

Follow-up to Finance Committee Meeting on 6 May 2016
Supplementary Information about
Sustainable Agricultural Development Fund

During the discussion on the proposed establishment of the Sustainable Agricultural Development Fund (SADF) at the Finance Committee meeting on 6 May 2016, Members requested the Government to provide the following supplementary information:

- a. names of non-governmental organisations (NGOs) or farming organisations which had expressed interest in implementing projects aimed at facilitating landowners to release their farmland and promoting rehabilitation of fallow agricultural land; and
- b. more detailed and concrete illustrations of the expected benefits of SADF.

The requested information is set out herein below.

2. The Government conducted in the first quarter of 2015 a public consultation seeking public views on adopting a more proactive approach towards the modernisation and sustainable development of local agriculture. During the public consultation, some farmers and prospective farmers expressed difficulty with renting farmland. As reported to Members of the Panel on Food Safety and Environmental Hygiene vide LC Paper No. CB(2)767/15-16(03) on 2 February 2016, when we consulted the Heung Yee Kuk (the Kuk), some members of the Kuk commented that many landowners in the New Territories might be willing to lease their farmland but might find it unattractive to do so due to the burden of administering the leases with multiple farmers individually. They floated the idea of leasing farmland by a lessee en bloc, who might then sub-lease the land to individual farmers. They believed this could help encourage landowners to lease their farmland. Having considered the above views and drawing reference from the operation of the Management Agreement Scheme with funding support from the Environment and Conservation Fund, the Government considers it worthwhile to enable SADF to provide funding to NGOs or farming organisations for implementing projects aimed at promoting agricultural rehabilitation of fallow agricultural land. We believe the Kuk might play a role in coordinating interested landowners, and parties such as universities, community bodies, green groups, or cooperative societies established by farmers might be potential participants in such projects. The Government will liaise with these parties to explore the idea further and encourage them to submit application under SADF for such projects if they are interested.

3. In respect of the overall benefits that SADF may bring to the local agricultural sector, we expect the projects funded by SADF would help increase the productivity of local farms and enhance agricultural production in terms of quality and variety in the medium to long run. For instance, farming work involves certain labour-intensive processes such as land preparation and weed management, and it could be a burden on farmers particularly those small-scale ones. The Farm Improvement Scheme (FIS) under SADF is designed to provide funding support for farmers to acquire farming equipment and materials, such as small mechanised farming equipment or materials for building automated irrigation systems or protective structures. Mechanisation of the farms and installation of protective structures would help relieve part of the labour-intensive work, enhance efficiency and reduce possible loss to the farmers due to damages caused by inclement weather, which might in turn enhance their farm yield and productivity. We expect that some 2000 farmers will be eligible for support under FIS and they will benefit by upgrading their farm operations.

4. Other projects or programmes to be funded by SADF are expected to help existing farmers to spruce up their production and the range of produce available to the market, attract new entrants to the agricultural industry, and help improve farmers' livelihood and their ability to cope with the changing operating environment. For example, new production methods, such as those featuring intensive land use, adoption of new agro-technologies, development of quality seeds and varieties, adoption of environmentally-friendly pest and disease management, could be introduced to the local agricultural sector, helping farmers to improve the quality and variety of their produce and to tap the niche market that is of higher value. Projects described in paragraph 2 above could help facilitate the rehabilitation of fallow farmland and hence increase the area of farmland under active farming.

5. The above are just some examples of projects that may be funded by SADF, with the precise projects that SADF would fund hinging on the applications that we would receive. We would keep up our liaison with the farming sector and encourage the operators, especially the small ones, to capitalise on the fund. At the same time, the Government will administer SADF with care and diligence to ensure the prudent use of public fund, and regularly evaluate the effectiveness of SADF in achieving the objectives of facilitating the modernisation, promotion and sustainable development of the agricultural industry. The Government will provide a progress update to the relevant Legislative Council Panel in about three years' time.

Food and Health Bureau
Agriculture, Fisheries and Conservation Department
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