

**規 劃 署**

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**Planning Department**

North Point Government Offices  
333 Java Road,  
North Point, Hong Kong

來函檔號 Your Reference CB(4)/PAC/R59  
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19 December 2012

Public Accounts Committee  
Legislative Council Complex  
1 Legislative Council Road,  
Central,  
Hong Kong

(Attn : Ms Mary SO)

Dear Sir/Madam,

**Public Accounts Committee**  
**Consideration of Chapter 4 of the Director of Audit's Report No. 59**  
**Land grants for private hospital development**

Thank you for your letter of 12 December 2012 requesting for further responses in writing to two issues in connection with the Public Accounts Committee's consideration of Chapter 4 of the Director of Audit's Report No.59 on "Land grants for private hospital development".

2. The following is a summary of the considerations of the planning applications and rezoning request in relation to the land of Hospital G based on our records :

- In relation to the undeveloped (eastern) portion of land of Hospital G, the Town Planning Board (TPB) received and considered two s.16 planning applications (Applications No. A/ST/483 and No. A/ST/508) in December 1998 and November 1999 respectively and one rezoning request (No. TPB/Z/ST/8) in May 2000. In processing the above applications and rezoning request, relevant government bureaux/departments including Director of Health (D of H) were consulted. These were referred in Table 5, paragraphs 4.14-4.16 and Annex D of Chapter 4 of the Director of Audit's Report No.59.

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Our Vision - "We plan to make Hong Kong an international city of world prominence."



- In December 1998, D of H, when commenting on Application **No. A/ST/483**, raised no objection to the application and advised, inter alia, that an excess of demand over the planned 400 beds (including the future expansion) was not anticipated in view of the persistent low occupancy of the Hospital. The need for expansion would not be imminent unless there was a drastic change in policy over health financing in which patients would be forced to patronize private hospitals. However, D of H suggested that the applicant should clearly specify the amount or percentage of income generated that would be reserved for financing the capital costs of the future expansion of the Hospital as well as the continuing operation of the Hospital as this information was considered necessary to justify the change of land use (**Annex A**).
- In November 1999, when commenting on the second application **No. A/ST/508**, D of H considered that there was no detail data provided in the application in respect of the portion of the profit from the sales of flats that would be reserved for the operation costs and development of the Hospital and raised concern about the financial position of the Hospital to support continuous operation of the Hospital with additional beds. Considering that there would not be any added value of the proposed extra 200 beds in the health services provision in Hong Kong, D of H had reservation in supporting the proposal. However, D of H advised that consideration on the proposed change of land use was more a matter of land policy decision (**Annex B**).
- The two applications were both considered and rejected by the Rural and New Town Planning Committee (RNTPC) of the TPB. In considering the first application No. A/ST/483, the RNTPC noted that the proposed residential development would assist in financing the capital costs of the future expansion of the hospital but there was no sufficient information provided to help determine whether the proposed residential development would pre-empt the possibility of hospital expansion on the site.
- In considering the second application No. A/ST/508, D of H's reservation on the application was noted but the key concern taken by the RNTPC then was on the land use aspect. Members noted that although the proposal was generally in line with the TPB Guidelines, there were neither unique circumstances nor strong reason to justify a departure from the planning intention. Since there were local objections to the application, a majority of members were of the view that should the proposed development be considered acceptable, it would be more appropriate to amend the OZP to reflect the latest planning intention of the site so as to provide a statutory avenue for affected persons to lodge objections with the TPB. The RNTPC thus agreed, in rejecting the second application, to advise the applicant that should he consider that the undeveloped portion of the application site was no longer required for hospital use, it would be more appropriate for him to request for a rezoning of the site for the subject residential development proposal.
- The Applicant had asked in April 2000 for a review of the decision on the second application. D of H suggested that the operators should seek other venues to raise funds and not to use the zoned land for such purpose and the land should be reserved for future development on hospital services in the long run as often seen in other hospital projects (**Annex C**). The application was, however, later withdrawn by the Applicant on his own accord.

