

漁農自然護理署  
九龍長沙灣道三〇三號  
長沙灣政府合署五樓



覆函請寄交  
「漁農自然護理署署長」

Please address all replies to  
Director of Agriculture, Fisheries and Conservation

**APPENDIX 18**  
**AGRICULTURE, FISHERIES AND**  
**CONSERVATION DEPARTMENT**

5/F, Cheung Sha Wan Government Offices  
303 Cheung Sha Wan Road  
Kowloon, Hong Kong

本署檔號 Our Ref. : ( ) in AF CR 1-160/74  
來函檔號 Your Ref. : CB4/PAC/R72  
電話 Tel. No. : (852) 2150 6601  
電郵地址 E-mail Address : mailbox@afcd.gov.hk  
圖文傳真 Faxline No. : (852) 2311 3731

6 June 2019

The Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn.: Mr. Anthony CHU)  
(Fax: 2543 9197)

Dear Mr. CHU,

**Public Accounts Committee**  
**Consideration of Chapter 8 of the Director of Audit's Report No. 72**  
**Sustainable Fisheries Development Fund**  
**and Sustainable Agricultural Development Fund**

Thank you for your letter of 15 May 2019 concerning the captioned Audit Report. We are pleased to provide the requested information and our responses in the **Annex**.

For any further questions, please contact the undersigned or our Senior Fisheries Officer/Fisheries Supporting Services, Mr. CHAN Kim-hung, and our Senior Agricultural Officer/Extension and Funds, Dr. PAU Ka-wai, at 2150 7092 and 2150 6710, respectively.

Yours sincerely,

(SO Ping-man)

for Director of Agriculture, Fisheries and Conservation

**Encl.**

c.c. Secretary for Food and Health (Fax: 2136 3281)  
Secretary for Financial Services and the Treasury (Fax: 2147 5239)  
Director of Audit (Fax: 2583 9063)

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**Part 2: Application Processing and Project Monitoring**

- 2) Regarding the processing of applications made under the Sustainable Fisheries Development Fund (SFDF) and the Sustainable Agricultural Development Fund (SADF) as mentioned in paragraphs 2.3, 2.5 and 2.7 to 2.9, please advise on the following:
- (a) Has the Agriculture, Fisheries and Conservation Department (the Department) made reference to the processing time of similar fund applications administered by other government departments? What is the average and longest processing time required for such applications?

Response from the Department:

The Department has made reference to the funds managed by other government departments. As the nature, scale and complexity of applications under different funding schemes differ, direct comparison of the handling of applications with those of SADF and SFDF may not be suitable.

The information provided by fund applicants in their applications is very often inadequate for vetting purpose. As such, the secretariats of the funds are required to seek clarification or submission of supplementary information from the applicants to ensure that the funded projects meet the objective of the funds and that the public fund is properly used. More time will be required to process the applications if the applicants seek technical advice from the Department, when the proposed contents of the projects are complex, or the applicants are late in making their replies.

- (b) Has the Department made reference to the application flow of similar funds adopted by other government departments? If yes, what are the details? If not, what are the reasons?

Response from the Department:

We have made reference to the workflow of processing fund applications administered by other government departments. In general, applicants are required to submit project proposals for fund application. The relevant departments and assessment committees will assess the applications in accordance with established criteria upon preliminary processing by the secretariats of the funds. Applicants are often required to submit supplementary information for vetting the application by the relevant committees or departments during the processing of application. . Applications for SFDF and SADF are processed with similar procedures. Apart from making reference to the operation of the relevant funds, the Department has consulted relevant bureaux and departments, including the Food and Health Bureau, the Independent Commission Against Corruption, the Audit Commission, the Department of Justice, etc. during the formulation of application workflow, and their advice has been incorporated into the guidelines and procedures concerned.

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- (c) Is there anything in similar funds operated by other government departments which the Department can make reference to? If yes, what are the details? If not, what are the reasons?

Response from the Department:

As mentioned in 2(b) above, the Department has made reference to the operation of other funds administered by the Government when formulating the guidelines and application workflow for the funds.

- 3) It is mentioned in paragraph 2.9 that the SFDF Secretariat and the SADF Secretariat have already started implementing the recommendations by stages. In this connection, please provide the timeframe for implementing the recommendations. Apart from the recommendations proposed in the Audit Report, what measures will the Department take to shorten the time required and streamline the flow to process SFDF and SADF applications?

