, reasonableness of the management estimates, adequacy of the disclosures made, and overall quality of HA's statutory financial reporting.

The Committee considered accountability reports from responsible subject officers to monitor the financial and administrative control processes in place such as the risk assessment of patient care, business support and external relations functions. To further enhance HA's overall risk management and internal control framework, the Committee initiated discussions with the HA Head Office Risk Management Committee to understand the significant risk areas facing HA and the Management's mitigating actions. The Committee also met with the Independent Commission Against Corruption's Director of Corruption Prevention to solicit his views on the effectiveness of HA's various risk management initiatives.

Finance Committee

Membership List

Chairman : Mr John LEE Luen-wai, JP (*from 1.12.2005*)
Mr Anthony WU Ting-yuk, JP (*up to 30.11.2005*)

Vice-Chairman	:	Dr Anthony HO Yiu-wah, JP (<i>up to 30.11.2005</i>) Mr Lawrence LEE Kam Hung (<i>from 1.12.2005</i>)
Member	:	Prof FOK Tai-fai, JP Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>) Prof LAM Shiu-kum Mr Lawrence LEE Kam Hung (<i>up to 30.11.2005</i>) Mr John LEE Luen-wai, JP (<i>up to 30.11.2005</i>) Mr LO Chung-hing, SBS (<i>up to 30.11.2005</i>) Mrs Gloria NG WONG Yee-man, JP Mr Shane SOLOMON (<i>from 1.3.2006</i>) Mr M N Somerville Ms Elizabeth TSE, JP Ms Ernestina WONG (<i>from 25.6.2005</i>) <i>[(representing Deputy Secretary for Health, Welfare & Food (Health))]</i> Dr Vivian WONG, JP (<i>from 20.9.2005 up to 28.2.2006</i>) Dr Loretta YAM Yin Chun, BBS (<i>up to 31.5.2005</i>) Mrs Ingrid YEUNG (<i>up to 24.6.2005</i>) <i>[representing Deputy Secretary for Health, Welfare & Food (Health)]</i>

Terms of Reference :

1. To advise and make recommendations on the financial aspects of the Hospital Authority Corporate Plan and Annual Plan.
2. To advise and make recommendations on the financial planning, control, performance, monitoring and reporting aspects of the Hospital Authority.
3. To advise on policy guidelines for all financial matters, including investment, business and insurance.
4. To advise and make recommendations on the resource allocation policies.
5. To advise and recommend to the Hospital Authority on the financial statements (audited and unaudited) of the Hospital Authority.
6. To liaise with the Trustees of the Hospital Authority Provident Fund Scheme and the Hospital Authority Mandatory Provident Fund Scheme and make recommendations to the Hospital Authority.
7. To monitor the financial position of the Authority.

Focus of work in 2005/06 :

In 2005/06, the Finance Committee met six times to advise and make recommendations to the Board on the financial planning, control, performance, monitoring and reporting aspects of the Authority. It considered the proposed HA budget estimate for 2006/07 and its model for internal resources allocation, reviewed monthly financial reports, the mid-year financial report and the financial statements of HA, and received progress reports on HA's recurrent subvention review, funding positions of the Home Loan Interest Subsidy Scheme and Samaritan Fund, and development of the Enterprise Resources Planning System. The Committee also examined the findings of a review on HA's accounting policies and HA's banking arrangements with Hong Kong & Shanghai Banking Corporation.

During the year, the Committee also reviewed HA's insurance programme renewal strategy, organisational arrangements of the cluster finance function, provision of accounting services to the HA Provident Fund Scheme, the Annual Work Plan of HA Head Office's Finance Division, and results of the annual service costing exercise. It also advised on the financial aspects of HA's response to the Health & Medical Development Advisory Committee's report on Hong Kong's future healthcare service delivery model released in July 2005.

Human Resources Committee

Membership List

Chairman	:	Dr Anthony HO Yiu-wah, JP (<i>from 1.12.2005</i>) Mrs Eleanor LING, SBS, JP (<i>up to 30.11.2005</i>)
Vice-Chairman	:	The Hon Vincent FANG Kang, JP
Member	:	Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>) Mr Billy KONG, JP Dr Hon KWOK Ka-ki Prof LAI Kar-neng (<i>from 21.4.2005</i>) Ms Polly LAU Mo-yee (<i>from 1.12.2005</i>) Dr Hon Joseph LEE Kok-long, JP Mr John LEUNG Chi-fai, JP Dr Kim MAK Mr Charles Peter MOK (<i>21.4.2005</i>) Mr Shane SOLOMON (<i>from 1.3.2006</i>) Ms Ernestina WONG (<i>from 25.6.2005</i>) <i>[representing Deputy Secretary for Health, Welfare & Food (Health)]</i>

Prof Thomas Wong Kwok-shing

Dr Vivian WONG, JP (*from 20.9.2005 up to 28.2.2006*)

Dr Eden WOON Yi-teng, JP (*from 21.04.2005*)

Dr Loretta YAM Yin Chun, BBS (*up to 31.5.2005*)

Mrs Ingrid YEUNG (*up to 24.6.2005*)

*[representing Deputy Secretary for Health,
Welfare & Food (Health)]*

Terms of Reference :

1. To advise on staff training and development matters;
2. To advise on manpower planning;
3. To advise, review and make recommendations on human resources policies and related issues;
4. To advise, review and make recommendations to the Hospital Authority on the terms and conditions of employment for staff;
5. To advise, review and make recommendations to the Hospital Authority on staff pay awards and overall staffing structure; and
6. To advise, review and make recommendations to the Hospital Authority on any other staff related matters.

Focus of work in 2005/06 :

The Human Resources Committee met four times in 2005/06 to discuss various matters relating to staff management review and development, remuneration and benefits, post-SARS staff management issues and the Authority-wide human resources projects.

On staff management review and development, the Committee examined the findings of the staff survey conducted in late 2004. It compared the outcomes with those of the Staff Opinion Survey in 1999 and noted the improvement in overall results. It also considered the follow up plans on the issues identified, including the setting up of a Work Group. The Committee was updated on the progress of the Executive Competency Development Project. It had also given comment on the overall strategy and conceptual framework for the management development of HA's senior clinical leaders.

On remuneration and benefits, the Committee reviewed and supported initiatives for boosting staff morale. It also considered the long term/permanent employment for contract staff with good performance. After careful consideration, it supported the arrangements for converting contract staff to longer term/permanent employment and requested that a proposal on performance management be put forth for consideration at the same time.

As for post-SARS staff management issues, the Committee received regular updates on progress of actions taken to address the post-SARS staff issues, including additional payment to HA staff who suffered permanent incapacity due to SARS, and the well-being and work status of SARS infected staff.

In addition, the Committee noted the human resources arrangements for handling crisis situations such as pandemic outbreak. It also reviewed the progress of various human resources projects and on-going functions, such as performance review of the Mandatory Provident Fund and handling of staff complaints.

Main Tender Board

Membership List

Chairman	:	Dr Anthony HO, JP (<i>up to 30.11.2005</i>) Mr John LEE Luen-wai, JP (<i>from 1.12.2005</i>)
Vice-Chairman	:	Mr Lawrence LEE Kam-hung (<i>from 1.12.2005</i>)
Ex-officio Member	:	Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>) Dr Vivian WONG, JP (<i>from 20.9.2005 up to 28.2.2006</i>) Mr Shane SOLOMON (<i>from 1.3.2006</i>) (<i>Chief Executive or his nominated representative</i>) Ms Nancy TSE (<i>Director (Finance) or her nominated representative</i>)
Members	:	Three of the following rotating members : Ms Vivien CHAN, JP (<i>from 1.12.2005</i>) Dr Lily CHIANG (<i>up to 30.11.2005</i>) Mr Edward HO Sing-tin, SBS, JP Dr Hon KWOK Ka-ki (<i>from 1.12.2005</i>) Mr LO Chung Hing, SBS (<i>up to 30.11.2005</i>) Mr Charles MOK (<i>from 1.12.2005</i>) Mr Paul YU Shiu-tin, JP

Terms of Reference :

1. To review and assess the recommendations made by the assessment panel;
2. To review the procedures and criteria adopted by the assessment panel in the course of its selection;
3. To approve the selection made by the assessment panel after satisfying itself that (1) and (2) are in order and such approval should be final.

Focus of work in 2005/06 :

The Hospital Authority Main Tender Board is set up to consider and approve tenders above the value of \$4 million. It comprises a Chairman, two ex-official members [the Chief Executive and Director (Finance) or their representatives] and three non-executive members invited from six rotating Hospital Authority members.

In 2005/06, the Main Tender Board met 12 times to consider a total of 107 tender proposals for procurement of supplies and services and for contracting out capital works projects. Tenders for procurement of supplies mainly covered purchases of medical equipment and consumables, while domestic service contracts formed the bulk of service tenders. Capital works tenders were mainly related to hospital maintenance and redevelopment projects.

Medical Services Development Committee

Membership List

Chairman	:	Prof FOK Tai-fai, JP (<i>from 21.4.2005</i>)
Vice-Chairman	:	Prof Thomas WONG Kwok-shing
Members	:	Miss Iris CHAN Sui-ching, BBS (<i>up to 30.11.2005</i>) Dr Margaret CHUNG Wai-ling (<i>from 1.12.2005</i>) Prof FOK Tai-fai, JP (<i>up to 20.4.2005</i>) Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>) Miss Susie HO, JP <i>Deputy Secretary for Health, Welfare & Food (Health)</i> Dr Anthony HO Yiu-wah, JP Dr Hon KWOK Ka-ki Prof LAI Kar-neng (<i>from 21.4.2005</i>) Dr P Y LAM Prof LAM Shiu-kum Ms Polly LAU Mo-yee (<i>from 1.12.2005</i>) Dr Hon Joseph LEE Kok-long, JP Mr Lawrence LEE Kam Hung (<i>from 21.4.2005</i>) Mr Charles MOK (<i>from 21.4.2005</i>) Mrs Gloria NG WONG Yee-man, JP Mr Shane SOLOMON (<i>from 1.3.2006</i>)

Ms Elizabeth TSE, JP

Dr Vivian WONG, JP (*from 20.9.2005 up to 28.2.2006*)

Dr Loretta YAM Yin Chun, BBS (*up to 31.5.2005*)

Mr Paul YU Shiu-tin, JP

Terms of Reference :

1. To examine, review and make recommendations on the changing needs of the community in respect of clinical services provided by public hospitals and institutions;
2. To advise and make recommendations on the overall policies, directions and strategies relating to the provision, planning and development of the public hospitals and related services, having regard to the availability of technology, staff and other resources and the need to provide a patient-centred, outcome-focused quality healthcare service by a knowledge-based organisation;
3. To consider and make recommendations on the overall priorities for the planning and development of the public hospitals and related services in order to ensure an optimal utilisation of available resources; and
4. To consider, review and make recommendations on any other matters related to the planning and development of the public hospitals and related services.

Focus of work in 2005/06 :

The Medical Services Development Committee met four times in 2005/06 to review current issues relating to clinical services planning, development and management. It considered and deliberated on the progress and strategic directions of various clinical service programmes including the Nucleic Acid Test project for mass screening of donated blood, the Head Start Programme on community-based and collaborative approach in child development, and the Electronic Patient Record (ePR) Image Distribution Project for achieving filmless radiological services. It reviewed the audit reports on the Percutaneous Coronary Intervention Programme and the operation of the Cluster Research Ethics Committees. The Committee also reviewed the initiatives in patient service improvement, including the implementation of the new “Informed Consent” package and alternative models for provision of general outpatient service.

Furthermore, the Committee reviewed the Authority’s clinical services planning processes and priorities through its deliberation on HA’s roles and strategic directions in the future development of rehabilitation services, the Five-Year Strategic Plan (2006-2010) for Nursing Services Development, HA’s submissions for the 2006 Resource Allocation Exercise, and the 2006/07 IT Annual Plan on Medical Services.

