

**For discussion  
on 13 January 2015**

**Legislative Council**  
**Panel on Food Safety and Environmental Hygiene**  
**Sustainable Agricultural Development**

**INTRODUCTION**

On 29 December 2014, the Administration published a consultation document entitled “The New Agricultural Policy: Sustainable Agricultural Development in Hong Kong” (copy at **Annex**), inviting public views on a new policy to adopt a more proactive approach towards the modernisation and sustainable development of local agriculture. This paper outlines the major issues highlighted in the consultation document.

**BACKGROUND**

2. Local agriculture has a long history in supplying good quality fresh agricultural produce for local consumption. However, the agricultural sector has been diminishing over time as Hong Kong evolves towards a predominantly urbanised and service-oriented economy and becomes more reliant on imports for food supply. Despite its relatively small scale, the industry produces a sizeable amount of vegetables, poultry and pigs for local consumption.

3. In recent years, we have seen changes in public perception about the future development of local agriculture in Hong Kong and the appreciation of the positive impacts that it would bring. In the 2014 Policy Address, the Government has undertaken to review the agricultural policy and carry out consultation in this regard. Having reviewed the positioning of our agricultural policy in present-day circumstances, the Government proposes to adopt a new policy encompassing more proactive support to modernise our agricultural industry and maximise its contributions to the well-being of society apart from being a source of primary production.

## **THE CURRENT LANDSCAPE OF THE LOCAL AGRICULTURAL SECTOR**

4. Agricultural activities in Hong Kong are undertaken predominantly in the New Territories and the urban fringes. According to the surveys conducted by the Agriculture, Fisheries and Conservation Department, there are around 4 523 ha of agricultural land (excluding fish ponds) in Hong Kong. About 729 ha of such land are under active farming. With the inherent constraints in land ownership and farm size, farmers might be less than willing to commit long-term investment in their farms, hindering the prospect of improving and diversifying farm production.

5. The Government has been providing staunch support for the agricultural industry and facilitating its development through the provision of basic infrastructure, technical support and low interest loans to both veteran farmers as well as any new entrants. In particular, we actively encourage and support local farmers to develop organic farming. Facilitation and funding from the Government are also available for improving agricultural products, developing and adopting new farming techniques, brand building, modernising farm development and operation, as well as promoting leisure farming.

6. Despite its relatively small scale, the local agricultural industry produces a sizeable amount of vegetables, poultry and pigs for local consumption. The value of local agricultural output in 2012 and 2013 was \$766 million and \$776 million respectively. In 2013, locally-produced vegetables accounted for 2% of the market share, fresh flowers 27%, live pigs 7%, and live poultry 60%. In terms of employment, some 4 400 people were engaged in the agricultural industry, making up about 0.11% of Hong Kong's total work force.

## **BENEFITS OF SUSTAINING AGRICULTURAL DEVELOPMENT IN HONG KONG**

7. The benefits of sustaining agricultural development in Hong Kong other than a source of food supply are multi-fold –

- (a) the maintenance of a vibrant local agricultural production would help diversify our food supply and reduce our reliance on imported food, whilst meeting consumers' aspiration and demand for food with high safety standard;
- (b) agriculture as an industry, though modest in scale, may contribute to the economy, provide job opportunities to lesser-skilled workers and open up new employment opportunities for young people who aspire to develop a career in modern agriculture;
- (c) the recycling of waste and trapping of carbon in agricultural production is conducive to the sustainable development of the territory as a whole. Agricultural development would bring in opportunities to improve both the visual appearance and sanitary conditions of the rural environment. Benefits are also seen in terms of conservation of natural resources, enrichment of biodiversity and contribution to the reduction of the carbon footprint in the food supply chain to a certain extent;
- (d) the sustainable and modernised development of the agricultural industry will encourage the productive use of farmland and contribute to the better utilisation of land resources and better up-keeping of the rural fringes, which contributes to the integration of urban and rural developments; and
- (e) through observing or participating in farming operations ranging from field preparation, sowing, weeding to harvesting, members of the younger generation may gain a deeper appreciation of how nature interacts with human activities and how the food culture has developed. Some people may also find manual farm work a healthy pursuit and consider the experience rewarding.

All these would have positive impact on the overall well-being of society.

8. In recent years, the importance of sustainable agriculture and fostering innovation and productivity growth in agriculture to the balanced development of major cities is becoming more widely recognised at the global level. Notable examples include Singapore and Greater London, providing good reference for us in mapping out the way forward.

## **PROPOSED MEASURES**

9. In recognition of the benefits of sustainable agriculture to society and the growing aspiration of our citizens favouring the balanced development of our city, we see a strong case for the Government to adopt a more proactive policy towards the modernisation and sustainable development of local agriculture, with a view to maximising its contributions to the well-being of society apart from being a source of primary production.

10. The proposed new policy towards the modernisation and sustainable development of local agriculture has to be underpinned by appropriate supportive measures in order to facilitate migration towards the desired outcome.

11. The proposed supportive measures are set out in paragraphs 12 to 16 below.

### *Exploring the feasibility of establishing an Agricultural Park (Agri-Park)*

12. It is proposed that an Agri-Park be developed as a base for experimenting with new agricultural practices for commercial production, and promoting applications of advances in technology to agricultural uses, thereby fortifying the development and adoption of modern and diversified production methods in local farms.

13. Our preliminary proposal is to establish an Agri-Park of about 70 to 80 hectares in order to achieve economy of scale and ensure that it is viable in achieving its aims. If this is to be taken forward, the Government will acquire the lots required for setting up the Agri-Park through land resumption and put it under the management of the Agriculture, Fisheries and Conservation Department.

*Considering the establishment of a Sustainable Agricultural Development Fund (SADF)*

14. We propose to establish a SADF to provide financial support for promoting research and development for application of technology in agricultural production, facilitating the transfer of knowledge, enhancing manpower training, improvement of agricultural infrastructure and strengthening marketing and branding of local agricultural produce, as well as assisting individual farmers to modernise their farming equipment and facilities.

*Strengthening the support that is being provided to existing farmers*

15. It is also proposed to strengthen the support that is being provided to help farmers move up the value chain, including the marketing of their products and brand building.

*Promoting other auxiliary activities related to agriculture*

16. We propose to promote other auxiliary activities related to agriculture such as leisure farming and educational activities.

**WAY FORWARD**

17. Members of the public have been invited to forward to us their views on the proposed measures set out in the consultation document by 31 March 2015. Taking into account the feedback received during the consultation, the Government will develop the proposals further and devise the implementation plan subject to resource availability and approval by the relevant authorities.

**ADVICE SOUGHT**

18. Members are invited to comment on issues highlighted in the consultation document, including the proposed supportive measures set out above.

**Food and Health Bureau  
Agriculture, Fisheries and Conservation Department  
December 2014**

**CONSULTATION DOCUMENT**

**THE NEW AGRICULTURAL POLICY:  
SUSTAINABLE AGRICULTURAL DEVELOPMENT  
IN HONG KONG**

**Food and Health Bureau  
Agriculture, Fisheries and Conservation Department  
December 2014**

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## EXECUTIVE SUMMARY

### Purpose

1. The Government has reviewed the existing agricultural policy. We propose to adopt a new policy encompassing more proactive support to modernise our agricultural industry and maximise the contributions of agricultural development to the well-being of society apart from being a source of primary production. A package of support measures to underpin this new policy has been proposed.
2. Members of the public are invited to offer their views on this proposed new policy and the suggested support measures to underpin it contained in this consultation document. Please send us your views in writing **on or before 31 March 2015**.