Response from the Department:

The Department has enhanced the vetting procedures since December 2017 to expedite the vetting process and to facilitate the SADF Advisory Committee (SADFAC) members' early advice on the projects. The secretariat will circulate the information of the projects that have been preliminarily assessed to members for preliminary vetting and ask them if they have any follow-up questions or comments that require response and/or submission of supplementary information from the applicants. The secretariat will ask members again before the SADFAC meetings if they have any supplementary comments or questions that call for applicants' response in advance and if they consider it necessary to invite the applicants to attend the meetings.

Apart from the aforesaid enhancement measures, the Department has implemented further enhancement measures since January 2019 to enable members to have a deeper understanding of the projects. Upon preliminary assessment of the projects, members will be invited to attend a briefing session on the projects. In addition, the Department will illustrate the projects and the justifications to support the applications with more details during the Committee meetings in the future in order to facilitate the Committee's consideration for the projects more effectively. With the aforesaid enhancement measures, members may raise their doubts about the applications in advance and the applicants can respond accordingly, enabling more efficient vetting of applications.

The SFDF Secretariat formulated the flow chart for processing fund applications in October 2017, which includes the targeted processing time for various major vetting procedures. To further expedite the process of project vetting, the Department has enhanced the monitoring of internal application processing. The Department has also enhanced communication with applicants (including meeting with applicants and explaining the supplementary information required by the Department as necessary) in order to facilitate the applicants' submission of information to be specific, explicit and in accordance with the Department's requirements. The Department will explain the information required clearly and specifically, and also keep the number of requests for submission of supplementary information to two or below, so as to reduce the time required for processing applications and handling correspondence.

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In addition, the Department has streamlined the vetting procedures since January 2019 upon the approval by the SFDF Advisory Committee (SFDFAC) that includes direct vetting of all applications by SFDFAC instead of initial vetting by a working group before SFDFAC vetting in order to expedite the processing of applications. Meanwhile, the Department will also invite members to raise questions on the projects in writing and request the applicants to provide supplementary information required by members before the Committee meetings. If necessary, the Department will hold briefing sessions before the Committee meetings to explain individual project applications and to invite applicants to attend the meetings to respond to the questions/provide supplementary information.

With regard to the above measures, the SFDF Secretariat will update the internal guidelines accordingly. The Department is also exploring to simplify the vetting procedures for projects of more simple nature and involving less funding. Other measures to enhance the quality of the applications with a view to shortening the processing time include strengthening support to the applicants, providing templates of application forms, and simplifying the application form. We expect to implement the said recommendations within 2019.

- 4) Regarding the application arrangements of the Equipment Improvement Project (EIP) mentioned in paragraphs 1.7, 2.10, 2.11 and 2.12, please advise on the following:
- (a) The application flow as well as the average, shortest and longest processing time for EIP application and the reasons for taking such a long time to process the applications.

Response from the Department:

For the three approved EIP projects, the shortest time taken from the submission of application to the Department to the signing of agreement was 238 days, while the longest was 307 days, with an average of 261 days. The applicants were required to provide the particulars of all fishermen/farmers involved in the project as well as the type, quantity and preliminary quotations of the equipment they intend to acquire. As the number of beneficiary involved in each project was considerable (174 persons on average), significant time was required to verify the particulars of each person. In addition, the approved EIP projects involved purchasing of items not included on the list of pre-approved equipment/materials items. Applicants were therefore required to provide further supplementary information for SFDFAC to consider whether the items could be funded. As such, the processing time was increased. SFDFAC also needed to examine whether the procedures of recruiting fishermen/farmers conformed to the principles of impartiality, fairness and transparency. The inspection and monitoring plans after the acquisition of the equipment and the administrative expenditure were also vetted by SFDFAC.

- (b) Up till now, the number of applications received by the Department, the application results/ progress and the latest progress of Case 1.

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Response from the Department:

Up till now, the Department has received a total of eight EIP applications, among which three have completed vetting procedures, and agreements have been signed. The first approved EIP project commenced in February 2019. The grantee has started the procurement procedures. The Department is currently processing the remaining five applications, of which the vetting for two will be completed shortly.

- (c) Has there been improvement in processing EIP applications subsequent to the implementation of the recommendations mentioned in paragraph 2.12(a)? If yes, how long does it currently take to process the relevant applications?

Response from the Department:

After implementing the vetting process by circulation, the time required from the submission of applications by applicants to the distribution of circulation papers to SFDFAC for vetting ranges from 166 to 196 days (174 days on average). The time required for the same procedures of the first approved application was 206 days. There has been a significant improvement in the processing time after implementation of the recommendation.