Planning Committee

Membership List

Chairman	:	Mr Anthony WU Ting-yuk, JP
Members	:	Miss Eliza C H CHAN, BBS, JP Dr Lily CHIANG The Hon Vincent FANG Kang, JP Prof FOK Tai-fai, JP (<i>from 21.4.2005</i>) Dr Anthony HO Yiu-wah, JP Mr Edward HO Sing-tin, SBS, JP Miss Susie HO, JP <i>Deputy Secretary for Health, Welfare & Food (Health)</i> Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>) Mrs Eleanor LING, SBS, JP Prof Thomas WONG Kwok-shing Dr Vivian WONG, JP (<i>from 20.9.2005</i>)

Terms of Reference :

1. To advise on the overall policies, directions and priorities relating to the provision and development of services of the Hospital Authority.
2. To deliberate on the strategic, corporate and annual planning of the Hospital Authority.
3. To coordinate the work of the other functional committees of the Hospital Authority.

(Note: The functions of the Planning Committee were subsumed to the HA Board on 27 October 2005.)

Focus of work in 2005/06 :

In 2005/06, the Planning Committee met two times to formulate strategies, policies, directions and priorities relating to the provision and development of services of HA. It considered progress updates on the proposals for revision of public hospital fees and the post-SARS legal matters. It also deliberated on the recommendations of the Health and Medical Development Advisory Committee before the publication of its discussion paper on Hong Kong's future healthcare delivery model. In addition, the Committee discussed the communication strategies for further enhancing HA's image as a professionally competent and trustworthy organisation committed to maintaining and improving the health of Hong Kong people.

Public Complaints Committee

Membership List

Chairman	:	Miss Eliza C H CHAN, BBS, JP (<i>up to 30.11.2005</i>) Mr Peter LO Chi-lik (<i>As member from 21.4.2005;</i> <i>As Chairman from 1.12.2005</i>)
Vice-Chairman	:	Dr LAM Ching-choi, JP *
Members	:	Miss Iris CHAN Sui-ching Mr CHAN Shu-ying, SBS (<i>from 1.12.2005</i>) Dr Jennifer CHEUNG NG Chui-yiu (<i>from 1.12.2005</i>) Rev Dr Eric CHONG Chee-min Mr Rowland CHOW Ting-kwan (<i>from 1.12.2005</i>) Mr Antonio CHU Lok-sang (<i>from 1.12.2005</i>) Prof Joanne CHUNG Wai-yee (<i>from 1.12.2005</i>) Dr Margaret CHUNG Wai-ling (<i>from 1.12.2005</i>) Dr Conrad LAM Kui-shing, JP (<i>up to 30.11.2005</i>) Dr the Hon Joseph LEE Kok-long, JP (<i>from 1.12.2005</i>) Mr Carlos LEUNG Sze-hung * Dr Pamela LEUNG, JP * (<i>from 1.12.2005</i>) Mr Lawrence LI Shu-fai, SBS, JP (<i>from 1.12.2005</i>) H H Judge David LOK (<i>up to 30.11.2005</i>) Mr MA Ching-yuk, BBS, JP Mr Alexander MAK Kwai-wing Mrs Pauline NG CHOW May-lin, JP Mr Stephen NG Chin-ming (<i>from 1.12.2005</i>) Mr Anthony WONG Luen-kin, JP Mrs Elizabeth WONG YEUNG Po-wo, MBE (<i>from 1.12.2005</i>) Prof Thomas WONG Kwok-shing (<i>up to 30.11.2005</i>) Sr Catherine WU Boon-biam Ms Virginia WU Wei-kin Dr YU Yuk-ling *

* denotes Panel Chairman

Terms of Reference :

1. The Public Complaints Committee (PCC) is the final complaint redress and appeal body of the Hospital Authority (“HA”).
2. The PCC shall independently :
 - a) consider and decide upon complaints from members of the public who are dissatisfied with the response of the HA/ hospital to which they have initially directed their complaints.
 - b) monitor HA’s handling of complaints.
3. Pursuant to Para 2 above, the PCC shall independently advise and monitor the HA on the PCC’s recommendations and their implementation.
4. In handling complaint cases, the PCC shall follow the PCC Complaint Handling Guidelines (listed below) which may be amended from time to time.
5. The PCC shall from time to time and at least once a year, make reports to the HA Board and public, including statistics or raising important issues where applicable.

PCC Complaint Handling Guidelines

1. The PCC is an appeal body within the Hospital Authority (“the HA”) to consider appeals made by the public relating to its services. Based on its Terms of Reference, the following are guidelines set by the PCC to facilitate the handling of complaints.
2. The PCC shall not normally handle a complaint:
 - a) if the complaint relates to services provided by the HA more than 2 years before the date of the lodging of the complaint, unless the PCC is satisfied that in the particular circumstances it is proper to conduct an investigation into such complaint not made within that period;
 - b) if the complaint is made anonymously and/or the complainant cannot be identified or traced;
 - c) if the complainant has failed to obtain the proper consent of the patient, to whom the services were provided, in the lodging of the complaint (this restriction will not be applicable if the patient has died or is for any reason unable to act for himself or herself);
 - d) if the subject matter of the complaint has been referred to or is being considered by the coroner;
 - e) if the complaint relates to a matter for which a specific statutory complaint procedure exists;
 - f) if the complainant or the patient concerned has instituted legal proceedings, or has indicated that he/she will institute legal proceedings, against the HA, the hospital or any persons who provided the services (in any event, the Committee shall not entertain any request for compensation);
 - g) if the complaint relates to dispute over the established policies of HA, for example fees charging policy of the HA in respect of its services;
 - h) if the complaint relates to an assessment made by a medical staff pursuant to any statutory scheme whereas such scheme provides for a channel of appeal, for example, the granting of sick leave under the provisions of the Employees’ Compensation Ordinance, Cap. 282;

- i) if the complaint relates to personnel matters or contractual matters and commercial matters;
 - j) if the PCC considers that the complaint is frivolous or vexatious or is not made in good faith; or
 - k) if the complaint, or a complaint of a substantially similar nature, has previously been the subject matter of a complaint which had been decided upon by the PCC.
3. Taking into account the following:
- a) the disclosure of legal privileged documents in an open hearing;
 - b) the disclosure of personal data in an open hearing;
 - c) the PCC is not a judicial or quasi-judicial body;
 - d) an aggrieved party has other channels to seek redress; and
 - e) the PCC should not duplicate the functions of other institutions such as the courts or the Medical Council;
- the PCC considers that its meetings shall not be open to the public.
4. In considering the merits of a complaint, the PCC may from time to time obtain expert opinion by medical professionals or other experts relating to the subject matter of the complaint. If the PCC considers appropriate, it may also invite the complainant, the patient, the medical staffs or any other relevant persons to attend an interview.

(The above Guidelines on the handling of complaint cases may be amended from time to time as appropriate.)

Focus of work in 2005/06 :

The Public Complaints Committee was first established under the Authority Board in 1992 to independently consider and decide on all appeal cases. The Committee is the final appeal body for public complaints within the Authority. It comprises the Chairman, four Panel Chairmen and 18 members. Of the 23 members, three are Hospital Authority members and 20 community members. All of them are non-executives of the Authority and the majority are lay members with different community backgrounds.

In 2005/06, the Public Complaints Committee held 31 meetings and handled a total of 189 cases, of which 143 were related to medical services, 35 related to administrative procedure, five related to staff attitude and six others. In addition to the handling of appeal cases, the Committee also formulated complaint handling policies to improve the efficiency and effectiveness of the Authority's complaints system, and make recommendations for system change and improvement of healthcare services. Regular internal and external communication programmes were conducted to enhance the transparency and credibility of the Authority's complaint system and the Committee as the final appeal body. Through its Secretariat, the Committee also shared important lessons learned for risk management and enhanced the complaint handling skills of frontline staff through regular specialist complaint management training. The Public Complaints Committee Secretariat also handled a total of 6,232 enquiries from patients and complainants and was tasked to take up 61 cases referred by The Ombudsman, and 1,939 complaint cases directed to the Hospital Authority Head Office.

Staff Committee

Membership List

Chairman	:	Mr Anthony WU Ting-yuk, JP
Members	:	Miss Eliza C H CHAN, BBS, JP (<i>up to 30.11.2005</i>)
		Dr Lily CHIANG (<i>up to 30.11.2005</i>)
		Prof FOK Tai-fai, JP (<i>from 21.4.2005</i>)
		Dr Anthony HO Yiu-wah, JP (<i>from 1.12.2005</i>)
		Mr Edward HO Sing-tin, SBS, JP (<i>from 1.12.2005</i>)
		Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>)
		Mr John LEE Luen-wai, JP (<i>from 1.12.2005</i>)
		Mrs Eleanor LING, SBS, JP (<i>up to 30.11.2005</i>)
		Mr Peter LO Chi-lik (<i>from 1.12.2005</i>)
		Mr Shane SOLOMON (<i>from 1.3.2006</i>)
		Dr Vivian WONG, JP (<i>20.9.2005 to 28.2.2006</i>)
		Mr Paul YU Shiu-tin, JP (<i>from 1.12.2005</i>)

Terms of Reference :

- Advise the Board on the organisation structure and functions of the HA Head Office and its Divisions;
- Advise the Board on the appointment, remuneration changes, contract variation of Directors and Cluster Chief Executives;
- Approve the appointment, remuneration changes, and contract variation of Hospital Chief Executives, Deputy Directors and Heads of Division; and
- Review the performance of Chief Executive, Directors and Cluster Chief Executives.

Focus of work in 2005/06 :

The Staff Committee met nine times in 2005/06 to deliberate on the senior executive remuneration review and the senior executive competency development project, to consider proposals for senior staff movement, to assess performance of senior executives, and to recruit the Authority's new Chief Executive following Dr William HO's relinquishment of the position in September 2005.

Upon the Committee's recommendation, the Authority decided to abolish the incentive bonus scheme applicable to the Chief Executive, Cluster Chief Executives and Hospital Chief Executives. It was also agreed that after abolishment of the scheme, a broad banding approach should be adopted for determining individual executives' salaries, based on their current salaries, experience, qualifications, responsibilities, portfolios and performance, having regard to market pay practices and organisational affordability.

Another major project completed by the Staff Committee during the year was the development of a core leadership competency framework and its application to the senior executives' 360-degree performance assessment exercise. Participants' feedback during the debriefing process indicated that the framework was useful in helping individual executives formulate their personal development plans.

Under guidance of the Committee, the Authority made a series of interim arrangements to ensure smooth functioning of the organisation after its Chief Executive position became vacant on 20 September 2005. Members of the Committee were also involved in recruitment of the new Chief Executive, who assumed duty on 1 March 2006.

Staff Appeals Committee

Membership List

Chairman	:	Mrs Eleanor LING, SBS, JP (<i>up to 30.11.2005</i>) Dr Anthony HO Yiu-wah, JP (<i>from 1.12.2005</i>)
Members	:	Mr Billy KONG, JP Dr Kim MAK

Terms of Reference :

- a) To consider and decide upon appeals from staff members who have raised a grievance through the normal internal complaint channels and who wish to appeal against the decision made.
- b) The Committee shall
 - consider whether the appeal cases need further investigation by the management
 - direct the appeal cases to be investigated;
 - have access to all the relevant information required from the management for making a decision;
 - ensure that appropriate action is taken; and
 - reply to the appellant.
- c) The Committee's decision shall represent the Hospital Authority's decision and shall be final.
- d) The Committee shall make annual reports to the Hospital Authority Board.

Focus of work in 2005/06 :

The Staff Appeals Committee was formed by the Authority Board in December 2002 as an independent body to handle staff appeals, which have already exhausted the normal staff complaint channels within HA. In 2005/06, the Committee handled and resolved three appeal cases from staff members.

The Staff Appeals Committee comprised only three members upon its formation in 2002 by inheriting the membership of the previous Staff Appeals Subcommittee under the Human Resources Committee for the sake of maintaining continuity and consistency in handling cases in progress at that time. However, in the light of past experience, it was found that with such a small membership, the Committee might have difficulty in handling cases where there were potential conflicts of interests. During the year, the Committee reviewed its membership composition and agreed to expand it by recruiting more members. The Committee also reviewed its procedures in handling appeals with a view to ensuring that all parties concerned are given a fair chance to present their case to the Committee, and facilitating the Committee to play its role effectively as the final appeal body in HA.