### Background

3. Local agriculture has a long history in supplying good quality fresh agricultural produce for local consumption. However, the agricultural sector has been diminishing over time as Hong Kong evolves towards a predominantly urbanised and service-oriented economy and becomes more reliant on imports for food supply. Despite its relatively small scale, the industry produces a sizeable amount of vegetables, poultry and pigs for local consumption.
4. In recent years, we have seen changes in public perception about the future development of local agriculture in Hong Kong and the appreciation of the positive impacts that it would bring. In the 2014 Policy Address, the Government has undertaken to review the agricultural policy and carry out consultation in this regard. The Government has reviewed the positioning of our agricultural policy in present-day circumstances and propose to adopt a new policy encompassing more proactive support to modernise our agricultural industry and maximise its contributions to the well-being of society apart from being a source of primary production.



## **The current landscape of the local agricultural sector**

5. Agricultural activities in Hong Kong are undertaken predominantly in the New Territories and the urban fringes. According to the surveys conducted by the Agriculture, Fisheries and Conservation Department, there are around 4 523 ha of agricultural land (excluding fish ponds) in Hong Kong. About 729 ha of such land are under active farming. With the inherent constraints in land ownership and farm size, farmers might be less than willing to commit in long-term investment in their farms, hindering the prospect of improving and diversifying farm production.
6. The Government has been providing staunch support for the agricultural industry and facilitating its development through the provision of basic infrastructure, technical support and low interest loans to both veteran farmers as well as any new entrants. In particular, we actively encourage and support local farmers to develop organic farming. Facilitation and funding from the Government are also available for improving agricultural products, developing and adopting new farming techniques, brand building, modernising farm development and operation, as well as promoting leisure farming.

## **Benefits of sustaining agricultural development in Hong Kong**

7. The benefits of sustaining agricultural development in Hong Kong other than a source of food supply are multi-fold –
  - (a) the maintenance of a vibrant local agricultural production would help diversify our food supply and reduce our reliance on imported food, whilst meeting consumers' aspiration and demand for food with high safety standard;
  - (b) agriculture as an industry, though modest in scale, may contribute to the economy, provide job opportunities to lesser-skilled workers and open up new employment opportunities for young people who aspire to develop a career in modern agriculture;

- (c) the recycling of waste and trapping of carbon in agricultural production is conducive to the sustainable development of the territory as a whole, and bring in opportunities to improve both the visual appearance and sanitary conditions of the rural environment. Benefits are also seen in terms of conservation of natural resources, enrichment of biodiversity and contribution to the reduction of the carbon footprint in the food supply chain to a certain extent;
- (d) the sustainable and modernised development of the agricultural industry will encourage the productive use of farmland and contribute to the better utilisation of land resources and better up-keeping of the rural fringes, which contributes to the integration of urban and rural developments; and
- (e) through observing or participating in farming operations ranging from field preparation, sowing, weeding to harvesting, members of the younger generation may gain a deeper appreciation of how nature interacts with human activities and how the food culture has developed. Some people may also find manual farm work a healthy pursuit and consider the experience rewarding.

All these would have positive impact on the overall well-being of society.

8. In recent years, the importance of sustainable agriculture and fostering innovation and productivity growth in agriculture to the balanced development of major cities is becoming more widely recognised at the global level. Notable examples include Singapore and Greater London, providing good reference for us in mapping out the way forward.

## **Proposed measures**

9. In recognition of the benefits of sustainable agriculture to society and the growing aspiration of our citizens favouring the balanced development of our city, we see a strong case for the Government to adopt a more proactive policy towards the modernisation and sustainable development of local agriculture, with a view to maximising its contributions to the well-being of society apart from being a source of primary production. The proposed new policy towards the modernisation and sustainable development of local agriculture has to be underpinned by appropriate supportive measures in order to facilitate migration towards the desired outcome.

### *Exploring the feasibility of establishing an Agricultural Park (Agri-Park)*

10. It is proposed that an Agri-Park be developed as a base for experimenting with new agricultural practices for commercial production, and promoting applications of advances in technology to agricultural uses, thereby fortifying the development and adoption of modern and diversified production methods in local farms.

### *Considering the establishment of a Sustainable Agricultural Development Fund (SADF)*

11. We propose to establish a SADF to provide financial support for promoting research and development for application of technology in agricultural production, facilitating the transfer of knowledge, enhancing manpower training, improvement of agricultural infrastructure and strengthening marketing and branding of local agricultural produce, as well as assisting individual farmers to modernise their farming equipment and facilities.

### *Strengthening the support for existing farmers*

12. It is also proposed to strengthen the support that is being provided to help farmers move up the value chain, including the marketing of their products and brand building.

*Promoting other auxiliary activities related to agriculture*

13. We propose to promote other auxiliary activities related to agriculture such as leisure farming and educational activities.

**Next Step**

14. Members of the public are invited to offer views **on or before 31 March 2015**. Taking into account the feedback received during the consultation, the Government will develop the proposals further and devise the implementation plan subject to resources availability and approval by relevant authorities.

## CHAPTER 1 BACKGROUND

- 1.1 Local agriculture has a long history in Hong Kong, supplying good quality fresh agricultural produce for local consumption through intensive land use and diverse farming practices. As Hong Kong evolves towards a predominantly urbanised and service-oriented economy, we become less reliant on primary production. The agricultural sector has been diminishing over time. Coupled with the rapid expansion of international trade and improved infrastructure, Hong Kong has been diversifying its sources of food supply from around the globe. This brings huge challenges and competition to the local agricultural industry in terms of varieties and price of the products offered. Today, we are predominantly reliant on imports for food supply. Local agricultural produce constitutes only a small share of food consumed.
- 1.2 Agricultural activities in Hong Kong are undertaken predominantly in the rural New Territories and urban fringes (including fringes of new towns). According to surveys conducted by the Agriculture, Fisheries and Conservation Department (AFCD), there are around 4 523 ha of agricultural land (excluding fish ponds) in Hong Kong as at mid-2013. About 729 ha of such land are under active farming and some 3 794 ha are fallow.
- 1.3 Despite its relatively small scale, the industry produces a sizeable amount of vegetables, poultry and pigs for local consumption. The value of local agricultural output in 2012 and 2013 was \$766 million and \$776 million respectively. In 2013, locally-produced vegetables accounted for 2% of the market share, fresh flowers 27%, live pigs 7%, and live poultry 60%. In terms of employment, some 4 400 people were engaged in the agricultural industry, making up about 0.11% of Hong Kong's total work force.
- 1.4 The Government has been facilitating agricultural development through the provision of basic infrastructure, technical support and low interest loans to farmers. AFCD as the executive department has devised various programmes and measures to support them,

with a view to enhancing the productivity and business viability of the industry. More details are set out in the next chapter.

- 1.5 In keeping with the free-market principle, the Government does not set any targets for local agricultural production. Nor do we provide any direct financial subsidy to the sector or protect the price level of local agricultural produce.
- 1.6 In recent years, we have seen changes in public perception about the future development of local agriculture in Hong Kong. There is growing appreciation of the varied contributions of the agricultural industry apart from being a source of primary production. There have been increasing calls from some quarters for preserving agriculture in Hong Kong and rehabilitating fallow agricultural land. Some also wish to see local agricultural produce taking up a bigger share of food supply.
- 1.7 In response to the public calls, the Government has reviewed the positioning of our agricultural policy in present-day circumstances. Having regard to the multiple benefits that sustainable agriculture could bring, we propose to adopt a new policy encompassing more proactive support to modernise our agricultural industry and maximise its contributions to the well-being of society other than as a source of primary production. The proposed new policy is to be underpinned by a package of support measures.

## CHAPTER 2 THE CURRENT LANDSCAPE OF THE LOCAL AGRICULTURAL SECTOR

### An overview of the sector

2.1 As outlined in the previous chapter, the agricultural sector has been diminishing over time as Hong Kong evolves towards a predominantly urbanised and service-oriented economy and as we become more reliant on imports for food supply. The changes over the years are shown in Tables 2A and 2B below.