- (d) The measures taken by the Department to expedite EIP applications other than those mentioned in paragraph 2.12(a).

Response from the Department:

Apart from vetting applications through circulation, the Department will explore other measures to expedite processing of applications, including streamlining application procedures, reviewing internal guidelines, providing templates of application forms, simplifying the application form, and regularly updating the list of approved equipment/materials.

- 5) Regarding paragraphs 2.12 and 2.13, please explain the reasons for individual fishermen and fish farmers not being allowed to apply for SFDF or the Equipment Improvement Project (EIP) under SFDF by themselves, while farmers may submit Farm Improvement Scheme (FIS) applications to the Department directly despite the fact that EIP and FIS are in the same nature. Does the Department agree that the requisite of SFDF applicants being legal entities has posed obstacles to individual fishermen and fish farmers when making SFDF applications and the projects under it, and has therefore contradicted the SFDF's objective of fostering the sustainable development and enhancing the competitiveness of the local fisheries industry? How will the Department rectify the aforesaid situation and enhance the arrangements for EIP applications?

Response from the Department:

According to Paper No. FCR(2013-14)44 of the Finance Committee, SFDF applications must be made by legal entities, and those made by individual fishermen and fish farmers are not accepted. The entity concerned must be a company incorporated in Hong Kong under the Companies Ordinance (Cap. 622) and has substantial connection to Hong Kong or a body corporate incorporated in Hong Kong under other Ordinances of the Hong Kong Special Administrative Region, and having demonstrated a close connection

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with the fisheries industry in Hong Kong. Such entities include local registered fisheries co-operatives, non-profit-making fisheries organisations, non-governmental organisations or social enterprises. Individuals may form a body corporate or collaborate with the aforesaid organisations to make an application. EIP is an individual application requiring vetting under SFDF. As such, applications from individual fishermen or fish farmers directly cannot be accepted. A total of eight applications has been received since EIP opened for applications at the end of 2017. A total of 1 440 fishermen will benefit from the projects if the applications are approved.

The Department will further explore streamlining the vetting procedures, such as simplifying the application forms and regularly updating the list of approved equipment/materials. The Department will also explore increasing the maximum number of participants in each application so that more fishermen can be benefited.

- 6) Regarding the administrative matters mentioned in paragraphs 2.14 to 2.16, please advise on the following:
- (a) What are the administrative charges involved in each beneficiary (not each application) of EIP?
  - (b) What are the administrative charges involved in each beneficiary in other similar schemes operated by the Government?
  - (c) Why are the administrative charges of the approved EIP project in Case 1 of paragraph 2.11 as high as 21% of the approved grant? Does the Department agree that excessive administrative charges will affect the cost effectiveness of the projects and lead to ineffective use of public funds in implementing such projects?
  - (d) Why are there only a maximum of 200 beneficiaries in each EIP application? What are the details of the recommended increase of maximum number of beneficiaries in each application?

Response from the Department:

The maximum amount of grant for each application as specified under EIP is \$7.5 million, with funding for a maximum number of 200 participants in each application. The maximum amount of administrative charges (such as staff cost, audit fee, etc. essential to the operation of the projects) for each application is \$1.5 million for three years, and the maximum amount of administrative charges for each fisherman benefited is \$2,500 per year (\$7,500 for 3 years). When setting the maximum number of fishermen benefited in the projects and the maximum amount of administrative charges, the Department has considered the workload and costs required in implementing the projects (including verifying information and eligibility of the participating fishermen/fish farmers as well as assisting in acquiring equipment and materials) as well as subsequent monitoring of the projects. The Department considers that it is more practical to cap the maximum number of participants at 200 and that it is reasonable to set the maximum amount of administrative charges at \$1.5 million for three years (based on the estimation of a total of \$1.08 million of salaries for two employees for three years with a monthly salary of \$15,000, and a total of \$0.42 million of expenditure for implementing the projects and other necessary expenditure, such as audit fee, for three years). When vetting each application, the Department would also examine whether the

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proposed administrative charges and cost breakdown provided by the applicants are reasonable. Where necessary, the Department will request a reduction in administrative charges to ensure that public fund is properly used.

For more effective use of public funds and to reduce administrative charges of the projects, the Department will examine the actual administrative workload of the approved projects and consider increasing the maximum number of fishermen/fish farmers involved in a project as appropriate to enhance the overall cost-effectiveness of the projects.

- 7) Regarding the measures of strengthening monitoring of reports and financial statements submitted by the SFDF grantees as mentioned in paragraph 2.23, please advise on the timeframe and progress of implementing such measures.

