

**Land Grants for Private Hospital Development
Progress in implementing the Audit's and PAC's recommendations**

Para. no.	Audit's/PAC's recommendations	Progress as at September 2013
Part 2: Special land grant conditions set on private hospitals		
Para. 5.10 of Audit Report	<p>Audit recommends that the Administration should:</p> <p>(b) for direct land grants made in the past to non-profit-making private hospitals, negotiate to impose appropriate conditions when opportunities arise, to align with the Government's new approach in promoting packaged charging and price transparency; and</p> <p>(c) in the case of LG8 made to Hospital F, specify the Government's requirements clearly for provision of "low-charge beds and service" in the hospital; and</p>	<p>Action completed.</p> <p>The Administration would impose appropriate conditions on non-profit-making private hospitals subject to relevant land grants to align with the latest Government intention.</p> <p>The LandsD has issued internal guidelines to remind staff to liaise with the FHB/DH on including appropriate requirements in private hospital leases when opportunities arise.</p> <p>Action completed.</p> <p>The DH has notified Hospital F of the Government's requirements for provision of low-charge beds. The DH will monitor the implementation of low-charge beds by Hospital F.</p>

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	<p>clarify the legal position on whether it is feasible for the Government to impose other additional requirements (such as the 2011 minimum requirements) on the operation of the hospital through the use of the "Compliance with prevailing policies" condition available in the land lease.</p>	<p>Action completed.</p> <p>The 1981 Two Salient Requirements are applicable to the land grant of Hospital F.</p>
<p>Page 152 of PAC Report</p>	<p>The PAC urges the Administration to:</p> <p>(a) delineate clearly their responsibilities for the inclusion or continuance of the Two Salient Requirements in the terms of the PTGs made to non-profit-making private hospitals to ensure that essential requirements are always included in the lease terms in future; and</p> <p>(b) take the opportunity to include the Two Salient Requirements in the land grants made to non-profit-making private hospitals when the grantee applies for lease renewal, lot extension or lease modification to cope with any hospital expansion or redevelopment.</p>	<p>The LandsD is consulting relevant policy bureaux on the draft of a general protocol on matters related to the administration of PTGs, setting out the delineation of responsibilities among bureaux/departments in the processing of PTGs, the incorporation of suitable requirements in the lease or other agreement, and the subsequent monitoring of compliance and enforcement.</p> <p>The LandsD has issued internal guidelines to remind staff to liaise with FHB/DH on including appropriate requirements in private hospital leases when opportunities arise.</p> <p>The Administration would impose appropriate conditions on the land grants for non-profit-making private hospitals to align with the Government intention on those occasions; and</p> <p>The LandsD has issued internal guidelines to remind staff to liaise with the FHB/DH on including appropriate requirements in private hospital leases when opportunities arise.</p>

Para. no.	Audit's/PAC's recommendations	Progress as at September 2013
Part 3: Monitoring and enforcement of land grant conditions		
Para. 5.10 of Audit Report	<p>(e) put in place a proper mechanism and set up the Government's controls to monitor the private hospitals' compliance with the land grant conditions, in particular the provision of "free or low-charge beds" and the "profits/surplus plough-back" requirement;</p> <p>(f) in the case of Hospital D and Hospital F, request the submission of grantees' confirmations and audited accounts to ensure that they have complied with the "profits/surplus plough-back" requirement in the land grants, and look into other issues highlighted in paragraph 3.13 (such as whether related party transactions and profit-sharing arrangements are permissible under the land grant conditions);</p>	<p>The DH and LandsD have been discussing the delineation of responsibilities for monitoring compliance with conditions of private hospital leases.</p> <p>Hospital D has set up a geriatric ward to provide 20 free beds since February 2013. The utilisation rate reached 95% in July 2013;</p> <p>Furthermore, Hospital D has taken measures to increase the utilisation of its low-charge beds, the monthly utilisation rate of which increased to 73% – 88% between April and July 2013.</p> <p>The DH will monitor the implementation of low-charge beds by Hospital F.</p> <p>Hospital D and Hospital F have submitted to the DH audited accounts and auditor's certificates for their compliance with financially-related land grant conditions. The DH and LandsD are following up with the hospitals on compliance with the requirements.</p> <p>The DH has also reminded private hospitals to make applications to LandsD for any business arrangement with third party for providing services in the hospitals. The LandsD would follow up on referrals and applications received and will take advice and seek policy support from FHB/DH in processing any such applications.</p>