- The applicant subsequently submitted a rezoning request in May 2000 to change the “Government, Institution or Community” (“G/IC”) and “Open Space” (“O”) zoning of the undeveloped portion to “Residential (Group B)” (“R(B)”). D of H had no particular comment on the rezoning request and reiterated that her previous comments on the planning application were still valid.
- In considering the rezoning request in June 2000, the RNTPC noted that the applicant would expand the hospital through the construction of additional 3 storeys over the existing hospital blocks; the undeveloped portion of the “G/IC” site was not required for the hospital expansion or for the provision of other types of G/IC facilities; the proposal would not generate significant adverse environmental and traffic impacts and impose significant pressure on the existing and planned infrastructure in the area; the plot ratio of the proposed residential development at the site was considered generally compatible with the adjacent private residential developments; the proposal would require a lease modification and there was no impediment to such proceedings under the land administration policy; and the rezoning would provide a proper avenue for the local residents to raise their objections. The RNTPC, after balancing all relevant factors, agreed to the rezoning request on 30 June 2000. The amendment was later exhibited for public inspection under section 7 of the Town Planning Ordinance (TPO) on 4 August 2000.
- During the exhibition period, a total of six objections were received against the rezoning of the site to “R(B)” zone. When the objections were circulated for departmental comment, D of H advised that her previous comments on the planning application were still valid. The objection hearing was conducted in January 2001. After considering the presentations made by the objectors, the Objection Hearing Committee (OHC) decided to revert the zoning of the site from “R(B)” to “G/IC” and “O” and the amendments were then notified under Section 6(7) of the pre-amended TPO. During the notification period, one further objection, submitted by Hospital G, against this amendment was received. Another hearing to consider this further objection under Section 6(8) of the pre-amended TPO was conducted in June 2001. Both the original six objectors and the further objector were invited to attend the meeting.
- In considering the further objection, the OHC noted D of H’s advice that the land should be reserved for future development of hospital services in the long run as often seen in other hospital projects (**Annex D**). After hearing the presentations of objectors/further objector and balancing all relevant factors, the OHC decided to alter its previous decision by reversing the zoning of the site from “G/IC” and “O” to “R(B)” taking the following into account:
  - according to the Hospital Authority (HA), the ratio of 5.5 beds per 1,000 persons quoted in the Hong Kong Planning Standards and Guidelines referred to a territory-wide requirement of beds that covered all types of beds both in the public and private sectors. The ratio did not reflect the requirement of hospital beds at the local district level. HA’s assessment showed that there would be a slight shortfall of about 250 general public hospital beds in the New Territories East region by 2006. HA could not comment on the adequacy of private hospital beds as private hospitals were operated on commercial basis and their operation was totally dependent on market demand, and HA had no plan to acquire new land in the New Territories East region to develop hospital facilities.

- Given its remote location and poor accessibility, the OHC also considered that the site was not suitable for social welfare facilities as advised by the Social Welfare Department.
  - Hospital G had already complied with the lease requirement for provision of hospital beds.
  - Besides, Hospital G had proposed to increase the number of hospital beds from 212 to a total of 400. This proposal, if implemented, would provide an additional 188 beds in Sha Tin.
  - The proposed residential development was not incompatible with the adjacent private residential developments and would not generate significant adverse environmental and traffic impacts.
- The Sha Tin Outline Zoning Plan, together with the unwithdrawn objections, was approved by the Chief Executive in Council in September 2001.

3. According to our records, during the period from 1999 to 2002, the TPB considered 59 applications (covering 58 sites) for rezoning non-residential zones to residential uses. These non-residential zones were mainly "Government, Institution or Community", "Green Belt", "Industrial" and "Agriculture" zones. Among these 59 applications, 22 applications (covering 22 sites) were agreed or partially agreed by the TPB; and 37 applications (covering 36 sites) were rejected.

Yours faithfully,



(Miss Ophelia WONG)  
for Director of Planning

cc Internal

AD/NT  
DPO/STN

By Fax

**MEMO**
 District Planning Officer  
 (Sha Tin, Tai Po & North)  
 Planning Department

From Director of Health

Ref. (17) in DH/248/1001/94 II

Tel. No. [REDACTED]

Fax No. [REDACTED]

Date 31 December 1998

To [REDACTED]

(Attn.: Mr [REDACTED])

Your Ref. (3) in TPB / A / ST / 483

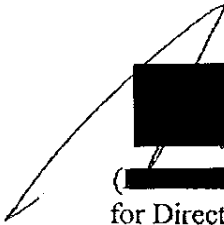
dated 28 December 1998 Fax No. [REDACTED]

Total Pages [REDACTED]

**Application for Residential Development near [REDACTED]  
 at [REDACTED], Sha Tin, N.T.  
 (Application for Permission under  
 Draft Sha Tin Outline Zoning Plan No. S / ST / 11)**

Thank you for your memo of 28 December 1998.

2. It is noted that the current application submitted by the [REDACTED] for residential development near [REDACTED] is to address DPO's concern on the zoning and site boundaries of the previous application of 1 August 1998. There is no change in respect of the proposed residential building development.
3. I have no particular comment to make on the zoning and application site boundaries. With regard to the proposed residential development, please refer to my remarks made in my memo to your ref (14) in the same series dated 12 August 1998.

  
 [REDACTED]  
 ([REDACTED])  
 for Director of Health

c.c. S for Health & Welfare (Attn.: [REDACTED])

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MEMO

<i>From</i>	Director of Health	<i>To</i>	District Planning Officer
<i>Ref.</i>	(14) in DH/248/1001/94II	<i>(Attn:</i>	Ms. [REDACTED])
<i>Tel.</i>	[REDACTED]	<i>Your Ref.</i>	(3) in TPB/A/ST/470
<i>Fax</i>	[REDACTED]	<i>dated</i>	5 August 1998 Fax: [REDACTED]
<i>Date</i>	12 August 1998	<i>Total Pages</i>	1

**Application for Residential Development near [REDACTED]  
at [REDACTED], Shatin N.T.**

Thank you for your memo of 5 August 1998.