**Table 2A: Statistics on local agriculture (1995 - 2013)**

Year	Production value (\$'000)		Contribution to the GDP (%)	Number of farmers and workers	Cultivated Area (hectares)
	Crop (Note 1)	Livestock (Note 2)			
1995	565,950	655,730	na	8 900	2 070
2000	438,394	819,396	<0.1	5 600	1 430
2005	264,265	916,688	<0.1	5 300	833
2010	231,899	383,366	<0.1	4 700	746
2011	241,303	501,870	<0.1	4 600	734
2012	246,083	519,950	<0.1	4 500	732
2013	256,367	520,041	<0.1	4 400	729

Note 1: Crop include vegetables, fruit, flower and field crop

Note 2: Livestock include chicken and pig

**Table 2B: Market share of local production over consumption (1995 - 2013)**

Item	Source	1995	2000	2005	2010	2011	2012	2013
Vegetables (Tonne)	Local production:	88 000	42 500	24 600	16 000	16 300	16 300	16 300
	Consumption:	515 360	640 030	552 760	651 558	721 741	837 819	826 897
	Market share:	17.1%	6.6%	4.5%	2.5%	2.3%	1.9%	2.0%
Live pigs (Tonne)	Local production:	12 712	38 780	32 420	7 623	8 924	9 358	9 263
	Consumption:	159 010	164 360	147 620	119 798	126 061	132 618	135 328
	Market share:	8.0%	23.6%	22.0%	6.4%	7.1%	7.1%	6.8%
Live poultry (Tonne)	Local production	21 010	14 080	21 060	7 433	7 105	7 755	7 468
	Consumption:	93 630	70 480	40 820	13 230	12 478	13 038	12 537
	Market share:	22.4%	20.0%	51.6%	56.2%	56.9%	59.5%	59.6%

2.2 Despite the decreasing trend, the local agricultural industry is currently supplying a sizeable amount of vegetables, poultry and pigs for local consumption. In 2013, locally-produced vegetables accounted for 2% of the market share, fresh flowers 27%, live pigs 7%, and live poultry 60%.

2.3 Agricultural activities in Hong Kong are undertaken predominantly in the rural New Territories and urban fringes (including fringes of new towns). According to surveys conducted by AFCD, there are around 4 523 ha of agricultural land (excluding fish ponds) in Hong Kong as at mid-2013. About 729 ha of such land are under active farming. A high proportion of the agricultural land is in private hands. Ownership is usually fragmented. The vast majority of cases are irregular plots of farmland in sizes reflecting the state of farming in rural villages dated back many years. The average farm size in the territory is about 0.2 ha or 3 dau chung<sup>1</sup>. Many farmers are still cultivating their crops in a traditional manner as their forefathers did. Besides, a certain proportion of land originally used for agriculture has been channelled to other uses such as storage and other industrial uses.

<sup>1</sup> Dau chung is the customary local measurement unit for farms equivalent to about 674.5 square metre or 7 260 square feet.



2.4 Most agricultural land in Hong Kong was granted on Block Crown Lease (now called Block Government Lease) over a century ago. Unlike land leases granted for residential, commercial or other building developments in recent years for which a building covenant is stipulated, generally speaking, the agricultural land leases normally do not contain provisions requiring the owners to put the land to active use and not to leave it idle. There will be no contravention as long as the use of the land is in compliance with the relevant legislation and lease conditions<sup>2</sup>.

2.5 To assist farmers who wish to engage in farming, AFCD plays a facilitative role by matching prospective tenants with landowners who are willing to rent out their agricultural land for agricultural use. It would be up to the farmers and the landowners to negotiate and enter into tenancy agreements. Ultimately it is for the landowners to decide whether or not to rent out their land for agricultural use. From AFCD's observation, it is not uncommon that some landowners would prefer leaving their farmland fallow rather than leasing out for farming use because of the low rental return and the potential difficulty or delay if they later wish to terminate the tenancy and re-possess the land for other alternative uses. In cases where tenancy agreements have been reached between the landowners and farmers, the tenancy tenures tend to be relatively short such that farmers might not be able to recover their investment within the tenure. Since farmers in such circumstances might be less than willing to commit in long-term investment in their farms, it stifles aspirations to improve or

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<sup>2</sup> Before 1990, there were no planning enforcement provisions under the Town Planning Ordinance (Cap. 131) regarding rural New Territories. Development control was exercised through the Buildings Ordinance (Cap. 123) and the land leases. Control over uses in rural New Territories was mainly through the Block Government Lease until the court ruling over the case of *Attorney General v Melhado Investment Ltd.* ("the Melhado Case") in 1983 [HKLR 327]. The High Court's judgment in the Melhado Case held that "use of land listed in the schedule of the lease was descriptive only and no implied covenant of the type contended for". The use of agricultural land (except when structures were involved) cannot be effectively controlled through the Block Government Lease. This had led to the extensive conversion of agricultural land into container yards and open storages. Subsequently, the Town Planning (Amendment) Ordinance 1991 was enacted in January 1991 to extend statutory planning control to cover the rural areas of Hong Kong. The Town Planning Board was empowered to prepare statutory Development Permission Area (DPA) Plans for rural New Territories. Since then, areas covered by a DPA Plan, or its replacement Outline Zoning Plan, are subject to planning enforcement under the Town Planning Ordinance, except for land uses already existing prior to the relevant DPA Plan coming into force.

diversify farm production. This could have been one of the factors hindering the further development of local agriculture.

### **Existing policy and support measures**

2.6 The Government has been providing staunch support for the agricultural industry and facilitating its development through the provision of basic infrastructure, technical support and low interest loans to both veteran farmers as well as any new entrants. AFCD has devised various programmes and measures to support farmers, with a view to enhancing their productivity and business viability, and helping them to produce good quality and high-value agricultural products that are safe for consumption.

2.7 Specifically, AFCD actively encourages and supports local farmers to develop organic farming. Through the Organic Farming Support Service, AFCD provides technical advice and support for those farmers who wish to switch to organic farming from traditional farming. It also promotes the production and sale of local organic agricultural products jointly with the Vegetable Marketing Organisation (VMO) and the Federation of Vegetable Marketing Co-operative Societies, Ltd. Currently, 244 farms participate in the Organic Farming Support Service, producing about 5.5 tonnes of organic agricultural products each day for the local market. There are more than 37 organic vegetable retail outlets under the VMO marketing network, including supermarket chains, shops in MTR stations, health food stores and the Lions Nature Education Centre outlet at Tsiu Hang, Sai Kung. Besides, AFCD supports the Hong Kong Organic Resource Centre in its endeavours to educate the public on organic farming and promote the certification of organic products.

2.8 AFCD also organises from time to time talks and on-farm demonstrations for farmers, briefing them on improved varieties of agricultural products and new farming techniques. Quality produce developed in recent years includes red flesh rock melon, seedless water melon, yellow flesh water melon, long horn pepper, round eggplant, potato and organic strawberry.