Supporting Services Development Committee

Membership List

Chairman	:	Dr Lily CHIANG (<i>up to 30.11.2005</i>) Mr Edward HO Sing-tin, SBS, JP (<i>from 1.12.2005</i>)
Vice-Chairman	:	Mr Edward HO Sing-tin, SBS, JP (<i>up to 30.11.2005</i>) Mr Charles MOK (<i>from 1.12.2005</i>)
Members	:	Ms Vivien CHAN, JP Dr Anthony HO Yiu-wah, JP (<i>up to 30.11.2005</i>) Dr William HO Shiu-wei, JP (<i>up to 19.9.2005</i>) Mr Peter LO Chi-lik (<i>from 21.4.2005</i>) Mr Charles MOK (<i>from 21.4.2005 up to 30.11.2005</i>) Mr Shane SOLOMON (<i>from 1.3.2006</i>) Ms Ernestina WONG (<i>from 25.6.2005</i>) <i>[representing Deputy Secretary for Health, Welfare & Food (Health)]</i> Dr Vivian WONG, JP (<i>from 20.9.2005 up to 28.2.2006</i>) Mrs Ingrid YEUNG (<i>up to 24.6.2005</i>) <i>[representing Deputy Secretary for Health, Welfare & Food (Health)]</i>

Terms of Reference :

1. To examine, review and make recommendations on the provision and development of business support services, information technology and capital works, to best support clinical services delivery in the Hospital Authority.

2. To promote the incorporation of industry best practices and innovations in business support services, information technology and capital works in the work of the Hospital Authority.

Focus of work in 2005/06 :

In 2005/06, the Supporting Services Development Committee met seven times to review and make recommendations on the provision and development of business support services, information technology and capital works to support clinical service delivery in HA. It monitored development of the pilot public private partnership project for provision of food services in the New Territories West Cluster and Queen Elizabeth Hospital, and considered reports on a review of materials management of non-drug items, the occupational safety and health improvement programmes, re-organisation of Non-Emergency Ambulance Transfer Service and Elderly Transport Service, and the strategy manual for management of medical equipment. The Committee also examined an impact analysis on the takeover of pharmaceuticals procurement from Government Logistics Department and updates on the takeover of biomedical engineering services for HA's general outpatient clinics. It noted the progress on management of minor and major capital works projects, the design of standards for these projects, and development of prioritisation criteria for the annual Capital Works Resource Allocation Exercise.

In addition, the Committee reviewed HA's Information Technology (IT) Services Plan, its IT Block Vote Funding Submission for 2006/07, findings of a consultancy study on alternative IT service delivery/business models, requests for further development of the Clinical Management System, and updates on the Enterprise Resource Planning Project and the Next Generation Patient Billing System. It also received progress reports on the implementation of IT annual plan targets and the provision of IT Support for the World Trade Organisation Sixth Ministerial Conference and HA's preparation for avian influenza pandemic.

Emergency Executive Committee

Membership List

Chairman	:	Mr Anthony WU Ting-yuk, JP <i>(In his absence, the Emergency Executive Committee chairmanship should be elected among its standing members)</i>
Standing Members	:	Chairman of Human Resources Committee Mrs Eleanor LING, SBS, JP <i>(up to 30.11.2005)</i> Dr Anthony HO, Yiu-wah, JP <i>(from 1.12.2005)</i> Chairman of Medical Services Development Committee Prof FOK Tai-fai, JP <i>(from 21.4.2005)</i> Chairman of Supporting Services Development Committee Dr Lily CHIANG <i>(up to 30.11.2005)</i> Mr Edward HO Sing-tin, SBS, JP <i>(from 1.12.2005)</i>

The Chief Executive (*in his/her absence, the Deputising CE*)

Dr William HO Shiu-wei, JP (*up to 19.9.2005*)

Dr Vivian WONG, JP (*20.9.2005 to 28.2.2006*)

Mr Shane SOLOMON (*from 1.3.2006*)

Miss Susie HO, JP

Deputy Secretary for Health, Welfare and Food (Health)

Ad hoc Members : Mr Peter LO Chi-lik
Mr Paul YU Shiu-tin, JP

[Note: The Emergency Executive Committee was set up by the Board on 15 January 2004. It will automatically be called into action when the Authority activates the Tier-three Strategic Response to a major incident, which is defined as an incident with prolonged and territory-wide implications, such as the Serious Level (S2) or Emergency Level Response (E1 and E2) to influenza pandemic.]

Terms of Reference :

1. To act for the Hospital Authority Board and exercise its powers and functions, including :
 - a) altering, amending or overriding existing Hospital Authority policies, standards, guidelines and procedures; and
 - b) the establishment of sub-committees or task forces to tackle particular matters at hand.
2. To identify the objectives and assess the risks facing Hospital Authority in the emergency situation;
3. To approve the strategies and policies for managing the emergency formulated by the Hospital Authority Central Command Committee, and monitor implementation progress in all HA hospitals and institutions;
4. To coordinate activities of the other Hospital Authority committees including Hospital Governing Committees;
5. To ensure effective communication of clear and concise messages to key stakeholders, including staff, patients, Government and the public; and
6. To be accountable to the Authority Board and the making of regular reports to Hospital Authority Members as soon as practicable.

Focus of work in 2005/06 :

In 2005/06, a pre-meeting of the Emergency Executive Committee (EEC) was held on 10 November 2005 to familiarise all standing and ad-hoc members with the terms of reference and circumstances leading to the activation of the EEC, and to deliberate on the delineation of roles and responsibilities between the EEC and the Central Command Committee (CCC). The EEC was activated during the Government's multi-departmental drill on influenza pandemic, Exercise Poplar, on 24 November 2005 to simulate real-life operations in coordinating HA's anti-pandemic measures.

Membership of Hospital Governing Committees

Alice Ho Miu Ling Nethersole Hospital

Chairman

Prof TAM Sheung-wai, GBS, JP

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Dr CHENG Ngok

Mr Roland CHOW Kun-chee

Mr Deacon FUNG Sau-chung

Mr George H C HUNG

Ms KO Siu-wah, SBS, JP

Mr LEUNG Wo-ping, JP

Mr LI Fook-hing

Mrs June LI

Rev Dr LI Ping-kwong

Rev LUK Fai (*up to 31.8.2005*)

Mr Simon SIT Poon-ki

Rev Eric SO Shing-yit

Rt Rev Dr Thomas SOO Yee-po, JP
(*from 30.12.2005*)

Ms Wendy TSANG Wan-man

Rev Josephine TSO Shiu-wan

Miss Nora WONG Pui-ha, JP

Mr YEUNG Po-kwan, JP

Bradbury Hospice

Chairman

Prof Cecilia CHAN Lai-wan, JP
(*up to 30.11.2005*)

Sister Helen KENNY (*from 30.12.2005*)

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Mrs Caroline COURTAULD

Dr Ben FONG Yuk-fai

Sister Mary GREANEY

Sister Helen KENNY (*up to 29.12.2005*)

Dr Joseph LEE Man-ho (*from 30.12.2005*)

Dr Joyce MA

Father John RUSSELL, SJ

Dr TUNG Yuk

Mr Dominic WONG Shing-wah, GBS, JP

Prof WONG Hoi-kwok, BBS, JP

Caritas Medical Centre

Chairman

Prof David CHEUNG Lik-ching

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr Denis CHANG, JP

Mr Stephen CHENG Po-hong, JP

Dr Benedict CHUNG Yat-ki

Dr Daniel FANG Tak-sang

Dr Conrad LAM Kui-shing, JP

Mr LEUNG Kam-tao

Dr Laurence SHEK Siu Lam

Mr Anthony WONG Luen-kin, JP

Mr William WONG Kuen-wai

Rev Michael M C YEUNG

Castle Peak Hospital

Chairman

Prof John LEONG Chi-yan, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr CHOONG Yin-lee

Dr CHOW Chun-bong, BBS

Dr CHUNG See-yuen

Mr Lothar LEE Hung-sham

Mrs Rita LIU, BBS

Prof TANG Siu-wa

Cheshire Home, Chung Hom Kok

Chairman

Dr Albert WONG Chi-Chiu

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mrs Shelley M. CHOW

Mr Alan CRAWLEY

Mr Hilbert KA

Ms Janice MORTON

Dr WONG Chun-por

Mrs Linda WONG LEUNG Kit-wah

Mr Paul YOUNG Tze-kong, JP

Cheshire Home, Shatin

Chairman

Mr Alan CRAWLEY

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mrs Shelley M. CHOW

Prof Suzanne C HO

Mr JONG Koon-sang
(from 30.12.2005)

Dr LAM Cho-yee

Prof LAM Tai-hing, JP

Dr Edward LEUNG Man-fuk

Ms Janice MORTON

Mr Alfred POON Sun-biu

Mrs Linda WONG LEUNG Kit-wah
(up to 31.10.2005)

Mr YEUNG Po-kwan, JP

Duchess of Kent Children's Hospital at Sandy Bay

Chairman

Dr Louis HSU Che-shek (up to 20.3.2006)

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr Johnsman AU Chung-man, JP

Mr CHEUNG Tat-tong

Dr Daniel FANG Tak-sang

Mrs FOK Mei-ling

Prof LAU Yu-lung

Mr Vivian LEE Wai-man

Prof Keith LUK Dip-kei

Mrs Elizabeth WONG YEUNG Po-wo

Dr Arthur YAU

Grantham Hospital

Chairman

Mr Y L PANG, JP

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Mrs Marjorie BRAY (*up to 28.4.2005*)

Prof LAM Shiu-kum

Mr Steve Y F LAN

Mr Sebastian LAU Ki Chit

Mr Lawrence LEE Kam-hung

Mr Edwin LEUNG Chung-ching

Mrs Elizabeth LI

Prof MOK Che-keung

Mrs Purviz Rusy SHROFF

Mr SUEN Lai-sang

Prof John WONG, SBS

Haven of Hope Hospital

Chairman

Mr Charles C Y CHIU

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Dr Thomas CHAN Sze-tong, JP

Mr Leroy KUNG Lin-yuen

Dr Joseph KWAN Kai-cho

Dr LAM Ching-choi, JP

Mr Eddie NG Ping-yiu

Dr NIP Kam-fan, JP

Mr Edward PONG Chong, BBS, JP

Mr Peter WONG Chun-kow

Mr WONG Kai-man, JP

Hong Kong Buddhist Hospital

Chairman

Mr Keith LAM Hon-keung, JP

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Mr AU Kit-ming, MH

Ms Elaine CHUNG Lai-kwok, JP

Mr HO Tak-sum

Dr KAO Park-ming

Ven KOK Kwong

Mr LAI Sze-nuen, BBS,JP

Mr Anthony LAM Chi-tat

Ms Mavis LEE Ming-pui

Mr LI Ka-cheung

Ms SHUM Chiong-yen

Ven SIK Hin-hung

Ven SIK Ku-tay

Ven SIK To-ping

Ven SIK Wing-sing

Ms Maria YEUNG Kam-chun

Hong Kong Eye Hospital & Kowloon Hospital

Chairman

Miss Eliza C H CHAN, BBS, JP

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Dr Steven CHOW

Mr Philip FAN Yan-hok

Prof Joseph KWOK Kin-fun, BBS,JP

Mr Hardy LOK Kung-chin

Mr Louis LOONG Hon-biu

Mr Alexander MAK Kwai-wing

Mrs Delia PEI CHEN Chi-kuen, BBS, JP

Dr Victor WOO Chi-pang

Mr James YIP Shiu-kwong

Hong Kong Red Cross Blood Transfusion Service

Chairman

Mr Vincent LO Wing-sang, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr CHAN Kai-ming

Prof Gregory CHENG

Mr Ambrose HO

Mrs Patricia LING WOO Sau-ha

Mr Philip TSAI Wing-chung

Mr Luke WONG Sui-kwong

Mrs Irene YAU, JP

Kwong Wah Hospital/ TWGH Wong Tai Sin Hospital

Chairman

Mr Eddie WANG

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr Christopher CHAN Yiu-chong, BBS