2. With reference to the application submitted by the [REDACTED] ([REDACTED]) for residential development near [REDACTED], I do not object in principle to the application for the following reasons -

- i) The [REDACTED] has allowed in the original design of the foundation of the Hospital Building to cater for future expansion, i.e. to build an additional three storeys over the existing hospital block, providing another 200 beds. In view of the persistent low occupancy even in times of good financial environment in the years 1995 to 1997(occupancy rate varied from 15% to 37%), it is not envisaged that there will be an excess of demand over the planned 400 beds (including the future expansion). Hence, the need of expansion on part of the applied site will not be eminent unless there is a drastic change in policy over health financing in which patients will be forced to patronise private hospitals.
- ii) The Department of Health is open to the proposal that the hospital does not need to provide staff quarters within the same land lot (my earlier memo dated 20 May 1998 refers).

3. Having said the above, I must add that the applicant needs to specify clearly the amount or percentage of income generated that would be reserved for the financing the capital costs of the future expansion of the Hospital as well as the continuing operation of the Hospital. This information is necessary for the Administration to justify the change of land use. I note that the hospital has suffered an cumulative loss

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of \$270 million from 1994 to 1997 on recurrent expenses. With the current business climate, an annual deficit in the area of \$80 is estimated for future years. It is also estimated that some \$150 million would be required to provide further expansion of 200 beds. The Director of Lands would be in a better position to negotiate with the applicant on the terms and stipulate conditions to ensure that the applicant sets aside sufficient profits from the residential development to guarantee future financing/expansion of the hospital.

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( [REDACTED] )  
for Director of Health

cc: SIHW (Attn: Mr. [REDACTED])

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To : District Planning Officer/Shau Tin, Tai Po and North  
(Attn: Mr. [REDACTED])  
Fax No. [REDACTED] or [REDACTED]

Application No. A/ST/508

Department/Office/Section : Department of Health  
Responsible Officer : [REDACTED]  
Telephone No. : [REDACTED]  
Date : 5 November 1999  
File Reference : (24) in DH 248/1001/94 II

Please tick as appropriate :

- No objection to the application  
 ~~See~~ comment on the application  
 Object to the application

Major Comments on the Applications:

There is no detail data provided in the current application in respect of the portion of the profit from the sales of flats that would be reserved for the operational costs and development of the hospital. The financial position of the hospital to support continuous operation of the hospital with additional beds is a concern.

Though a gradual increase in the bed occupancy rate of the existing 212 beds of the [REDACTED] is noted (i.e. up to 62.93% in August 1999), the increase has not significantly indicated the need for the Phase II development to provide additional 200 beds. As we do not foresee a tremendous increase in demand for hospital beds in the private sector in the coming five years, we do not see any added value of the proposed extra 200 beds in the health services provision in Hong Kong. As such, I have reservation in supporting the proposal.

Nevertheless, consideration on the proposed change of land use is more a matter of land policy decision.

Other Detailed Comments (if applicable) :

Nil

c.c. SHW (Attn: Mr. [REDACTED]) fax- [REDACTED]



**MEMO**

<i>From</i>	Director of Health	<i>To:</i>	District Planning Officer (Sha Tin, Tai Po & North)
<i>Ref.</i>	(36) in DH248/1001/94III	<i>(Attn:</i>	( [REDACTED] ))
<i>Tel.</i>	[REDACTED]	<i>Ref:</i>	(7) in TPB/A/ST/508II
<i>Fax</i>	[REDACTED]	<i>dated</i>	28.4.2000 Fax: [REDACTED]
<i>Date</i>	29 April 2000	<i>pages</i>	1

**Review of Proposed Residential/Hospital and  
Ancillary Chinese Medicine Research Department Development,  
Sha Tin Town [REDACTED]  
[REDACTED]  
Sha Tin, New Territories  
(Review of Application No. A/ST/508)**

I refer to your memo of 28 April 2000.

2. I confirm that my previous comments on the application are still valid. You may wish to refute the argument that the sale of residential flats to support the development of the hospital. The land is zoned for G/IC purposes. The operators should seek other venues to raise funds and not to use the zoned land for such purpose. The land should be reserved for future development on hospital services in the long run as we often see in other hospital projects.

[REDACTED]  
( [REDACTED] )  
for Director of Health

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MEMO

*From* Director of Health

*Ref.* (2) in DH 248/1001/94 IV

*Tel. No.* [REDACTED]

*Fax. No.* [REDACTED]

*Date* 22 March 2001

*To* District Planning Officer  
(Sha Tin, Tai Po & North)

*Your ref.* (5) in TPB/O/S/ST14-F1 DPO)

*date* 17.3.2001

*Fax. No.* [REDACTED]

*Total Pages* 1

**Proposed Amendments to the Draft Sha Tin Outline Zoning Plan No. S/ST/14  
(Objection No. F1)**

Thank you for your memo of 17 March 2001.

2. My views on the written representation is that the land should be reserved for future development on hospital services in the long run as we often see in other hospital projects.

for Director of Health

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