- 2.9 AFCD has also been actively assisting the industry in developing quality brand names. At present, 267 vegetable farms in the territory have participated in the Accredited Farm Scheme. AFCD helps the industry set up weekend farmers' markets and organises large-scale carnivals, such as the annual FarmFest which attracts over 100 participating local farmers and fishermen and more than 100 000 visitors every year. These events have helped showcase local agricultural and fishery products to the wider public and promote local brand names.
- 2.10 Moreover, AFCD partners with VMO and makes use of the latter's Agricultural Development Fund to launch agricultural development programmes. Apart from the above-mentioned programmes and activities, one notable example includes the Controlled Environment Agriculture and Hydroponic technology which is recently introduced for adoption in the local scene. AFCD is also administering three loan funds, viz. the Kadoorie Agricultural Aid Loan Fund, the J. E. Joseph Trust Fund, and the Vegetable Marketing Organisation Loan Fund, providing loans to farmers for farm development and operation. These loan funds are noted for their user-friendly application procedures, low interest rates, capacity to provide unsecured loans up to \$130,000, and flexible repayment period. Between 2010 and 2013, loans of nearly \$28 million had been offered to 302 farmers under these three loan funds.
- 2.11 In recent years, AFCD has published and distributed "A Guide to Hong Kong Leisure Farms" to promote leisure farming. An interactive webpage on leisure farms ([http://fedvmcs.org/farm\\_index.php](http://fedvmcs.org/farm_index.php)) has also been promulgated for use by members of the public who are interested in visiting the diverse range of leisure farms in Hong Kong. By facilitating diversification, this contributes to the sustainable development of the local farming industry.

### **Box 2.1 – Cultivation of Vegetables**

- There are currently about 1 900 vegetable farms in Hong Kong, cultivating on a total of 298 hectares of land. Vegetable crops grown year-round include Chinese white cabbage, flowering Chinese cabbage, lettuce and Indian lettuce. Yard-long bean, water spinach, Chinese spinach, cucumber and several species of Chinese gourd are produced in summer, while spinach, watercress, Chinese kale and matrimony vine are grown in the cooler months. Vegetables produced locally totalled 16 300 tonnes in 2013, accounting for 2% of vegetables consumed in Hong Kong.
- AFCD encourages crop farmers to tap the niche markets and to sharpen their competitiveness by cultivating safe and good quality vegetables. AFCD works with local organic farming groups and VMO to promote organic farming and to develop a market for organic vegetables. It provides support services to 244 organic farms, cultivating on about 95 hectares of land. It also promotes the use of greenhouse technology for intensive high-value crop production.
- AFCD and VMO have jointly implemented a voluntary Accredited Farm Scheme since 1994, with the objective of providing a stable supply of high quality and safe vegetables. Farms in Guangdong which are registered farms for supplying Hong Kong can also participate in the Scheme since 1995, and this has been extended to farms in the Ningxia Autonomous Region in 2011. A total of 304 farms (267 farms in Hong Kong and 37 farms in Guangdong and Ningxia), occupying about 2 901 hectares of land (83 hectares in Hong Kong and 2 818 hectares in Guangdong and Ningxia), have been accredited under the scheme so far.

### **Box 2.2 – Cultivation of flowers**

- In 2013, there were some 270 flower farms and nurseries occupying 137 hectares of land in Hong Kong. Orchids and ornamental plants are grown all year round. Dahlia, chrysanthemum, lily and gladiolus are grown in winter, while ginger lily, lotus flower and sunflower are grown in summer. Peach blossom is grown specially for the Lunar New Year season. The value of flowers produced in 2013 was \$137 million.

### **Box 2.3 – Poultry and livestock keeping**

- The poultry and livestock keeping industry has been facing a lot of challenges in the past decade in view of growing concerns on protecting public health and the environment.
- In 2006, the Government launched a Voluntary Surrender Scheme for Pig Farmers to encourage pig farmers to surrender their operations. Today, 43 pig farms remain in operation, supplying – on average 270 live pigs daily to the local market.
- To reduce human contact with live poultry for better prevention of avian influenza, the Government launched a voluntary surrender scheme and a buyout scheme in 2004 and 2008 respectively for poultry farmers and other related businesses in the live poultry supply chain. The number of poultry farms has reduced significantly with the total rearing capacity capped at 1.3 million since 2008. There are 29 poultry farms at present, supplying on average about 10 000 live chickens to the local market each day.
- For pig and live poultry farmers who have opted to continue with their operation, AFCD has drawn up separate codes of practice to help them meet the required biosecurity and hygienic standards. AFCD would continue to provide the farmers with technical and financial support.

#### **Box 2.4 – Agricultural land in Hong Kong**

- According to surveys conducted by AFCD, there are around 4 523 ha of agricultural land in Hong Kong as at mid-2013 (excluding fish ponds), among which about 729 ha of agricultural land are under active farming. Not all of them are covered by statutory town plans.
- As at November, 2014, there are about 3 168 ha of land zoned “Agriculture” (“AGR”) on all existing statutory town plans. Agricultural use is always permitted in “AGR” zone or other land-use zonings such as “Green Belt” (“GB”). Such agricultural land is mostly concentrated in the northern New Territories.
- A high proportion of the agricultural land is in private hands. Ownership is usually fragmented. The vast majority of cases are irregular plots of farmland in sizes reflecting the state of farming in rural villages dated back many years. The average farm size in the territory is about 0.2 ha or 3 dau chung.
- The very old Block Government Leases provide very little means for land control under the lease conditions. There is no provision requiring the land owner to put the land to active agricultural use, nor governing the felling of trees and other similar activities. As a result of the aforementioned Melhado case, there is also nothing in the lease that prevents the land from being converted to open storage and other uses.
- Over the years arising from the Melhado case that storage use on agricultural land could not be enforced under lease, a substantial amount of land originally used for agriculture, especially those in relatively more accessible areas have been converted to storage and other industrial uses, or the so-called “brownfield” operations.
- For agricultural land falling within “AGR” or “GB” zones on statutory town plans, enforcement actions may be taken under the Town Planning Ordinance (Cap. 131) for any unauthorized development except those developments already in existence before the gazetting of the statutory town plans.

## **CHAPTER 3 BENEFITS OF SUSTAINING AGRICULTURAL DEVELOPMENT IN HONG KONG**

- 3.1 Traditionally, the main function of the local agricultural industry is to supply fresh food for the territory. On closer examination, there are, in fact, other benefits that a modern agricultural industry can bring to society.

### **Diversifying food supply**

- 3.2 Consumers are becoming more health conscious and demanding with high expectation on food safety. We have seen growing appetite for high quality and fresh agricultural products that are safe for human consumption. Whilst it might not be realistic to envisage redevelopment of the local agricultural industry by a significant scale as a means to raise the share of local produce in our overall food supply, the maintenance of vibrant local agricultural production would help diversify our food supply and reduce our reliance on imported food, whilst meeting consumers' aspiration and demand for food with high safety standard. It may help drive imports to meet similar, if not higher, quality control and production standards. In the event that a change in external environment pushes up demand for food from local sources, a more active local agricultural industry may also offer a better buffer.

### **Providing job opportunities**

- 3.3 Agriculture as an industry, though modest in scale, may contribute to the economy and provide job opportunities to lesser-skilled workers. The availability of a wider range of jobs in different fields will benefit our labour force.
- 3.4 In this regard, we must emphasise that there exists much room for the local agricultural industry to upgrade itself and move towards the development of modern and urban agriculture that would

produce good quality and high-value agricultural produce. In moving forward, one key objective should lie in improving the productivity and business viability of the agricultural industry by adopting more diverse production methods, new technology and modern management practices, thereby allowing farmers to be self-reliant, improving their livelihood and enhancing their ability to cope with changes in operating environment.

- 3.5 A vibrant agricultural sector would open up new employment opportunities for young people who aspire to develop a career in modern agriculture which embraces innovation and technological sophistication as well as research and development, and goes beyond the traditional mode of agricultural production with intensive labour input.

Featured story #1:

A brother and his sister switched their career from professional photography and fashion business to taking up organic farming. They devised a business strategy focusing on producing high end agricultural produce in greenhouses for 5-star hotels. They have now developed a niche market of fine culinary cooking using locally grown ingredients.