Mr CHOW Chun-fai, BBS, JP

Dr Stephen CHOW Chun-kay, BBS, JP

Mr Andy LAU Kam-kwok

Dr John LEE Sam-yuen

Dr LEUNG Kam-fong

Mr Billy LEUNG Ting-yu

Mr Patrick MA Ching-hang

Mr John MA Hung-ming, BBS

Mr MOK Ying-fan

Mr Peter ONG Ka-lueng

Mr Senta WONG, BBS

Mr Ricky YEUNG Chiu-sing, BBS

Mr Paul YU Shiu-tin, JP

Dr YU Yuk-ling

Kwai Chung Hospital & Princess Margaret Hospital

Chairman

The Hon Vincent FANG Kang, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr CHAN How-chi

Mr CHAU How-chen, SBS, JP

Dr Sylvia CHEN Chia-lu, JP

Dr Andy CHIU Tin-yan

Mrs Alice CHIU TSANG Hok-wan, JP

Mr CHOW Yick-hay, BBS, JP

Mr Larry KWOK Lam-kwong, JP

Mr Alan LEE Chi-keung

Dr Hon Joseph LEE Kok-long

Ms Terry LOWE

Dr TSAO Yen-chow

MacLehose Medical Rehabilitation Centre

Chairman

Dr David FANG, SBS, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

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Ms Barbara CHAN

Dr Eric CHIEN Ping

Prof CHOW Shew-ping, JP

Dr Daniel FANG Tak-sang

Mr LEE Man-ban, SBS, JP

Prof John LEONG Chi-yan, JP

Prof Keith LUK Dip-kei

Mr David MONG Tak-yeung

Dr POON Tak-lun

North District Hospital

Chairman

Mrs Gloria NG WONG Yee-man, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr HAU Kam-lam

Mr LAU Hou-ting

Mr David LI Ka-fai

Mr LIU Poon-keung (*up to 7.8.2005*)

Mr Paul C N MAK

Mr George PANG Chun-sing

Dr Annie YEUNG Shou-fong

Our Lady of Maryknoll Hospital

Chairman

Dr Conrad LAM Kui-shing, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Sister Agnes CAZALE, MM
(*up to 31.7.2005*)

Mr Vincent CHANG

Mr Michael CHENG Tak-kin, JP

Ms Carlye CHU Fun Ling

Rev ChU Yiu-ming

Mr Lester Garson HUANG
(*from 15-09-2005*)

Sister Helen KENNY

Mrs Marigold LAU

Dr Donald LI Kwok-tung

Sister Marilu LIMGENCO

Sister Betty Ann MAHEU, MM

Mrs Pauline NG CHOW May-lin, JP

Mrs Beverly TONG

Dr YU Wing-kwong

Sister Marya ZABOROWSKI
(*from 15-09-2005*)

Pamela Youde Nethersole Eastern Hospital

Chairman

Dr Raymond WU Wai-yung, GBS, JP

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Mr CHAN Bing-woon, SBS, JP

Rev CHU Yiu-ming

Dr HUANG Chen-ya

Ms KO Siu-wah, SBS, JP

Mr LEUNG Sau-chi, JP

Mr LI Fook-hing

Mr Simon SIT Poon-ki

Prof TAM Sheung-wai, GBS, JP

Mr YEUNG Po-kwan, JP

Pok Oi Hospital

Chairman

Mr Chris YIP Yiu-shing, MH

Ex-officio members

Hospital Authority Chief Executive or his
representative

Hospital Chief Executive

Members

Dr Jennifer CHEUNG NG Chui-yiu

Ms Yvonne CHUA

Dr Linus IP Yiu-man

Mr KAN Ho-chow

Mr LAM Kwok-hing

Mr LEUNG Che-cheung

Mr Lawrence ONG Tong-sing

Mr POON Chin-hung

Mr SO Pang-gen

Mr WONG Fan-foung

Mr Alan WONG Wai-kai

Prince of Wales Hospital

Chairman

Mr Edward HO Sing-tin, SBS, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Ms Annie LIANG BENTLEY

Ms Vivien CHAN, JP

Prof FOK Tai-fai

Mr James B HAYBYRNE

Ms Nancy KIT, JP

Mr Stephen LIU Wing-ting, JP

Mr Philip WONG Chak-piu

Dr TSE Tak-fu, BBS

Queen Elizabeth Hospital

Chairman

Mrs Eleanor LING LEE Ching-man, SBS, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mrs Sheilah CHENG CHATJAVAL

Dr Steven CHOW

Dr LEE Kin-hung

Mr NG Kin-sun

Dr Victor WOO Chi-pang

Queen Mary Hospital/
Tsan Yuk Hospital

Chairman

Dr Anthony HO Yiu-wah, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Prof LAM Shiu-kum

Mr John LEE Luen-wai, JP

Prof J G MALPAS

Mr Lincoln TSO

Prof Judy TSUI LAM Sin-lai

Ms Ada WONG Ying-kay, JP

Dr Richard YU Yue-hong

Rehabaid Centre

Chairman

Mr Thomas J MULVEY, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Ms Kelly CHAN Yuen-sau

Ms CHOW Lai-ying

Mrs Shelley M. CHOW

Mrs Kimberley LAM KWONG Lan-heung

Mr Christopher LAW Kin-chung

Dr Leonard LI Sheung-wai

Dr Geoffrey LIEU (*up to 19.2.2006*)

Mrs Anne MARDEN, JP

Dr Kenneth SO Hop-shing

Mr TSANG Chiu-kwan

Mrs Elizabeth WONG YEUNG Po-wo

Ruttonjee & Tang Shiu Kin Hospitals

Chairman

Mr Edwin LEUNG Chung-ching

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mrs Marjorie BRAY (*up to 29.4.2005*)

Ms Lillian CHAN Lit-yee (*from 25.7.2005*)

Mr Raymond CHOW Wai-kam, JP

Mrs Peggy LAM, GBS, JP

Mr Steve Y F LAN

Mr Sebastian LAU Ki-chit

Prof John LEONG Chi-yan, JP

Mr PANG Yuk-ling, JP

Mrs Purviz Rusy SHROFF

Mr SHUM Choi-sang, SBS, JP
(*from 25.7.2005*)

Mr Arthur E. STARLING

Ms Anna TANG King-yung, MH

Mr Richard TANG Yat-sun, BBS, JP

Dr George TSENG Hing-chuen

Dr Loretta YAM Yin-chun, BBS
(*up to 29.7.2005*)

Shatin Hospital

Chairman

Prof Thomas WONG Kwok-shing

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr Joseph KEUNG Shu-hoi

Mrs Molly LEE

Mr Arthur LI Ka-tat

Mr Thomas PANG Cheung-wai, JP

Mr Peter SUEN Yiu-chan

Tai Po Hospital

Chairman

Dr Lily CHIANG

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr Ruy Octavio BARETTO

Mrs Gladys CHEN CHO Wai-han

Mr CHEUNG Wing-fai

Mr Richard FUNG Lap-chung

Hon LI Kwok-ying, MH

Dr Sammy POONE, BBS, JP

Mrs Anne SHIH YU Mee-yee

Dr SHUM Chi-wang

Tseung Kwan O Hospital

Chairman

Mr LO Chung-hing, SBS

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Miss Iris CHAN Sui-ching

Mr Raymond CHAN Wai-man

Mr Francis CHAU Yin-ming, MH

Dr Joseph KWAN Kai-cho

Mr Henry LAI Hin-wing

Sister Ophelia Marie LUI Woon-hing

Dr Danny MA Ping-kwan

Ms Nancy TSANG Lan-see

Tuen Mun Hospital

Chairman

Mr Paul YU Shiu-tin, JP

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr CHAN How-chi

Mr Michael CHAN Kee-huen

Dr Eddie CHAN Tat

Mr KU Moon-lun (*from 30.12.2005*)

Mr Edward PONG Chong, BBS, JP

Mr TSO Shiu-wai

Dr Jimmy WONG Chi-ho, BBS, JP

Mr Jonathan YU Hoy-gin, JP

Tung Wah Hospital/Tung Wah Eastern Hospital/ TWGH Fung Yiu King Hospital

Chairman

Mr Eddie WANG

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr Christopher CHAN Yiu-chong, BBS

Ms CHENG Lai-king

Mr Albert CHEUNG Chung-put, JP

Dr CHU Chor-lup

Mr FUNG Wing-chung, BBS

Mr HUNG Wing-tat

Mr Andy LAU Kam-kwok

Dr John LEE Sam-yuen

Dr LEUNG Kam-fong

Mr Billy LEUNG Ting-yu

Mr Stephen LIU Wing-ting, JP

Mr Patrick MA Ching-hang

Mr John MA Hung-ming, BBS

Mr Peter ONG Ka-lueng

Mr Ricky YEUNG Chiu-sing, BBS

United Christian Hospital

Chairman

Rt Rev Louis TSUI Tsan-sang (*up to 16.12.2005*)

Mr John LI Kwok-heem (*from 30.12.2005*)

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr Bunny CHAN Chung-bun, BBS, JP

Mr Clifford King CHIU

Mr Roland CHOW Kun-chee

Rev Paul KAN Kei-piu (*from 30.12.2005*)

Ms Sophia KAO

Mr Patrick LAI Shu-ho, MH

Rev Ralph LEE Ting-sun (*up to 15.12.2005*)

Mr Eddy LEE Wai-man

Rev Lincoln LEUNG Lam-hoi

Mr LI Fook-hing

Mrs June LI

Mr John LI Kwok-heem (*up to 30.12.2005*)

Rev LUK Fai (*up to 31.8.2005*)

Dr NIP Kam-fan, JP

Rev PO Kam-cheong (*from 30.12.2005*)

Mrs Winnie POON YAM Wai-chun

Mr Simon SIT Poon-ki

Prof TAM Sheung-wai, GBS, JP

Mr Thomas TSANG Fuk-chuen

Rt Rev Louis TSUI Tsan-sang (*from 30.12.2005*)

Dr Hayles WAI Heung-wah

Dr WONG Bing-lai

Mr WU Kwok-cheung, MH

Dr Alice YUK Tak-fun, JP

Yan Chai Hospital

Chairman

Mr TANG Kam-hung

Ex-officio members

Hospital Authority Chief Executive or his representative

Hospital Chief Executive

Members

Mr CHAN Wai-ming

Mr CHAU Tak-wai

Dr Anthony HO Yiu-wah, JP

Mr Alex LAN Khong-poh

Ms Elizabeth LAW Kar-shui

Prof LEE Shiu-hung, SBS, JP

Mr TAM Yan-hung

Mr Wilson TSANG Churk-ming

Ms Bess TSIN Man-kuen

Mr Alfred WONG Wai-kin

Membership of Regional Advisory Committees

Hong Kong Regional Advisory Committee

Chairman	:	Dr Anthony HO Yiu-wah, JP
Ex-Officio Members	:	Hospital Authority Chief Executive or his representative Director of Health or his representative
Members	:	<p>Mrs Anita CHAN NG Shuet-fun</p> <p>Dr Daniel FANG Tak-sang</p> <p>Dr David FANG, SBS, JP</p> <p>Prof HO Pak-chung</p> <p>Dr HUANG Chen-ya</p> <p>Mr KAM Nai-wai (<i>from 20.5.2005</i>)</p> <p>Mr KO Tam-kan</p> <p>Mr LAM Kit-sing</p> <p>Mr LEE Kai-hung</p> <p>Mr Edwin LEUNG Chung-ching (<i>from 20.5.2005</i>)</p> <p>Ms Joanna LEUNG Suk-ching</p> <p>Mr Peter ONG Ka-lueng (<i>from 20.5.2005</i>)</p> <p>Mr PANG Yuk-ling, JP</p> <p>Dr TOM Kam-tim</p> <p>Mr Lincoln TSO</p> <p>Prof WONG Hoi-kwok, BBS, JP</p> <p>Ms Ada WONG Ying-kay, JP</p> <p>Mr Paul YOUNG Tze-kong, JP</p>