Para. no.	Audit's/PAC's recommendations	Progress as at September 2013
	<p>(g) require Hospital C to rectify as early as possible, in consultation with the Social Welfare Department (SWD), the various irregularities found on LG4; and</p> <p>(i) take actions to clarify if similar situations as in Hospital E also exist in other private hospitals and take appropriate follow-up on the three issues of audit concern as mentioned in paragraph 3.38, including whether the provision of specialist medical centres (operated by third parties) within the hospital premises on PTG sites would constitute subletting and whether the hospital management is responsible for the hospital-related services provided by such medical centres.</p>	<p>The DH has reviewed the services currently provided on LG4 by Hospital C in consultation with the LandsD and considered that Hospital C has complied with the relevant land grant condition, which requires that all services provided on the lot are approved by the Director of Health.</p> <p>The amendment building plans submitted by Hospital C for the social centre for the elderly were agreeable to the SWD. The LandsD approved the building plans for the development on LG4 under the lease in May 2013. The LandsD will, in conjunction with the SWD, keep in view the completion of the works scheduled for the end of 2013.</p> <p>The DH has reminded private hospitals to make applications to the LandsD for any business arrangement with third party for providing services in the hospitals. The LandsD will follow up on referrals and applications received and will take advice and seek policy support from the FHB/DH in processing any such applications.</p>

Para. no.	Audit's/PAC's recommendations	Progress as at September 2013
Part 4: Sale of land for private hospital development		
Para. 5.11 of Audit Report	<p>Audit recommends that the Administration should draw lessons from the way the Government had disposed of the hospital site, including the subsequent change in use of a sizeable portion of the hospital site for private residential development. Specifically, the Administration should take actions to prevent recurrence, including:</p> <p>(a) the avoidance of providing a site area which turned out to be excessive for private hospital development; and</p> <p>(b) due consideration be given to any existing/potential shortfall in hospital beds and other planning needs when consenting to any change in use of a hospital site for private residential development.</p>	<p>For future disposal of private hospital sites, the Administration will take into account the demand and supply and service requirements of the private healthcare sector in order to determine the suitable size of private hospital sites, the scale of development as well as hospital-related lease requirements; and</p> <p>the Administration will not allow the purchasers of these private hospital sites in future to change the use of the sites throughout the term of the lease.</p>
Part 5: Way forward and Audit recommendations		
Para. 5.10 of Audit Report	<p>(j) Audit recommends that the Administration should periodically assess the effectiveness of the stepped-up enforcement measures taken on existing private hospitals on PTG sites to ensure compliance with land grant conditions, and make any necessary adjustments as required.</p>	<p>The Administration would review the effectiveness of the stepped-up enforcement measures taken on existing private hospitals on PTG sites where appropriate.</p>

Para. no.	Audit's/PAC's recommendations	Progress as at September 2013
Para. 5.12 of Audit Report	<p>Audit recommends that the Administration should:</p> <p>(a) take steps to ensure that the 2011 minimum requirements set for new private hospitals to be developed on new Government sites are properly included in the land leases and service deeds to be entered into by the Government with the successful tenderers; and</p> <p>(b) conduct a post-implementation review, at an opportune time in future, of the Government's new policy and arrangements for private hospital development.</p>	<p>In disposing the Wong Chuk Hang site for private hospital development, the Administration has imposed on the tenderer a set of minimum requirements covering land use, date of commencement of operation, bed number requirement, service scope, packaged charge and price transparency, service target, service standard, incident reporting and so forth. The requirements are included in the conditions of sale and the service deed.</p> <p>The DH will develop an enforcement protocol in consultation with the FHB and LandsD for monitoring compliance with the conditions of sale and the service deed.</p> <p>The Administration would review the policy and arrangements for private hospital development where appropriate.</p>