Featured story #2:

A business administration graduate returned from overseas and joined the family farm to promote educational, leisure and recreational farm tours and activities. She now administers the farm visit programme and receives over 100 000 people every year.

### **Sustainable development of society**

- 3.6 The recycling of waste and trapping of carbon in agricultural production is conducive to the sustainable development of the territory as a whole, and bring in opportunities to improve both the visual appearance and sanitary conditions of the rural environment. In the long run, it may benefit the conservation of natural resources and enrichment of biodiversity, enabling us to pass on a healthy and diverse ecological environment to our future generations.



3.7 The production of high end agricultural produce in modern agricultural undertakings may also help reduce the need to import such produce by long distance air freight, putting further increase in food miles and ozone depletion in check. This enables us to contribute, albeit on a modest scale, to the reduction of the carbon footprint in the food supply chain.

### **Complementariness of agriculture and urban development**

3.8 As noted in the previous chapter, there are large tracts of agricultural land left fallow and some has been channelled into other uses which might be detrimental to the environment. The prospects of sustained development of the agricultural industry and a clear vision of modernising and upgrading local agriculture can help encourage existing farmers to stay in the industry and newcomers to enter the field. This would in turn encourage the productive use of the existing farmland and contribute to the better utilisation of land resources and better up-keeping of the rural areas and urban fringes. It may also provide greater incentive for the landowners of existing agricultural land to keep their land for agricultural purposes that are more compatible with the rural settings, rather than converting the land to other uses. Indeed, where suitably planned and regulated, agricultural land use may serve not dissimilar functions to green belt and amenity areas as a buffer between developed areas and hill-side areas, contributing to the integration of urban and rural developments. On the other hand, proximity of farms to urbanised clusters allows easy access to markets for the farm produce and therefore helps reduce transportation costs and enhances efficiency in distribution.

### **Education and recreation potential**

3.9 Through observing or participating in farming operations ranging from field preparation, sowing, weeding to harvesting, members of the younger generation may gain a deeper appreciation of how nature interacts with human activities and how the food culture has

developed. By stretching the exposure of students to different dimensions of humanity, such activities are particularly valuable in a compact city like Hong Kong. Some people may also find manual farm work a healthy pursuit and consider the experience rewarding.

### **Overseas examples**

3.10 In recent years, the importance of sustainable agriculture and fostering innovation and productivity growth in agriculture to the balanced development of major cities is becoming more widely recognised at the global level. Notable examples include Singapore and Greater London.

3.11 In Singapore, in order to maximize agricultural output from the city-state's limited agricultural land, the government there has spearheaded the application of modern technology and life sciences to intensive farming. Indeed, the Singaporean government embarked on its Agrotechnology Programme in 1986 by establishing the so-called Agrotechnology Parks to house modern intensive farms and promoting the development of agrotechnology and agri-biotechnology as well as investment in the agricultural industry. Singapore currently has six Agrotechnology Parks, encompassing a total land area of 1 465 ha with more than 200 farms for the production of a wide range of agricultural products.

Featured Story #3:

In Singapore, a farmer started vegetable farming in the most traditional manner in a 1 ha farm in the western part of Singapore by the end of the Second World War. He passed the farm to his four sons in the 1990s. Convinced that there is good potential in vegetable farming in Singapore, the brothers took advantage of the establishment of the Agrotechnology Parks, and began expanding their operation by leasing land from these Parks. Today, they operate 5 farms covering a total area of 7.3 ha. They produce some 1 400 tonnes of leafy vegetables annually under protected netting, which account for 14% of all domestic production of fresh vegetables in Singapore. They have introduced post-harvest processing and produce packaging, and market their production to supermarket chains under their own brand name. They also conduct educational farm tours for the public at weekends and on public holiday.

- 3.12 In Greater London which is home to 7 million people and has an area of about 1 580 km<sup>2</sup>, the city's authority has been promoting the development of urban agriculture over the past decade. The city has nearly 500 registered farm holdings, producing more than 8 000 tonnes of fruits and vegetables for the metropolis. Recognising the importance and benefits of agriculture, the city's authority updated its planning policy and system in 2010 to identify more land, both public and private, for the further development of urban agriculture and marketing of local produce.

Featured Story #4:

The lower Lea Valley in the North East of London has been known for its market gardens since the 18<sup>th</sup> Century. In 1911, the farmers of the Valley grouped together and founded the Lea Valley Grower Association to produce fresh vegetables for the London market. Its members now employ over 2 000 workers and operate some 120 ha of greenhouses at the fringe of London. They become the largest cucumber and sweet pepper producers in the United Kingdom, with an annual production in excess of £1 billion in retail value.

3.13 These overseas examples illustrate how agriculture could play a role in the balanced and sustainable development of an urban city, and provide good reference for us in mapping out our new agricultural policy.

## **CHAPTER 4 SUSTAINABLE DEVELOPMENT AND PROPOSED SUPPORT MEASURES**

- 4.1 We have outlined in Chapter 2 the current state of local agriculture and the Government's existing agricultural policy and support measures. Whilst these measures have been serving the objectives of supporting both veteran and new farmers, we have seen the local agricultural industry running the course of shrinkage as Hong Kong moves forward to become a predominantly urbanised and service-oriented economy. The operation of market forces has led to changes in the supply of, and the demand for local agricultural produce. Without conscious action and suitable support from the Government, the trend might continue with the industry diminishing further to the extent that it might eliminate the positive impacts that local agriculture could otherwise bring to the overall well-being of society as we have discussed in Chapter 3.
- 4.2 In recognition of the benefits of sustainable agriculture to society and the growing aspiration of our citizens favouring the balanced development of our city, we see a strong case for the Government to adopt a new policy which is more proactive towards the modernisation and sustainable development of local agriculture, with a view to maximising its contributions to the well-being of society other than as a source of primary production. In moving forward, one key direction should lie in improving the productivity and business viability of the agricultural industry by adopting more diverse production methods, new technology and modern management practices, thereby allowing farmers to be self-reliant, improving their livelihood and enhancing their ability to cope with changes in the operating environment.

**Box 4.1 – Examples of modern agricultural production methods introduced in recent years**

***(a) Organic farming***

The niche market for organic produce continues to grow. Its continuous development now hinges on raising its production efficiencies. This can be achieved through investing into research effort to address its associated pest and disease problems, and introduce suitable cultivars and varieties.

***(b) Greenhouse production***

This method of production shields growing crops from inclement weather. It can start from the provision of a simple rain shelter to elaborate greenhouses equipped with climate control facilities to boost production. Farmers need capital as well as assured land tenure to invest into these structures.

***(c) Multi-layer farming***

This allows farmers to increase their production on the same area of land. More research work on selection of suitable crops and provision of supplementary artificial lighting is needed.

***(d) Mushroom farming***

Fresh mushroom commands a high price and there is a big demand from local restaurants. The land requirement for growing mushroom is also minimal. Research effort is however needed to identify the most suitable materials and methods to make the substrate on which mushroom grows.

***(e) Mechanisation and automation***

Local farming stands to make a huge gain in efficiency if farmers can adopt small farm machinery and various degrees of farm automation particularly in the area of irrigation. Farmers need training and capital to invest into these machines.

***(f) Urban rooftop/balcony farming***

This makes full use of available space in a city for production and allows city dwellers the option of adopting farming. It helps to promote general wellness for participating individuals and foster community spirits. It is starting to attract much attention in other modern big cities overseas. Research work on possible best practices can raise its effectiveness as a serious quality produce supplier.

***(g) Hydroponics***

Hydroponics production grows plants on nutrient solution. Efficient and clean, it readily lends itself to multi-storied indoor mass factory production under completely controlled environment. It is technically feasible to turn vacant factory buildings into such plant factory completed with farmers market at lower floors.