Kowloon Regional Advisory Committee

Chairman	:	Mr Paul YU Shiu-tin, JP
Ex-Officio Members	:	Hospital Authority Chief Executive or his representative Director of Health or his representative
Members	:	Miss Eliza C H CHAN, BBS, JP Mr CHAN Han-pan Mr Simon CHAN Siu-man Mr Francis CHAU Yin-ming, MH Mr Michael CHENG Tak-kin, JP (<i>from 25.7.2005</i>) Mr Charles C Y CHIU Mr CHOW Chun-fai, BBS, JP Mr CHOW Yick-hay, BBS, JP Mr IP Che-kin Mr Keith LAM Hon-keung, JP Mr LAM Ka-keung Mr Andy LAU Kam-kwok (<i>from 20.5.2005</i>) Mr LEUNG Kam-tao (<i>up to 20.6.2005</i>) Dr LI Sum-wo Dr Albert LI Sze-bay, BBS, JP Dr Danny MA Ping-kwan Mr MAK Hoi-wah (<i>up to 31.5.2005</i>) Dr Kenneth SO Hop-shing Mr TANG Kam-hung (<i>from 20.5.2005</i>) Rt Rev Louis TSUI Tsan-sang Mr WONG Kam-kuen, MH (<i>from 21.6.2005</i>) Mr Anthony WONG Luen-kin, JP Mr Luke WONG Sui-kwong Dr Victor WOO Chi-pang

New Territories Regional Advisory Committee

Chairman	:	Mr LO Chung-hing, SBS (<i>up to 30.11.2005</i>) Mrs Gloria NG WONG Yee-man, JP (<i>from 1.12.2005</i>)
Ex-Officio Members	:	Hospital Authority Chief Executive or his representative Director of Health or his representative
Members	:	Mr Daniel CHAM Ka-hung, MH, JP Mr CHAN How-chi Prof Cecilia CHAN Lai-wan, JP (<i>up to 30.11.2005</i>) Prof FOK Tai-fai, JP (<i>up to 14.4.2005</i>) Mr Richard FUNG Lap-chung Prof Suzanne C HO (<i>from 20.5.2005</i>) Ms Nancy KIT, JP Prof LAU Tze-kin (<i>from 20.5.2005</i>) Ms Robena LEE Ying Hon LI Kwok-ying, MH Mr LIU Poon-keung (<i>up to 8.8.2005</i>) Mrs Rita LIU, BBS Mr Paul C N MAK (<i>from 15.9.2005</i>) Mr Thomas PANG Cheung-wai, JP Mr POON Chung-yuen Prof TAM Sheung-wai, GBS, JP Mr Philip WONG Chak-piu Mr YEUNG Po-kwan Mr Chris YIP Yiu-shing, MH (<i>from 20.5.2005</i>)

Membership of the Board of Trustees of the Hospital Authority Provident Fund Scheme

Chairman	:	Mrs Eleanor LING LEE Ching-man, SBS, JP
Trustees	:	Dr Anthony HO Yiu-wah, JP
		Dr William HO Shiu-wei, JP (<i>up to 20.9.2005</i>)
		Mr LO Chung-hing, SBS
		Mr Shane SOLOMON (<i>from 1.3.2006</i>)
		Mr Lincoln LEONG Kwok-kuen
		Mr Alan H SMITH, JP
		Ms Amy YIP Yok-tak, BBS, JP
		Miss Susie HO, JP
		Mr Benjamin LEE Cheung-mei (<i>up to 16.9.2005</i>)
		Mr Raymond LEUNG Ho-kwan
		Dr TSE Kong
		Dr WONG Tak-cheung
		Mr Luke CHIA Chi-keung (<i>from 16.9.2005</i>)

Public Feedback Statistics

Complaints received (1.4.2005 - 31.3.2006)

Public Complaints Committee

Nature of Cases	Complaints received
Medical Services	143
Staff Attitude	5
Administrative Procedure	35
Others	6
Total Number of Complaints	189

Hospital Complaints / Appreciation Statistics

Nature of Complaint / Appreciation Cases	Complaints received	Appreciations received
Medical Services	1,098	9,521
Staff Attitude	867	5,111
Administrative Procedure	311	341
Overall Performance	15	10,197
Others	453	2,082
Total Number of Complaints/ Appreciations	2,744	27,252

Statistics of the Controlling Officer's Report

The Hospital Authority generally achieved its performance targets in 2005/06. The HA's committed effort to drive towards a community-based health service delivery model has resulted in an increase in activities for the community service.

The key statistics of the Controlling Officer's Report used by the Government to measure the Authority's performance in 2004/05 and 2005/06 were:

	2004/05	2005/06
(I) No. of hospital beds (as of end March)		
• General (acute and convalescence)	20,511	20,225
• Infirmary	2,151	2,151
• Mentally ill	4,714	4,666
• Mentally Handicapped	800	700
• Total	28,176	27,742
(II) Delivery of services		
In-patient services		
No. of discharges & deaths		
• general (acute and convalescence)	836,293	825,152
• infirmary	3,486	3,565
• mentally ill	14,901	15,201
• mentally handicapped	454	460
• overall	855,134	844,378
No. of patient days		
• general (acute and convalescence)	5,273,962	5,216,250
• infirmary	567,794	557,145
• mentally ill	1,275,813	1,196,409
• mentally handicapped	247,783	239,928
• overall	7,365,352	7,209,732

	2004/05	2005/06
Bed occupancy rate		
• general (acute and convalescence)	83%	82%
• infirmary	85%	87%
• mentally ill	79%	77%
• mentally handicapped	89%	95%
• overall	83%	82%
Average length of stay (days) *		
• general (acute and convalescence)	6.3	6.3
• infirmary	120	114
• mentally ill	105	93
• mentally handicapped	624	454
• overall	8.9	8.7
Ambulatory diagnostic & therapeutic services		
• Day patient		
- no. of discharges & deaths	271,255	280,887
- no. of day patients as % of total in-patient & day patient discharges and deaths	24%	25%
• Accident & emergency services		
- no. of attendances	2,101,432	2,019,451
• Out-patient services		
- no. of specialist out-patient (clinical) attendances	6,006,756	6,018,338
- no. of general out-patient attendances	5,302,779	5,179,203
Rehabilitation & outreach services		
• No. of home visits by community nurses	778,970	792,811

	2004/05	2005/06
• Psychiatric services		
- no. of psychiatric outreach attendances	83,414	87,008
- no. of psychiatric day hospital attendances	173,223	183,487
- no. of psychogeriatric outreach attendances	46,372	49,588
• Geriatric services		
- no. of outreach attendances	473,657	529,136
- no. of older persons assessed for infirmity care services	1,732	1,676
- no. of geriatric day hospital attendances	125,992	128,575
- no. of Visiting Medical Officer attendances @	79,698	86,911
• No. of allied health out-patient attendances	2,112,799	2,158,459
(III) Quality of services		
No. of hospital deaths per 1,000 population ^	3.7	3.8
Unplanned readmission rate within 28 days for general in-patients	9.5%	9.3%
Accident and Emergency (A&E) services		
% of A&E patients within the target waiting time:		
• Triage I (critical cases - 0 minutes)	100%	100%
• Triage II (emergency cases - <15 minutes)	97%	97%
• Triage III (urgent cases - <30 minutes)	87%	86%
Specialist outpatient services		
Median waiting time for first appointment at specialist clinics †		
• first priority patients	<1 week Ω	<1 week
• second priority patients	5 weeks Ω	5 weeks

	2004/05	2005/06
(IV) Cost of Services		
Cost distribution		
Cost distribution by services (%)		
• in-patient	63.3%	62.6%
• ambulatory & outreach	36.7%	37.4%
Cost by services per 1000 population (\$m)		
• in-patient	2.7	2.6
• ambulatory & outreach	1.6	1.5
Cost of services for persons aged 65 or above		
• share of cost of services (%)	45.5%	45.6%
• cost of services per 1000 population (\$m)	16.4	15.8
Unit cost		
<i>In-patient services</i>		
Cost per in-patient discharged (\$)		
• general (acute and convalescence)	19,790	19,620
• infirmary	169,230	166,340
• mentally ill	121,320	115,760
• mentally handicapped	547,710	512,160
Cost per patient day (\$)°		
• general (acute and convalescence)	3,310	3,280
• infirmary	1,040	1,060
• mentally ill	1,420	1,470
• mentally handicapped	1,000	980
<i>Ambulatory & outreach services</i>		
Cost per accident & emergency attendance (\$)	700	720
Cost per specialist out-patient attendance (\$)	700	700
Cost per outreach visit by community nurse (\$)	310	300
Cost per psychiatric outreach attendance (\$)	1,050	1,070
Cost per geriatric day hospital attendance (\$)	1,410	1,450
Waivers[#]		
% of Comprehensive Social Security Assistance (CSSA) waiver	25.0%	23.7%
% of Non-CSSA waiver	6.2%	4.8%

	2004/05	2005/06
(V) Manpower (no. of FTE staff^{##})		
Medical		
• doctor	4,526	4,568
• intern	328	325
• dentist	5	5
Medical total	4,859	4,898
Nursing		
• qualified staff	18,891	19,103
• trainee	271	145
Nursing total	19,162	19,248
Allied health	4,830	4,894
Others	23,274	23,602
Total	52,125	52,642

Notes :

- * Derived by dividing the sum of length of stay of inpatient by the corresponding number of inpatient discharged/treated.
- @ Refers to the services provided to elderly persons living in Resident Care Homes for the Elderly under the Visiting Medical Officers Scheme introduced in 2003-04.
- ^ Refers to the standardised mortality rate covering all deaths in HA hospitals. This is derived by applying the age-specific mortality rate in HA in a particular year to a 'standard' population which is the 2001 Hong Kong mid-year population.
- † Refers to median waiting time of major clinical specialties which include Ear, Nose and Throat, Gynaecology, Medicine, Ophthalmology, Orthopaedics & Traumatology, Paediatrics and Adolescent Medicine, Psychiatry and Surgery.
- Ω Figures are compiled based on SOP new cases booked between Oct 04 and Mar 05 only.
- ⊙ New indicators
- # New indicators, referring to the amount waived as percentage to total charge. The 2004/05 and 2005/06 figures are for status at Sept 05 and July 06 respectively.
- ## All staff in workforce (permanent, contract and temporary terms) are included in reported figures on full-time equivalent (FTE) basis.

