

**For Information  
in March 2013**

**Legislative Council Panel on Health Services**

**Tender Result for  
the Development of Private Hospitals at Wong Chuk Hang and Tai Po**

**Purpose**

This paper informs Members of the tender result for the development of private hospitals at two reserved sites at Wong Chuk Hang and Tai Po.

**Background of promoting private hospital development**

2. The healthcare system of Hong Kong runs on a dual-track basis encompassing both public and private elements. We will continue to maintain this dual-track system, which has served us well, and ensure that it can develop in a balanced and sustainable manner. The public healthcare system is the cornerstone of Hong Kong's healthcare system and the safety net for all, and it will remain strong and robust through continued investment and commitment from the Government.

3. The private healthcare sector is an integral part of the dual-track system. One of our healthcare reform initiatives is to promote and facilitate private healthcare development. This will help redress the imbalance between the public and private sectors in hospital services, and increase the overall capacity of the healthcare system in Hong Kong to cope with the rising service demand. We also hope that, through the continuing development of private hospitals, more choices of quality healthcare services can be provided to the public. The Government has reserved four sites at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau for private hospital development.

**Tender Exercise**

4. The Government put out the two reserved sites at Wong Chuk Hang and Tai Po for open tender from April to July 2012.

5. In promoting the development of private hospitals, we seek to ensure that the services of the new hospitals are of good quality, will cater for the needs of the general public and help enhance the standard of healthcare services. We have therefore included a set of special requirements in the tender document,

covering aspects like land use, date of commencement of operation, bed capacity, service scope, packaged charge and price transparency, service target and service standard etc. The Government attaches great importance to the service quality and standard of the new hospitals. In order to encourage bidders to submit service provision proposals that surpass the above special requirements, we have adopted a two-envelop approach in the tender exercise. Bidders were required to submit their service provision proposals and land premium offers concurrently, with the service provision proposal carrying a weighting of 70% and the land premium offer carrying a weighting of 30%.

6. We have received tenders for both sites. The Assessment Panel set up by the Food and Health Bureau has completed the assessment of all the tender submissions based on the marking scheme published in the tender documents in accordance with the established government procurement and tendering procedures.

## **Tender Result**

### ***Wong Chuk Hang site***

7. Three tender submissions were received in respect of the tender for the Wong Chuk Hang site. After detailed assessment by the Assessment Panel, the tender submission from GHK Hospital Limited obtained the highest combined score for its service provision proposal and land premium offer and was recommended for acceptance. The Central Tender Board approved the acceptance of the tender after scrutiny of the report submitted by the Assessment Panel. The land premium offered by the company is \$1.688 billion.

8. The Government has entered into the Agreement and Conditions of Sale (Land Grant) as well as the Service Deed with GHK Hospital Limited. The shareholders of that company are Singapore's Parkway Pantai Limited and Hong Kong-listed NWS Holdings Limited, whereas the Li Ka Shing Faculty of Medicine of The University of Hong Kong is its collaborating partner. Parkway Pantai Limited has experience in undertaking private healthcare operations and developments in many regions in Asia. NWS Holdings Limited is an infrastructure and service enterprise with experience in public and private hospital construction projects in Hong Kong.

9. According to the terms of the deeds signed by the two parties, the new private hospital will have the following service features –

- (a) The hospital will commence operation within 46 months (i.e. by January 2017);

- (b) 500 hospital beds will be provided;
- (c) 92% of the total gross floor area of the hospital will be used for clinical services;
- (d) In addition to services in general medicine, general surgery, orthopaedics and traumatology, and gynaecology, services in 11 other specialties<sup>1</sup> will also be provided;
- (e) The number of obstetric beds will be capped at no more than 3.2% of the total number of beds in the hospital (i.e. 16 beds);
- (f) At least 70% of in-patient bed days taken up in a year will be used for provision of services to local residents;
- (g) At least 51% of in-patient bed days taken up in a year will be used for provision of services to local residents at packaged charge through standard beds;
- (h) Comprehensive charging information of its services will be made available to the public; and
- (i) The hospital will endeavour to participate in hospital assessment and attain accreditation within 36 months from the commencement of operation of the hospital<sup>2</sup>.

10. We will, in accordance with the Land Grant and Service Deed, monitor the successful tenderer's fulfillment of its obligations and undertakings. If the hospital concerned fails to perform any of the terms of the deeds, the Government may, having regard to the seriousness of the non-compliance, take such appropriate actions as requiring the hospital to implement corrective or remedial measures, requiring the hospital to pay liquidated damages for the losses, or temporarily taking partial or total control of the hospital by the Government. The Government may also have resort to the performance guarantee and bank bond provided by the successful tenderer. Where necessary, the Government has the right to terminate the Service Deed, which will result in co-termination of the Land Grant, and the Government may then resume the site concerned.

---

<sup>1</sup> These 11 specialties are neurosurgery, cardiothoracic surgery, cardiology, haematology, oncology, paediatrics, intensive care services (including cardiac care, paediatrics, neonatal intensive care services), accident and emergency services, ophthalmology, Chinese medicines, and mental health services.

<sup>2</sup> The Service Deed requires that the new hospital shall obtain accreditation within 48 months from the commencement of hospital operation.

### ***Tai Po site***

11. As for the Tai Po site, we received one tender submission, which, however, failed to fully meet the mandatory requirements set out in the tender documents. In the absence of other tender submissions, the Assessment Panel recommended that the tender for this site be cancelled pursuant to the Government's Stores and Procurement Regulations. After scrutiny of the report submitted by the Assessment Panel, the Central Tender Board also agreed to the recommendation.

### **Way Forward for Private Hospital Development**

12. This tender exercise is a new attempt. Through including various special requirements, it ensures that private hospitals will accord service priority to local residents, adopt a transparent fee-charging system and provide various specialty services so as to address local healthcare demand. We expect that, upon completion of the new hospital, the overall capacity of the healthcare system in Hong Kong will be increased, enabling the public to have more choices for affordable and quality private hospital services. It will also help address the increasing demand for healthcare services and alleviate the imbalance between the public and private sectors in hospital services in Hong Kong.

13. Overall, this tender exercise has reflected the market's interests in private hospital development. We will examine the experience gained from this exercise, review the market response and assess the needs of the community in formulating the way forward for the future development of private hospitals and the disposal arrangement for the other three reserved sites.

### **Advice sought**

14. Members are invited to note the content of the paper.

Food and Health Bureau

March 2013