***(h) Tissue grafting and culture for propagation***

Plants may be propagated more cheaply and efficiently with these methods instead of starting from seeds. Hong Kong has all the basic expertise needed. However, more research work is required to garner the required skills specific to different plant varieties.

**Featured Story #5:**

A 30-year veteran traditional farmer decided to capitalize on the rising demand for organic vegetables and converted his vegetable farm to organic production. He introduced a hybrid planting programme of crop rotation and green manure to enrich and conserve soil in his farm for year round production. To protect his crops against inclement weather and pest damage, he designed and built suitable protective shelters. He now employs 6 staff to work in his farm and associated marketing operation, which includes a retail vegetable stall in urban Kowloon, and home delivery service to some 300 regular client households.



Practicing crop rotation and mix cropping in a modern organic farm



Incorporating the cultivation of Buckwheat as green manure in planting cycles for improving soil in an organic farm





Planting Milkweed as companion to attract beneficial insects (Ladybird Beetle in this case) to prevent plant pests in organic farming



Using greenhouse to protect crops against inclement weather



Cultivating high value organic produce in greenhouse

**Featured Story #6:**

Impressed by the fact that mushroom thrives simply on waste materials and can contribute to waste reduction, a cloth trader wended up his trading business and started mushroom farming in Yuen Long. He built two automated cultivation rooms to keep the temperature, humidity and air flow optimal for mushroom. He now produces 5 tonnes of white/brown button mushrooms every 40 days from 500m<sup>2</sup> of production space. He markets his produce through supermarket chains.



Modern mushroom cultivation under controlled temperature, humidity and light intensity





Modern multi-tier hydroponic production in enclosed environment for optimal efficiency and contamination free produce

Featured Story #7:

A country boy who grew up in a village in the New Territories remains dedicated to local agriculture. After establishing himself in the construction materials business, he considered it the opportune moment to invest in high tech hydroponics to ensure fast and year-round vegetable production free from the influence of inclement weather. The vegetables are grown in circulating nutrient solution inside a greenhouse specially designed to withstand summer heat. The nutrient solution is sterilised and cooled on each cycle. Computerised sensors and injectors monitor and adjust the nutrient contents and flow continuously to maintain optimal growth conditions for the vegetables.

- 4.3 The proposed new policy towards the modernisation and sustainable development of local agriculture has to be underpinned by appropriate supportive measures in order to facilitate migration towards the desired outcome. Building on the foundation of the prevailing programmes and measures that AFCD has been implementing to support the industry, and taking into account the challenges and difficulties hitherto faced by the industry, the Government proposes introducing a package of new measures along the following directions:
- (a) exploring the feasibility of establishing an Agricultural Park (Agri-Park) as a base for experimenting with new agricultural practices for commercial production, and promoting applications of advances in technology to agricultural uses, thereby fortifying the development and adoption of modern and diversified production methods in local farms;
  - (b) considering the establishment of a Sustainable Agricultural Development Fund (SADF) to provide financial support for promoting research and development for application of technology in agricultural production, facilitating the transfer of knowledge, enhancing manpower training, improvement of agricultural infrastructure and strengthening marketing and branding of local agricultural produce, as well as assisting

individual farmers to modernise their farming equipment and facilities;

- (c) strengthening the support that is being provided to help farmers move up the value chain, including the marketing of their products and brand building; and
- (d) promoting other auxiliary activities related to agriculture such as leisure farming and educational activities for students and the public.

4.4 The ideas are further elaborated in the ensuing paragraphs.

#### **(A) Exploring feasibility of establishing an Agri-Park**

4.5 Local agriculture has a long history in Hong Kong. Whilst AFCD has been providing technical support and advice to farmers to switch to more modernised farming practices and some farmers at their own initiatives have applied technology in their production, most of the farmers are still engaged in traditional farming practices with limited production efficiency and flexibility. The uncertainty about the tenure of the farmland and the commercial viability of new products or production methods might discourage some farmers from trying out new practices and putting in new investment. We therefore consider it important that we put in place the right tool to facilitate the development of new agricultural technology and transfer of knowledge.

4.6 Drawing reference from the Agrotechnology Parks in Singapore, one direction that may be worth exploring is the establishment of an Agri-Park as a base for experimenting with new agricultural practices for commercial production, and promoting applications of advances in technology to agricultural uses with a view to enhancing productivity. It could serve as nurturing ground for new agro-businesses to invest and explore new agricultural production practices on commercial scale, and also facilitate knowledge transfer in agricultural science and agro-business management.

4.7 Indeed, the idea of establishing the Agri-Park to support the agricultural industry is akin to the establishment of the Science Park by the Government to promote science and technology as well as research and development (R&D), or the establishment of the EcoPark for supporting the local recycling and environmental industries. In economic sense, the benefits of sustaining the agricultural industry may not match the magnitude of the potential benefits that innovation and technology or environmental industries could bring. But the non-economic and intangible benefits of local agriculture, such as providing good quality fresh produce for local consumers, and conserving the environment and sustainability of the territory, could be valuable to society.

#### *Conceptual plan of the Agri-Park*

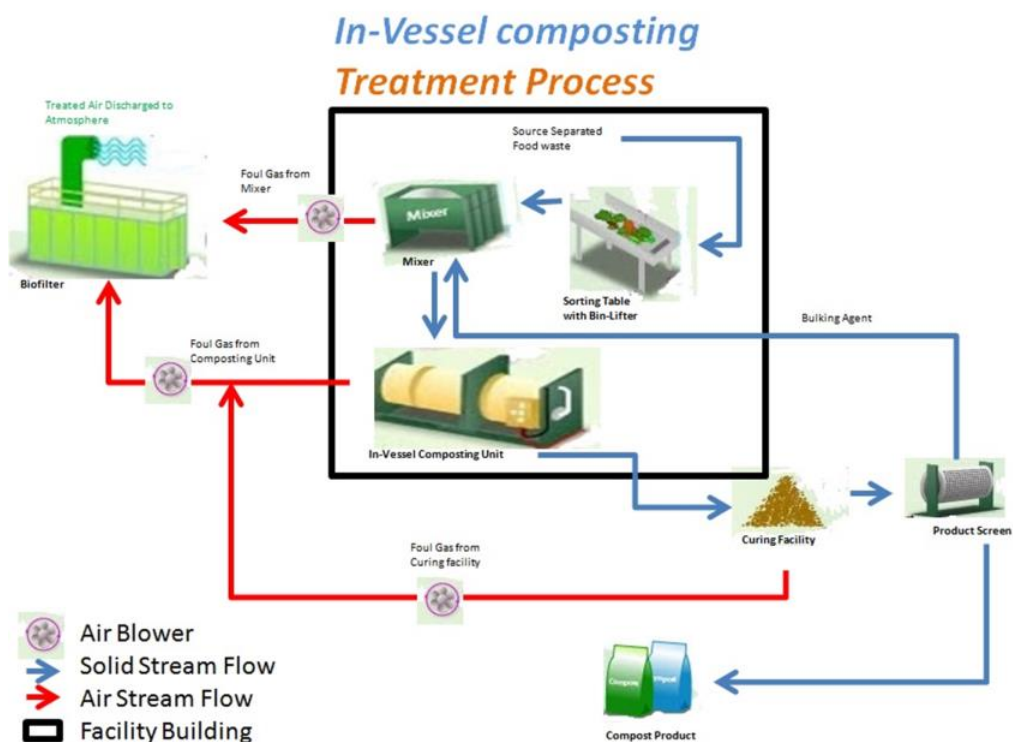
4.8 Preliminarily, we envisage that the proposed Agri-Park could serve the following objectives:

- (a) to facilitate knowledge transfer in agricultural science and agro-business management with a view to enhancing productivity;
- (b) to increase local agricultural production to meet public demand for safe and fresh produce;
- (c) to demonstrate how best fallow agricultural land could be rehabilitated; and
- (d) to accommodate eligible farmers who are displaced by Government land development projects.