Statistics on Number of Beds, Inpatient, Accident & Emergency and Outpatient Services in 2005/06

Institution	No. of beds (as at end March 2006)	Total IP & DP Discharges and Deaths	Inpatient Occupancy Rate (%)	Inpatient Average Length of Stay (days)	Total A&E attendances	Total SOP attendances (clinical)	Family Medicine Specialty Clinic attendances	Total Allied Health Outpatient attendances	General Outpatient attendances
Hong Kong East Cluster									
Cheshire Home, Chung Hom Kok	240	234	91.3	245.5	-	-	-	134	-
Pamela Youde Nethersole Eastern Hospital	1,717	84,541	85.8	7.4	145,776	506,258	37,548	144,065	312,075
Ruttonjee & Tang Shiu Kin Hospitals	687	22,623	80.8	8.4	85,731	109,948	2,454	90,341	124,378
St John Hospital	93	2,237	59.4	6.0	8,885	60	-	8,199	41,367
Tung Wah Eastern Hospital	282	8,383	86.5	12.6	-	98,841	308	73,056	30,957
Wong Chuk Hang Hospital	160	214	91.0	250.3	-	-	-	-	-
Sub-total	3,179	118,232	85.4	9.1	240,392	715,107	40,310	315,795	508,777
Hong Kong West Cluster									
Duchess of Kent Children's Hospital	130	2,033	51.1	10.6	-	17,369	-	24,596	-
TWGH Fung Yiu King Hospital	296	2,439	87.3	38.8	-	394	-	8	-
Grantham Hospital	491	13,019	76.3	13.6	-	48,719	-	2,233	-
MacLehose Medical Rehabilitation Centre	130	890	67.9	32.2	-	90	-	4,293	-
Queen Mary Hospital	1,619	102,862	74.4	5.1	122,644	539,961	14,912	158,690	290,889
Tung Wah Hospital	587	21,193	81.7	17.7	-	38,076	-	3,111	24,570
Tsan Yuk Hospital	4	595	-	-	-	23,259	-	4,887	-
Sub-total	3,257	143,031	75.9	8.2	122,644	667,868	14,912	197,818	315,459

Institution	No. of beds (as at end March 2006)	Total IP & DP Discharges and Deaths	Inpatient Occupancy Rate (%)	Inpatient Average Length of Stay (days)	Total A&E attendances	Total SOP attendances (clinical)	Family Medicine Specialty Clinic attendances	Total Allied Health Outpatient attendances	General Outpatient attendances
Kowloon East Cluster									
Haven of Hope Hospital	425	6,122	90.8	20.6	-	8,673	-	2,927	-
Tseung Kwan O Hospital	425	29,066	84.7	4.4	108,554	145,173	-	70,286	244,433
United Christian Hospital	1,335	83,243	84.4	5.6	194,971	455,666	49,687	215,958	479,790
Sub-total	2,185	118,431	85.8	6.2	303,525	609,512	49,687	289,171	724,223
Kowloon Central Cluster									
Hong Kong Buddhist Hospital	324	9,846	89.1	16.0	-	10,099	-	3,409	31,403
Hong Kong Eye Hospital	45	6,270	71.8	4.6	-	212,542	-	124,453	-
Kowloon Hospital	1,175	14,101	79.0	23.6	-	68,802	-	94,578	-
Queen Elizabeth Hospital	1,841	123,243	79.8	5.5	198,082	614,275	2,559	151,157	427,449
Rehabaid Centre	-	-	-	-	-	122	-	3,621	-
Sub-total	3,385	153,460	80.3	8.4	198,082	905,840	2,559	377,218	458,852

Institution	No. of beds (as at end March 2006)	Total IP & DP Discharges and Deaths	Inpatient Occupancy Rate (%)	Inpatient Average Length of Stay (days)	Total A&E attendances	Total SOP attendances (clinical)	Family Medicine Specialty Clinic attendances	Total Allied Health Outpatient attendances	General Outpatient attendances
Kowloon West Cluster									
Caritas Medical Centre	1,223	45,104	83.2	10.0	131,346	327,182	79	102,340	257,706
Kwai Chung Hospital	1,372	4,536	70.8	87.4	-	185,864	-	23,636	-
Kwong Wah Hospital	1,213	83,681	72.9	4.7	145,354	314,462	2,439	106,275	230,169
Our Lady of Maryknoll Hospital	236	8,020	76.8	9.1	-	63,579	41	26,333	407,859
Princess Margaret Hospital	1,761	89,659	87.5	6.0	132,567	324,475	1,041	85,059	422,009
TWGH Wong Tai Sin Hospital	551	7,776	85.2	23.0	-	-	-	435	-
Yan Chai Hospital	800	43,065	80.6	5.6	139,477	162,060	210	67,806	262,761
Sub-total	7,156	281,841	79.2	8.5	548,744	1,377,622	3,810	411,884	1,580,504
New Territories East Cluster									
Alice Ho Miu Ling Nethersole Hospital	644	39,564	80.0	4.3	110,547	175,446	-	94,668	215,086
Bradbury Hospice	26	663	86.1	12.9	-	257	-	554	-
North District Hospital	607	35,657	83.5	5.4	117,529	158,853	-	68,580	216,649
Prince of Wales Hospital	1,427	100,993	83.9	5.0	144,155	578,441	34,005	180,782	371,283
Cheshire Home, Shatin	296	129	74.8	441.6	-	-	-	408	-
Shatin Hospital	650	7,315	90.5	23.5	-	680	-	2,937	-
Tai Po Hospital	971	8,225	88.5	31.0	-	346	-	14	-
Sub-total	4,621	192,546	84.8	7.8	372,231	914,023	34,005	347,943	803,018

Institution	No. of beds (as at end March 2006)	Total IP & DP Discharges and Deaths	Inpatient Occupancy Rate (%)	Inpatient Average Length of Stay (days)	Total A&E attendances	Total SOP attendances (clinical)	Family Medicine Specialty Clinic attendances	Total Allied Health Outpatient attendances	General Outpatient attendances
New Territories West Cluster									
Castle Peak Hospital	1,639	2,124	83.9	285.6	-	97,656	-	16,770	-
Pok Oi Hospital	408	4,830	95.6	22.3	-	8,898	11,385	27,272	81,345
Siu Lam Hospital	350	132	98.1	610.7	-	-	-	-	-
Tuen Mun Hospital	1,562	110,638	83.4	5.3	233,833	543,138	22,006	174,588	707,025
Sub-total	3,959	117,724	86.3	13.9	233,833	649,692	33,391	218,630	788,370
GRAND TOTAL	27,742	1,125,265	82.2	8.7	2,019,451	5,839,664	178,674	2,158,459	5,179,203

Notes:

1. Rehabaid Centre and Hong Kong Red Cross Blood Transfusion Service are Hospital Authority institutions with specific functions but no hospital beds.
2. The number of beds as at end March 2006 is based on the Annual Survey on Hospital Beds in Public Hospitals, 2005/06.
3. The outpatient attendances for different clinics are grouped under respective hospital management.
4. Total SOP attendances (clinical) exclude Family Medicine Specialty Clinic attendances.
5. Total Allied Health Outpatient attendances exclude follow-up consultations provided by the Medical Social Service Department.
6. Data prepared in September 2006.

Abbreviations:

IP — Inpatient

DP — Day-patient

A&E — Accident & Emergency

SOP — Specialist Outpatient

Statistics on Community and Rehabilitation Services, 2005/06

Institution	Community Nursing Service*	Community Psychiatric Service#	Psycho- geriatric Service#	Community Geriatric Assessment Service@	Visiting Medical Officer attendances++	Community Allied Health attendances**	Rehabilitation day & palliative care day attendances	Geriatric day hospital attendances	Psychiatric day hospital attendances
Hong Kong East Cluster									
Cheshire Home, Chung Hom Kok	-	-	-	-	-	73	-	-	-
Pamela Youde Nethersole Eastern Hospital	95,816	11,033	3,882	-	-	1,041	861	9,331	25,056
Ruttonjee & Tang Shiu Kin Hospitals	-	-	-	107,491	16,482	774	3,275	14,266	-
St John Hospital	3,698	-	-	94	-	30	-	-	-
Tung Wah Eastern Hospital	-	-	-	-	-	175	26,548	-	-
Wong Chuk Hang Hospital	-	-	-	-	-	-	-	1,831	-
Sub-total	99,514	11,033	3,882	107,585	16,482	2,093	30,684	25,428	25,056
Hong Kong West Cluster									
Duchess of Kent Children's Hospital	-	-	-	-	-	19	-	-	-
Grantham Hospital	-	-	-	-	-	20	1,443	-	-
MacLehose Medical Rehabilitation Centre	-	-	-	-	-	229	13,073	-	-
Queen Mary Hospital	49,977	4,971	7,325	-	-	513	-	-	15,533
TWGH Fung Yiu King Hospital	-	-	-	36,015	6,307	1,078	-	4,791	-
Tung Wah Hospital	-	-	-	-	-	202	6,176	2,327	-
Sub-total	49,977	4,971	7,325	36,015	6,307	2,061	20,692	7,118	15,533

Institution	Community Nursing Service*	Community Psychiatric Service#	Psycho- geriatric Service#	Community Geriatric Assessment Service@	Visiting Medical Officer attendances++	Community Allied Health attendances**	Rehabilitation day & palliative care day attendances	Geriatric day hospital attendances	Psychiatric day hospital attendances
Kowloon East Cluster									
Haven of Hope Hospital	30,921	-	-	6,120	1,752	502	1,535	3,073	-
Tseung Kwan O Hospital	-	-	-	-	-	60	-	-	-
United Christian Hospital	125,623	8,551	4,636	35,531	5,935	1,148	1,737	17,291	28,253
Sub-total	156,544	8,551	4,636	41,651	7,687	1,710	3,272	20,364	28,253
Kowloon Central Cluster									
Hong Kong Buddhist Hospital	-	-	-	-	-	22	-	-	-
Kowloon Hospital	53,802	5,855	3,513	39,434	6,743	1,649	487	-	7,876
Queen Elizabeth Hospital	-	-	-	16,525	2,886	543	-	9,229	-
Rehabaid Centre	-	-	-	-	-	879	-	-	-
Sub-total	53,802	5,855	3,513	55,959	9,629	3,093	487	9,229	7,876

Institution	Community	Community	Psycho- geriatric Service#	Community	Visiting	Community	Rehabilitation	Geriatric day hospital attendances	Psychiatric day hospital attendances
	Nursing Service*	Psychiatric Service #		Geriatric Assessment Service@	Medical Officer attendances++	Allied Health attendances**	day & palliative care day attendances		
Kowloon West Cluster									
Caritas Medical Centre	72,970	-	-	21,013	3,819	87	1,487	8,870	-
Kwai Chung Hospital	-	23,413	14,287	-	-	3,087	-	-	58,950
Kwong Wah Hospital	30,840	-	-	43,081	9,134	1,026	-	6,873	-
Our Lady of Maryknoll Hospital	42,333	-	-	-	-	125	69	-	-
Princess Margaret Hospital	84,675	-	-	56,427	12,324	636	-	8,947	-
TWGH Wong Tai Sin Hospital	-	-	-	-	-	76	-	6,165	-
Yan Chai Hospital	-	-	-	-	-	64	-	-	-
Sub-total	230,818	23,413	14,287	120,521	25,277	5,101	1,556	30,855	58,950
New Territories East Cluster									
Alice Ho Miu Ling Nethersole Hospital	28,799	-	-	24,388	3,209	1,738	410	10,646	10,753
Bradbury Hospice	-	-	-	-	-	6	1,035	-	-
Cheshire Home, Shatin	-	-	-	-	-	9	-	-	-
North District Hospital	31,065	7,037	3,408	29,660	4,450	784	-	5,685	6,930
Prince of Wales Hospital	-	-	-	-	-	145	-	-	-
Shatin Hospital	41,170	6,398	5,543	16,484	5,924	1,913	2,230	9,372	16,696
Tai Po Hospital	-	-	-	-	-	74	-	-	-
Sub-total	101,034	13,435	8,951	70,532	13,583	4,669	3,675	25,703	34,379

Institution	Community and Rehabilitation Services								
	Community Nursing Service*	Community Psychiatric Service#	Psychogeriatric Service#	Community Geriatric Assessment Service@	Visiting Medical Officer attendances++	Community Allied Health attendances**	Rehabilitation day & palliative care day attendances	Geriatric day hospital attendances	Psychiatric day hospital attendances
New Territories West Cluster									
Castle Peak Hospital	-	19,750	6,994	-	-	913	-	-	13,440
Pok Oi Hospital	-	-	-	-	-	387	-	-	-
Tuen Mun Hospital	101,122	-	-	98,549	7,946	1,244	2,583	9,878	-
Sub-total	101,122	19,750	6,994	98,549	7,946	2,544	2,583	9,878	13,440
GRAND TOTAL	792,811	87,008	49,588	530,812	86,911	21,271	62,949	128,575	183,487

* For Community Nursing Service, the activity refers to number of home visits made.

For Community Psychiatric Service and Psychogeriatric Service, the activity refers to total number of outreach attendances and home visits. The activity of Psychogeriatric Service also includes consultation-liaison attendances.

@ For Community Geriatric Assessment Service, the activity refers to total number of outreach attendances and infirmary care service assessments performed.

++ Visiting Medical Officer attendances refer to the services provided to elderly persons living in Resident Care Homes for the Elderly under the Visiting Medical Officers Scheme introduced in 2003-04.

** Community Allied Health attendances exclude follow-up consultations provided by the Medical Social Service Department.

Note: The activity performed in different centres/teams are grouped under respective hospital management.