4.9 In identifying the potential site for the proposed Agri-Park, we are looking to farmland which is zoned “Agriculture” in existing statutory plans which largely remain fallow, and which would provide relatively ready locations for starting agricultural activities. The area should remain relatively unspoiled, with soil and water quality being favourable for agricultural purpose and with the essential agricultural infrastructure, such as access footpaths and irrigation channels, being available and operational. It may consist of fallow farmland, or part of it may remain under active farming. To achieve economy of scale and to ensure that the Agri-Park is

viable in achieving its intended purposes, the Agri-Park should be of sufficient size. Preliminarily, we believe a Park in the range of 70 - 80 ha would suffice for the purpose, which is roughly equivalent to one-tenth of the size of agricultural land currently under active farming.

4.10 At the conceptual level, the proposed Agri-Park will demarcate different areas for conventional, organic, floriculture, and modern technological farming, taking into account the topography, operational requirements of the type of farming operation and microclimate of the different areas inside the Agri-Park. Given the scale of the Agri-Park, investment in infrastructural facilities such as access road and food path, irrigation, drainage and sewerage, power supply, and collection and recycling of agricultural waste, which are to be funded by the Government, would be more cost-effective than individual farms as at present.



Recycling food and agricultural waste as compost for soil improvement



4.11 The Agri-Park is intended for admitting farmers who are engaged in crop farming and in commercial production. There would be empirical yardsticks for ensuring that the farmland is put to efficient use. It would accommodate conventional farming activities to enable cross fertilisation of farming techniques and approaches. AFCD would provide technical support to farmers operating in the Agri-Park, as well as advice on the production plan, marketing and consumer trends and associated technological advancement.

4.12 In addition, the Agri-Park could serve the purpose of being the reception farmland cluster for accommodating eligible farmers who may be displaced by Government development projects and meet the necessary requirements upon and/or after entry as may be set by AFCD. The affected farmers may be offered the option of re-establishing their farms within the Agri-Park.

4.13 The proposed Agri-Park may also serve as a good venue to provide educational activities to students and the public to gain first-hand farming experience.

#### *Land acquisition and management of the Agri-Park*

4.14 As mentioned in the previous chapters, a high proportion of the farmland in Hong Kong is privately held and ownership is usually fragmented. If we are to proceed with this initiative and set up an Agri-Park in Hong Kong, we propose that the Government should acquire the lots concerned through land resumption pursuant to the Lands Resumption Ordinance (Cap. 124) for setting up the Agri-Park. The resumed land, and the government land within the boundary of the proposed Agri-Park if applicable, will be put under the management of AFCD for leasing to farmers interested in operating in the Park for commercial production.

4.15 Operating an Agri-Park in this manner would enable AFCD to exercise appropriate control and apply management measures to its tenants on areas such as the agricultural activities that tenants would pursue, or the prevention of plot idling, through prescribing suitable conditions in the relevant tenancies. As a preliminary idea, AFCD

would devise standard tenancy agreements for prospective tenants in the Agri-Park in 5-year terms with prospect of renewal. We believe this length of tenure is reasonable and would give the prospective tenants sufficient certainty such that they might be more willing to make longer-term investment in their farm production. The tenants are required to present an annual production plan indicating the crop husbandry adopted and the crops to be grown. Subletting or any unauthorised construction and alteration of the leased site will not be permitted. The rent will be determined and adjusted annually with reference to the average market rate for leasing arable farmland for farming purpose then prevailing.

4.16 In drawing up the boundary of the potential site for the setting up of the proposed Agri-Park, it is probable that the site may comprise fallow farmland as well as lots that are under active farming. These active farming lots may possibly be fragmented and scattered around the site. We propose that we should include all private lots, whether or not currently under active farming, within the boundary of the proposed Agri-park for land resumption so as to ensure that the Agri-Park is of sufficient size to achieve economy of scale and that the farmland concerned would be preserved for agricultural production on a long-term basis.

4.17 Indeed, if such lots are excluded, the Agri-Park might as a result comprise essentially irregularly-shaped and scattered plots that are cut apart at numerous places by actively farmed land. Besides, by leaving currently farmed agricultural land out of the proposed Agri-Park management, the overall integrity and suitability of the Agri-Park for agricultural development may come under threat if their owners abandon the farming activities and speculate for alternative uses, or convert the land to other uses. It might also render the improvement to infrastructural facilities such as irrigation and drainage less efficient if the landowners have resistance. Improvement of road access to the area might potentially aggravate the problem.

4.18 Those farmers who are farming on the lots before the land resumption for the Agri-Park will not be displaced and are generally

expected to continue operation at the same location on the same rent, terms and conditions as with their original landlords as far as practicable. Where appropriate, they will be offered the standard 5-year tenancy of the Park as in the case of other tenants when their original tenancies expire.

4.19 Farmers who are displaced by Government development projects will continue to be subject to the prevailing policy on compensation and rehousing. If they wish to relocate to the Agri-Park and accept the terms and conditions as laid down by the management of the Agri-Park, they will be charged rent at prevailing market rate for farmland. Other farmers interested in operating in the Agri-Park will be required to bid competitively with others, subject to evaluation of their capability and capacity to meet the tenancy conditions in terms of production targets and technological requirements.

4.20 The proposals outlined above are merely initial ideas to facilitate consideration and more focused discussion by stakeholders and members of the public on whether we should set up an Agri-Park as proposed and if so, how best we should take forward the initiative in achieving the intended objectives of facilitating the modernisation and sustainable development of the local agricultural industry. If the initiative receives support from the public, the Government will further develop the detailed proposal having regard to the views received and all other relevant considerations.

## **(B) Proposed establishment of an SADF**

4.21 A lack of capital is hampering local farmers from forging ahead to modernize their production, to improve their productivity, and to develop new frontiers. Besides, our unique urbanised environment often presents specific horticultural problems demanding local solutions which are achievable only with local research. There is also a need to provide more advanced training in agricultural practices, particularly on the science behind thereby providing better intellectual support to the future development of local agriculture.

4.22 We therefore propose to set up an SADF to provide the necessary financial support to facilitate the development of modern, sustainable and urban agriculture in Hong Kong. The SADF will provide funding in the form of grants for scientific as well as adaptive research and studies, such as those on technology development and demonstration. It will also support the transfer of knowledge and training, improvement of agricultural infrastructure, development of local brands and related promotional activities, and exploration of new marketing channels. It will seek to assist individual farmers to modernise their farming equipment and facilities to scale up production and to improve on efficiencies. In addition, it may provide matching grants to entrepreneurs to propel the adoption of new agricultural practices to raise productivity, improve sustainability or diversify local production.



Handheld farming machinery suitable for the typical small family farms in Hong Kong



Modern automatic seed sowing and mass production of seedlings to raise production efficiency

- 4.23 Eligible applicants for the SADF will include tertiary and research institutions, non-profit making agricultural industry associations and trade unions, NGOs, agricultural co-operative societies, individual farmers, as well as entrepreneurs pioneering agricultural production in Hong Kong. We will put in place suitable and effective measures to avoid any possible duplication of the SADF with other funds/funding schemes and to ensure prudent use of public resources. We will not consider any proposed project that has been funded or should be funded by other Government sources.
- 4.24 In addition, for better coordination of research efforts, we may encourage interested institutions to join force by establishing a local agricultural research centre on a self-financing basis to facilitate the continuous development of local agriculture. This centre may take forward its research and development projects by applying for research grants from the proposed SADF or other related public funds such as the Environment and Conservation Fund, private donation or sponsorships.
- 4.25 In respect of the idea of providing matching grants to entrepreneurs for projects with commercial elements, it is our intention to model on the Sustainable Fisheries Development Fund under which a project involving commercial elements will be funded on a dollar-for-dollar matching basis, with the Government's total contribution capped at the applicant's total contribution, i.e. the Government's contribution will be limited to no more than 50% of the total project costs. Subject to detailed conditions to be imposed, the Government may recoup the cost in a manner commensurate with the Government's share of funding contribution in relation to the applicant and third party financier(s), if any, towards the project on a pro rata basis. The Government's contribution is to be recouped from (a) net revenue generated from the project when the deliverable under the project begins to take on its economic useful life; and/or (b) investment made by a third party subsequent to the agreement entered into between the Government and the successful applicant (and other relevant parties if applicable), after the investment is made, with the pace of recoupment depending on the actual circumstances of the case. Recoupment will be made until



the Government's contribution is repaid in full or the end of the economic useful life of the project deliverable, whichever is earlier.

4.26 We believe the establishment of the SADF will help motivate academics, farmers and agricultural business operators to invest efforts in developing sustainable agriculture and the necessary personnel required in Hong Kong. The agricultural technology thus developed would help improve sustainable farm production and benefit farmers. The public at large will enjoy a more stable supply of good quality local agricultural produce.

### **(C) Strengthening support for farmers**

4.27 AFCD will enhance support for farmers, in particular the marketing of local produces through branding, group promotion and advertising. Branding and group PR campaigns enables consumers to readily identify local produce. However, this is not normally practical for small farmers. Efforts will be made to motivate small farmers to organise themselves into groups or under existing co-operatives and invest in the necessary packaging and labelling machines to implement the programme. AFCD will also partner with VMO to explore different marketing channels to promote local produce.



Machine packing vegetables for brand marketing

4.28 Weekend markets and farmers' festivals are other effective ways for farmers to market their products. The annual Farmfests and the various weekend markets currently in operation have been well received by local farmers as well as consumers. Through them, farmers can directly link up with consumers, and save on transaction costs. AFCD will continue to explore the feasibility of setting up more weekend markets in more districts.





Annual Farmfest to promote local production



Weekly farmers market at Tai Po

4.29 In supporting the further development of local agriculture, AFCD will strengthen liaison with the various stakeholders involved, i.e. academics and researchers, industry associations and representatives, agricultural entrepreneurs and mainstream farmers, as well as

consumers to coordinate their efforts and area of interest in the pursuit of long term sustainable development of the agricultural industry. It will seek to improve the provision of training opportunities in horticultural practices for farmers and other people who may become interested in pursuing a career in the local agricultural industry. It will also work with farmers to develop and introduce suitable crop varieties for cultivation, and adapt modern horticultural practices for implementation in Hong Kong.

#### **(D) Promotion of other auxiliary activities related to agriculture**

4.30 AFCD would promote development of other auxiliary activities related to agriculture such as leisure farming and educational activities for students and the public. Opening up farms to the public for leisure visits is becoming popular in other places such as Singapore, Taiwan and Japan.

4.31 People visiting farms for leisure or recreational pursuit often also enquire for catering services. This can range from simple green salad which does not involve any cooking, to minimal processing like boiling vegetables or preparing fruit juice. Some people may also wish to stay overnight in farms to enjoy farming life and the rural landscape. However, the provision of catering services or lodging is regulated by legislation. Such legislation were formulated to prevent nuisance, and to protect public health and safety applicable to all food provision and lodging premises without particular reference to farms. It has been argued that this legislation, therefore, may not be totally applicable to farms because of the different mode of operation and the special circumstances of farm premises. On the other hand, it is also obvious that considerations protecting health and safety, as well as preventing nuisance could not possibly become less relevant for those people visiting such farms, and for those people living next to these farms. In taking this matter forward, AFCD will explore with farmers possible opportunities within the framework of prevailing legislation, and where appropriate, examine possible mechanisms to enable legitimate and safe provision of services expected by the public.

4.32 In opening up their farms, farmers would need to acquire additional skills in managing their farms and administering the visit service. Given the small size of most farms, they may also need to consider pooling their resources to offer more and better customer oriented services. AFCD will organise suitable training for farmers and coordinate efforts to bring farmers closer to the expectation of consumers.

#### **(E) Other related issues**

4.33 In taking forward the above proposed supportive measures for modernising and upgrading of local agriculture, we would focus mainly on crop farming (vegetables, fruits and flowers). For the poultry and livestock rearing sector, as mentioned in Chapter 2 above, for public health and environmental concerns, the Government has previously launched various voluntary surrender scheme and buy-out schemes for poultry and livestock farmers who opted to cease operation. The Government has no plan to reverse the prevailing policy of confining the scale of the poultry and livestock rearing sector. This notwithstanding, the sector could make use of and benefit from the proposed SADF to enhance and innovate their operations, as well as to upgrade their facilities to levels commensurate with the actual and expected condition of the trade to strengthen their biosecurity conditions and to mitigate the possible nuisance that the farms may cause to the environment. AFCD would also stand ready to provide technical assistance to these farmers as always.

4.34 With the adoption of these supportive measures, we are confident that the objective of sustaining local agriculture to provide high quality and fresh agricultural produce to meet local demand can be accomplished, and in time the overall production capacity of the local agriculture can be scaled up. In keeping with the free-market principle, we would not suggest setting any specific target on the output of local agricultural production, nor the share of fresh produce to be supplied locally. Such an approach emphasizes quantity rather than quality, and may breed inefficiencies and stifle

innovation. In addition, the local agricultural industry produces no essential staple food items. An artificial numeral target does not provide any good indication on the food supply situation.

## CHAPTER 5 INVITATION FOR COMMENTS

5.1 You are invited to offer comments on the Government's proposal for a new policy to adopt a more proactive approach towards the modernisation and sustainable development of local agriculture, as well as the ideas on the proposed support measures as outlined in Chapter 4 above. Taking into account the feedback received, we would develop the proposals further and devise the implementation plan subject to resources availability and approval by relevant authorities.

5.2 Please send us your comments by post, facsimile or email **on or before 31 March 2015**:

Address: Agriculture Branch  
Agriculture, Fisheries and Conservation Department  
7/F, Cheung Sha Wan Government Offices  
303 Cheung Sha Wan Road  
Kowloon, Hong Kong  
Fax number: (852) 2152 0319  
Email address: [agri\\_policy@afcd.gov.hk](mailto:agri_policy@afcd.gov.hk)

5.3 An e-comment form may be downloaded from [www.afcd.gov.hk](http://www.afcd.gov.hk). Email submission of the completed form is encouraged.

5.4 It is voluntary for any member of the public to supply his / her personal data upon providing views on the consultation document. Any personal data provided with a submission will only be used for the purpose of this consultation exercise.

5.5 The submissions and personal data collected may be transferred to the relevant Government bureaux, departments or agencies for purposes directly related to this consultation exercise. The relevant parties receiving the data are bound by such purposes in their subsequent use of such data.

5.6 The names and views of individuals and organisations which put forth submissions in response to the consultation document (senders)

may be published for public viewing after conclusion of the consultation exercise. AFCD may, either in discussion with others or in any subsequent report, whether privately or publicly, attribute comments submitted in response to the consultation document. We will respect the wish of senders to remain anonymous and / or keep the views confidential in relation to all or part of a submission; but **if no such wish is indicated, it will be assumed that the sender can be named and his / her views be published for public information.**

- 5.7 Any sender providing personal data to AFCD in the submission will have the right of access and correction with respect to such personal data. Any request for data access or correction of personal data should be made in writing to the contact specified in paragraph 5.2 above.