Manpower Position of the Hospital Authority – by Cluster by Institution

No. of Full-time Equivalent (fte) staff (as at 31.3.2006) (Note)

Institution	Medical	Nursing	Allied Health	Others	Total
Hong Kong East Cluster	551.3	2,033.7	566.0	2,957.4	6,108.4
Cheshire Home (Chung Hom Kok)	3.0	51.6	9.0	115.0	178.6
HK Tuberculosis, Chest & Heart Diseases Association	0.0	0.0	0.0	8.0	8.0
Hong Kong East Cluster Office	0.0	0.0	0.0	15.0	15.0
Pamela Youde Nethersole Eastern Hospital	419.5	1,324.7	341.4	1,703.3	3,789.0
Ruttonjee & Tang Shiu Kin Hospitals	85.2	407.7	140.0	633.6	1,266.5
St. John Hospital	7.0	31.4	8.0	69.5	115.9
Tung Wah Eastern Hospital	34.6	175.9	53.0	276.0	539.4
Wong Chuk Hang Hospital	2.0	42.4	14.6	137.0	196.0
Hong Kong West Cluster	562.2	2,402.8	673.1	2,664.4	6,302.5
Duchess of Kent Children's Hospital	9.0	64.0	39.0	122.0	234.0
Grantham Hospital	53.2	369.0	61.0	284.0	767.2
Hong Kong West Cluster Office	0.0	0.0	0.0	4.0	4.0
Maclehose Medical Rehabilitation Centre	3.0	34.0	33.0	82.0	152.0
Queen Mary Hospital	449.7	1,523.9	463.1	1,717.4	4,154.1
Tung Wah Group of Hospitals	13.2	90.9	16.0	138.0	258.1
Fung Yiu King Hospital					
Tung Wah Hospital	34.1	321.0	61.0	317.0	733.1
Kowloon Central Cluster	626.2	2,576.7	713.2	3,080.7	6,996.8
HK Red Cross Blood Transfusion Service	3.0	43.6	46.0	155.0	247.6
Hong Kong Buddhist Hospital	13.3	127.00	23.0	137.2	300.5
Hong Kong Eye Hospital	36.1	62.7	15.0	126.0	239.8
Kowloon Central Cluster Office	0.0	0.0	0.0	11.0	11.0
Kowloon Hospital	50.7	653.1	146.2	685.5	1,535.5
Queen Elizabeth Hospital	523.1	1,690.3	471.0	1,949.0	4,633.4
Rehabaid Centre	0.0	0.0	12.0	17.0	29.0
Kowloon East Cluster	576.0	1,933.4	502.9	2,174.0	5,186.3
Haven of Hope Hospital	18.0	234.0	45.4	299.0	596.4
Kowloon East Cluster Office	0.0	0.0	0.0	6.0	6.0
Tseung Kwan O Hospital	123.0	408.5	122.5	398.5	1,052.5
United Christian Hospital	435.0	1,290.9	335.0	1,470.5	3,531.4

No. of Full-time Equivalent (fte) staff (as at 31.3.2006) (Note)					
Institution	Medical	Nursing	Allied Health	Others	Total
Kowloon West Cluster	1,163.4	4,693.2	1,049.0	5,334.5	12,240.1
Caritas Medical Centre	223.9	711.5	174.0	892.0	2,001.4
Kowloon West Cluster Office	0.0	0.0	0.0	4.0	4.0
Kwai Chung Hospital	64.0	579.0	67.0	556.1	1,266.1
Kwong Wah Hospital	302.6	1,085.8	251.0	1,185.2	2,824.6
Our Lady of Maryknoll Hospital	58.9	216.0	53.0	231.6	559.5
Princess Margaret Hospital	346.0	1,281.9	333.0	1,453.2	3,414.1
Tung Wah Group of Hospitals	25.0	236.0	37.0	287.3	585.3
Wong Tai Sin Hospital					
Yan Chai Hospital	143.0	583.0	134.0	725.1	1,585.1
New Territories East Cluster	841.0	3,165.2	832.0	3,755.6	8,593.8
Alice Ho Miu Ling Nethersole Hospital	120.5	465.0	150.0	536.0	1,271.5
Bradbury Hospice	2.0	26.0	3.0	17.0	48.0
Cheshire Home (Shatin)	3.0	64.0	5.0	95.0	167.0
New Territories East Cluster Office	0.0	39.2	0.0	351.3	390.5
North District Hospital	152.3	572.0	142.0	568.0	1,434.3
Prince of Wales Hospital	497.8	1,420.0	421.0	1,452.3	3,791.1
Shatin Hospital	32.4	284.0	56.0	353.0	725.4
Tai Po Hospital	33.0	295.0	55.0	383.0	766.0
New Territories West Cluster	568.0	2,409.5	514.0	2,766.5	6,258.0
Castle Peak Hospital	57.0	563.9	50.0	612.2	1,283.1
New Territories West Cluster Office	0.0	0.0	0.0	1.0	1.0
Pok Oi Hospital	20.0	168.8	60.0	216.2	465.0
Siu Lam Hospital	3.0	80.2	5.0	244.0	332.2
Tuen Mun Hospital	488.0	1,596.6	399.0	1,693.1	4,176.7
Total	4,888.1	19,214.5	4,850.2	22,733.1	51,685.9

Note:

Manpower on full-time equivalent (fte) basis. Includes all staff in HA's workforce i.e. permanent, contract and temporary.

* Not including 956.7 staff in the Hospital Authority shared/agency services and the Head Office.

Manpower Position of the Hospital Authority – by Staff Group

No. of Full-time Equivalent (fte) Staff (Note)	2001/02	2002/03	2003/04	2004/05	2005/06
Medical					
Consultant	511.5	509.0	496.3	486.3	488.0
Senior Medical Officer/Associate Consultant	905.5	887.5	924.0	926.8	977.8
Medical Officer/Resident	2,688.0	2,883.0	3,121.5	3,113.2	3,102.8
Intern	351.0	333.0	325.0	328.0	325.0
Senior Dental Officer/Dental Officer	5.0	5.0	5.0	4.5	4.5
Medical Total	4,461.0	4,617.5	4,871.8	4,858.8	4,898.1
Nurses					
Senior Nursing Officer and above	100.0	93.0	80.0	68.0	65.0
Department Operations Manager	173.0	169.0	153.0	143.0	147.0
General					
Ward Manager/ Nurse Specialist/ Nursing Officer/ Advanced Practice Nurse	2,456.5	2,411.5	2,365.5	2,308.5	2,374.0
Registered Nurse	11,041.0	11,454.0	11,423.6	11,509.3	11,712.6
Enrolled Nurse	3,480.5	3,402.0	3,180.5	2,948.0	2,907.6
Midwife/ Others	84.0	67.0	46.0	43.5	42.0
Student Nurse/ Pupil Nurse/ Temporary Undergraduate Nursing Student	360.0	1.0	160.3	271.0	103.2
Psychiatric					
Ward Manager/ Nurse Specialist/ Nursing Officer/ Advanced Practice Nurse	332.0	326.0	322.0	318.0	319.5
Registered Nurse	978.0	994.0	965.0	967.5	1,002.7
Enrolled Nurse	644.0	640.0	612.0	584.9	532.4
Student Nurse/ Pupil Nurse	33.0	10.0	0.0	0.0	42.0
Nursing Total	19,682.0	19,567.5	19,307.9	19,161.7	19,248.0

No. of Full-time Equivalent (fte) Staff ^(Note)	2001/02	2002/03	2003/04	2004/05	2005/06
Allied Health					
Audiology Technician	11.0	11.0	10.0	9.0	9.0
Clinical Psychologist	71.5	70.0	70.5	74.0	75.0
Dietitian	89.0	81.0	78.0	78.8	80.7
Dispenser	668.0	659.5	860.5	851.6	857.6
Medical Technologist/ Medical Laboratory Technician	1,093.0	1,106.0	1,072.0	1,058.0	1,048.0
Mould Technologist/ Mould Laboratory Technician	28.0	27.0	27.0	27.0	27.0
Optometrist	27.0	26.5	26.0	28.0	29.0
Orthoptist	12.0	12.0	12.0	12.0	12.0
Occupational Therapist	468.5	484.5	476.0	457.0	462.5
Pharmacist/Resident Pharmacist	209.5	231.5	281.5	304.2	318.7
Physicist/Resident Physicist	38.0	37.0	37.0	41.0	45.0
Physiotherapist	719.0	733.0	715.5	686.0	697.0
Podiatrist	22.0	18.5	19.0	17.5	21.1
Prosthetist-Orthotist	97.0	119.0	101.0	96.0	93.0
Radiographer	808.0	825.0	830.5	817.0	834.1
Scientific Officer (Medical)	57.5	55.5	54.5	54.6	59.6
Speech Therapist	53.5	52.0	50.0	50.0	52.0
Medical Social Worker	162.5	170.0	168.0	166.0	171.0
Dental Technician	2.0	2.0	2.0	2.0	2.0
Allied Health Total	4,637.0	4,721.0	4,891.0	4,829.7	4,894.3

No. of Full-time Equivalent (fte) Staff ^(Note)	2001/02	2002/03	2003/04	2004/05	2005/06
Health Care Assistant and Ward Attendant					
Health Care Assistant	4,594.0	4,454.0	4,069.0	3,937.0	3,857.0
Ward Attendant	1,320.0	1,243.0	954.0	856.0	799.0
General Services Assistant/ Technical Services Assistant (Care-related)	383.5	1,054.0	1,814.5	2,095.3	2,425.7
Health Care Assistant/Ward Attendant/ General Services Assistant/ Technical Services Assistant Total	6,297.5	6,751.0	6,837.5	6,888.3	7,081.7
Direct Patient Care Total	35,077.5	35,657.0	35,908.2	35,738.5	36,122.1
Others					
Chief Executive/Director/Deputy Director	8.0	10.0	9.0	11.0	10.0
Cluster Chief Executive/ Hospital Chief Executive	33.0	32.0	30.0	28.0	27.0
Senior Executive Manager, Executive Manager, General Manager	100.0	101.1	88.0	80.0	86.0
Other Professionals/Administrative – Accountant, Hospital Administrator, Systems Manager, Analyst Programmer etc	868.0	882.0	854.5	882.0	913.5
Other Supporting Staff – Clerical, Secretarial, Workmen, Artisan, Property Attendant etc	16,512.5	16,075.0	15,561.0	15,385.2	15,484.0
Non-direct Patient Care Total	17,521.5	17,100.0	16,542.5	16,386.2	16,520.5
HA Total	52,599.0	52,757.0	52,450.7	52,124.7	52,642.6

Note :

- Manpower on full-time equivalent (fte) includes all staff in HA's workforce i.e. permanent, contract and temporary.

Up to 03/04, all full-time staff are counted as one and all part-time staff counted as 0.5. (Exceptions based on actual / estimated service sessions:

Medical : Each part-time Family Medicine Consultant/Visiting Medical Officer counted as 0.33fte/0.15fte respectively;

Nursing : Each temporary part-time nurse/undergraduate nursing student counted as 0.4fte/0.17fte respectively.)

From 04/05 onwards, all fte manpower based on actual services sessions.

Resource Utilisation by Hospital Clusters for 2005/06

Cluster	2005/06 Resource Utilisation (\$ Mn)
Hong Kong East Cluster	3,035.4
Hong Kong West Cluster	3,264.6
Kowloon Central Cluster	3,714.9
Kowloon East Cluster	2,694.5
Kowloon West Cluster	6,207.5
New Territories East Cluster	4,465.1
New Territories West Cluster	3,279.2
Hospital Authority Head Office	459.6
Others ^(Note)	649.8
Total Resource Utilisation	27,770.6

Note:

Others include resources for hospital services (e.g. interns) and corporate programmes (e.g. insurance premium, legal costs / claims and information technology / information systems services etc)

Hospital Authority Training and Development Expenditure 2005/06

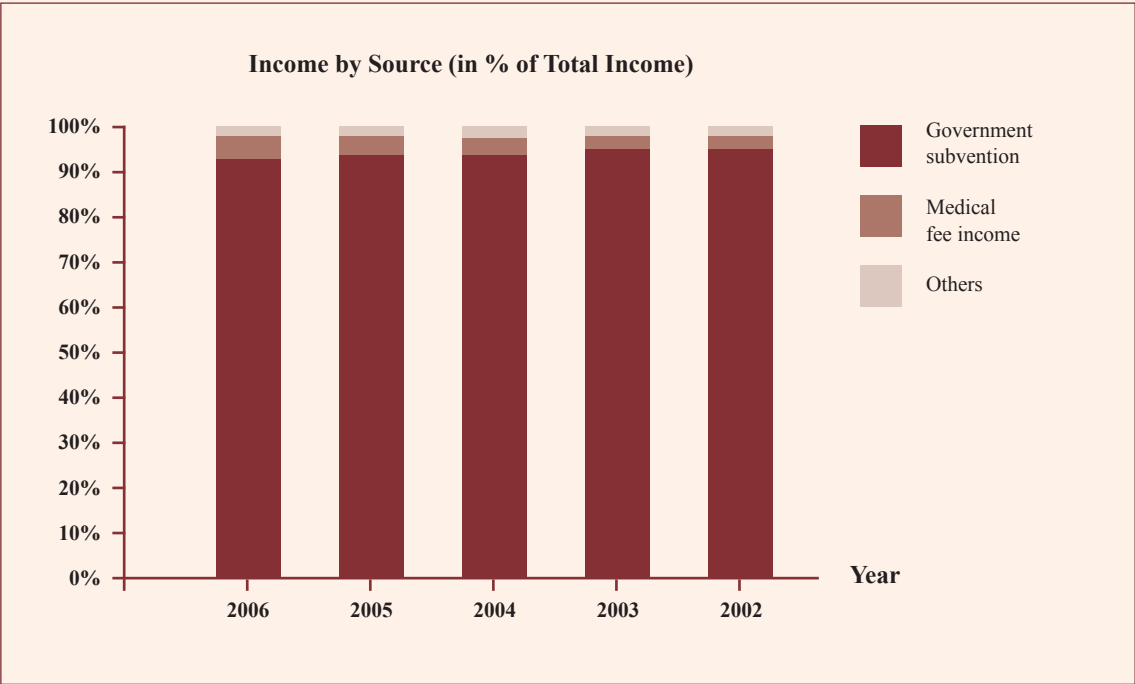
Hospital/ Institution	Amount \$
Hong Kong East Cluster	\$2,855,499
Hong Kong West Cluster	\$2,358,465
Kowloon Central Cluster	\$3,899,217
Kowloon East Cluster	\$1,710,701
Kowloon West Cluster	\$3,839,409
New Territories East Cluster	\$2,670,683
New Territories West Cluster	\$1,930,418
Hospital Authority Head Office	\$1,141,754
Total	\$20,406,146

Central Programmes	Amount \$
Consultants' Continuous Education	\$1,239,287
Commission Training	\$4,013,944
Management & Staff Development Programmes	\$943,115
HA eLearning Centre	\$495,912
Vocational Skills Training for Supporting Staff	\$365,093
Total	\$7,057,351

Hospital Authority Five-Year Financial Highlights

Financial Results (for the Year ended 31 March)

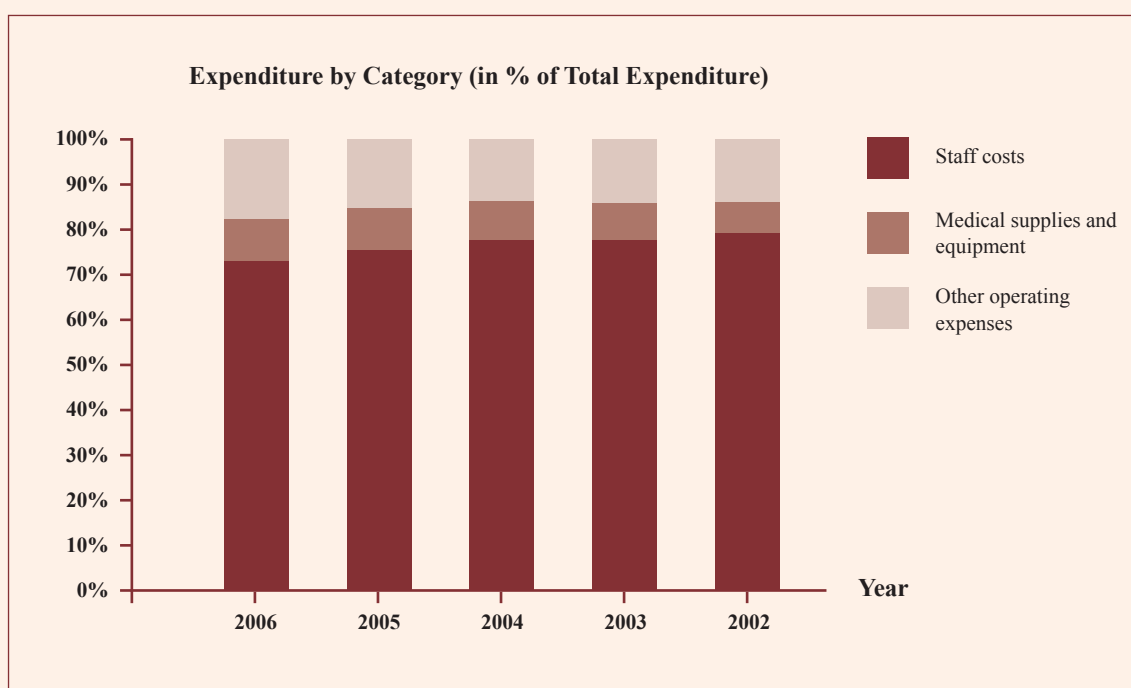
	2006	2005	2004	2003	2002
	HK\$Mn	HK\$Mn	HK\$Mn	HK\$Mn	HK\$Mn
Income					
Government subvention (recurrent and capital)	28,019	28,417	30,039	29,977	30,138
Medical fee income (net of waivers)	1,628	1,386	1,243	849	782
Non-medical fee income	310	285	294	321	361
Designated donations	83	98	209	100	106
Capital donations	90	81	73	78	87
	30,130	30,267	31,858	31,325	31,474
Expenditure					
Staff costs	(23,044)	(23,412)	(25,170)	(24,798)	(25,072)
Medical supplies and equipment	(3,133)	(2,937)	(2,797)	(2,600)	(2,570)
Other operating expenses (include depreciation)	(5,184)	(4,256)	(4,265)	(4,147)	(4,093)
	(31,361)	(30,605)	(32,232)	(31,545)	(31,735)
Deficit for the Year	(1,231)	(338)	(374)	(220)	(261)



Financial Results (for the Year ended 31 March)

Key Financial Indicators

	2006 HK\$Mn	2005 HK\$Mn	2004 HK\$Mn	2003 HK\$Mn	2002 HK\$Mn
Medical fee income					
Inpatient fees	899	813	746	632	628
Outpatient fees	1,039	1,046	936	505	405
Itemised charges	187	55	40	47	45
Other medical fees	49	42	35	29	29
	2,174	1,956	1,757	1,213	1,107
Less: Waivers	(546)	(570)	(514)	(364)	(325)
Medical fee income (net of waivers)	1,628	1,386	1,243	849	782
Medical fee write-off expenditure	44	51	27	19	14



Financial Position (as at 31 March)

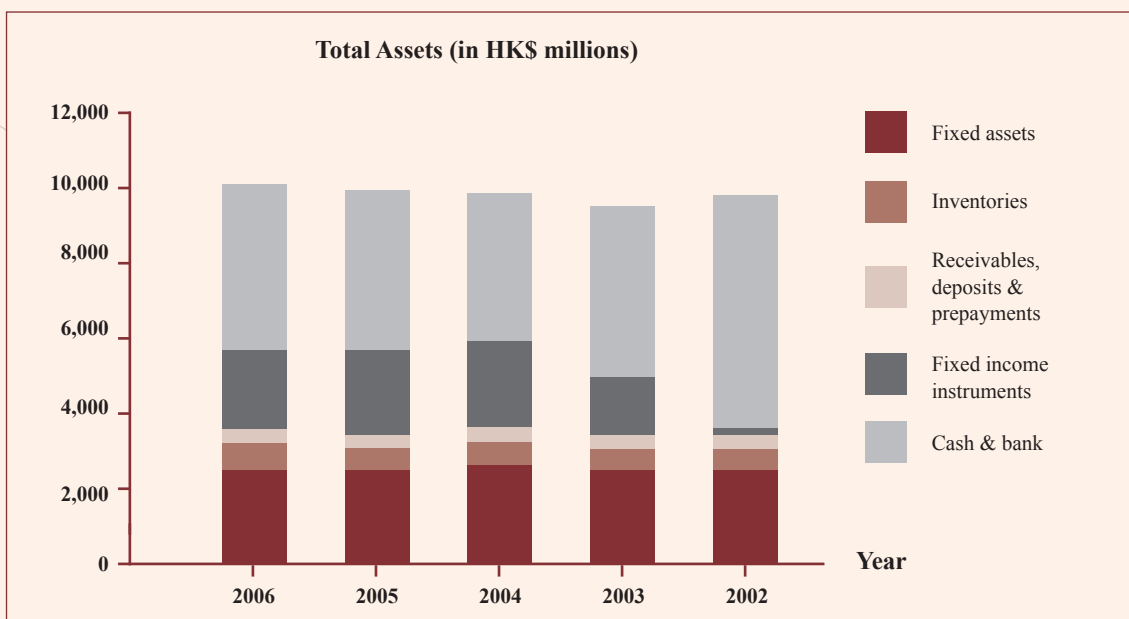
	2006 HK\$Mn	2005 HK\$Mn	2004 HK\$Mn	2003 HK\$Mn	2002 HK\$Mn
Non-current assets	3,395	3,696	3,665	3,684	2,533
Current assets	6,650	6,261	6,211	5,837	7,280
Current liabilities	(2,757)	(1,986)	(1,922)	(1,848)	(2,226)
Net current assets	3,893	4,275	4,289	3,989	5,054
Non-current liabilities	(635)	(646)	(687)	(546)	(581)
Net assets	6,653	7,325	7,267	7,127	7,006
Capital subventions and donations	2,128	2,104	2,263	2,285	2,458
Designated fund	5,077	4,542	3,987	3,451	2,937
Revenue reserve	(552)	679	1,017	1,391	1,611
	6,653	7,325	7,267	7,127	7,006

Key Financial Indicators**Inventories**

Drugs	482	416	399	374	294
Other medical and general consumables	240	238	275	186	176
	722	654	674	560	470

Average stock holding period (weeks)

Drugs	11.9	11.1	11.8	12.2	9.4
Other medical and general consumables	10.8	10.3	12.5	13.0	11.0



Analysis of Hospital/Clinic Fees and Charges

The charges for hospital services provided by the Hospital Authority are levied in accordance with those stipulated in the Gazette and are recognised as income in the Statement of Income and Expenditure when services are provided.

Hospital fees and charges that are uncollectible are written off in the Statement of Income and Expenditure for the year. In addition, provision is also made for those outstanding hospital fees and charges as at the financial year-end. The amount of provision for doubtful debts in financial year 2005/2006 is HK\$56,664,000 (2005: HK\$47,827,000). Such provision is assessed based on both the aging as well as the recoverability rate of outstanding hospital fees and charges as at the financial year-end.

The analysis of the hospital/clinic fees and charges of the Hospital Authority is as follows:

	2005/2006		2004/2005	
	HK\$'000	(%)	HK\$'000	(%)
Net hospital/clinic fees and charges	1,575,783	(72.4%)	1,340,258	(68.5%)
Hospital/clinic fees written-off and doubtful debts	52,676	(2.4%)	46,247	(2.4%)
Waiver of hospital/clinic fees for:				
• Eligible Persons *	527,514	(24.3%)	534,582	(27.3%)
• Non-Eligible Persons *	18,894	(0.9%)	35,432	(1.8%)
Total hospital/clinic fees and charges	2,174,867	(100%)	1,956,519	(100%)

* Eligible Persons refer to those patients holding a Hong Kong Identity Card. Any other patients are classified as Non-Eligible Persons.

To live out our commitment to environmental protection,
this Report can be found on our website at **www.ha.org.hk**

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