Response from the Department:

The Department will remind grantees in a timely manner through e-mails or letters to submit reports, financial statements and supplementary information in accordance with the internal guidelines, and will specify the report requirements in e-mails or letters. The Department will meet the grantees to explain the report requirements and other information/documents requested if necessary. For those grantees who fail to submit reports or supplementary information on time, the Department will establish an advisory/warning mechanism and develop guidelines for handling requests of delaying submission of reports/supplementary information.

With regard to the aforesaid measures, the Department has enhanced the internal monitoring of the workflow of report processing, as well as prepared sample receipts, balance sheets and revenue statements for grantees' reference. We are drafting the internal guidelines for issuing advice/warnings to grantees. We expect to implement the recommendations by the third quarter of 2019.

- 8) Regarding paragraphs 2.26 and 2.27, how can the Department ensure that the grantees of SFDF will implement the recommendations of the Department satisfactorily? When will the SFDF Secretariat establish a clear set of inspection procedures and guidelines in order to enhance the monitoring of SFDF projects?

Response from the Department:

The Department will set a target for spot checks and strictly follow the inspection procedures in order to ensure appropriate monitoring of each project. We will also develop internal guidelines requiring inspection staff to convey to the grantees the major observations and opinions after the inspection, and to maintain proper records. We are reviewing the inspection procedures and guidelines and expect to implement relevant arrangements in the third quarter of 2019.

- 9) Regarding paragraphs 2.34, a grantee of a SFDF funded project has not yet purchased 3 types of mandatory insurance, namely, the employees' compensation insurance, the public liability insurance and the insurance for collateral, after 34 months of the commencement of the project. Please advise:

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- (a) Has the Department noted that the grantee contravened the funding agreement by failing to purchase the mandatory insurance? If yes, why hasn't the Department taken any immediate follow-up actions?

Response from the Department:

The Department had noted that the grantee did not purchase the employees' compensation insurance and the insurance for collateral for the project before the investigation by the Audit Commission, and had issued nine e-mails or letters to remind the grantee of the requirements concerned. The grantee expressed that they had been liaising with insurance companies for the procurement of the insurance required but none of them offered the insurance for collateral. Between June 2017 and August 2018, the Department repeatedly recommended the grantee to apply in writing for exemption to purchase the insurance for collateral. The grantee then submitted a formal application for exemption as recommended, and the application was approved in March 2019. Also, the grantee informed the Department in October 2018 that the organisations joining the site visits would purchase the public liability insurance at their own cost. In this connection, the Department reminded the grantee that for similar activities arranged by the grantee in the future, the grantee should provide the Department with a documentary proof of the purchase of a valid insurance for participants joining the activities. Otherwise, the grantee will not be allowed to arrange such activities.

- (b) Regarding paragraph 2.34(b), did the grantee purchase the employees' compensation insurance as required in the warning letter issued by the Department on 19 March 2019? If yes, when was the employees' compensation insurance purchased? If not, did the Department terminate the project as mentioned in the warning letter?

Response from the Department:

The Department issued a warning letter on 19 March 2019, requiring the grantee to provide the Department with a documentary proof of the purchase of the employees' compensation insurance. However, the grantee kept informing the Department that they had contacted a number of insurance companies for the purchase of insurance but all requests were turned down. On 23 May, the grantee informed that they had successfully purchased the relevant insurance and would provide the documentary proof as soon as possible.

- (c) How to prevent the re-occurrence of similar incidents?

Response from the Department:

The Department recommends that a grantee is required to obtain quotations for insurance before entering into an agreement, and to purchase the insurance after the signing of the agreement but before the commencement of the project. If the insurance cannot be purchased successfully by the time of submitting the first progress report, the Department will consider taking actions, including suspending disbursement of the next instalment of fund.



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- 10) Regarding paragraph 2.38(j), would the Department advise on whether any measures have been/will be taken to ensure the compliance of the procurement requirements of funding agreements by the grantees? If follow-up actions have been taken, has there been improvement in rectifying non-compliance of funding agreements?

Response from the Department:

Grantees should strictly adhere to the terms for conducting procurement exercises, which are clearly stipulated in the agreements. The Department will remind them to comply with the procurement requirements through the kick-off meetings, progress meetings and letters, etc. The Department will require the grantees to provide explanations if non-compliance is observed. If the grantees fail to provide reasonable explanations, the Department will consider taking actions, including suspending disbursement of the subsequent fund.

After implementing these measures, we have not observed any non-compliance cases regarding procurement exercises conducted by the grantees.

**Part 3: Attaining the objectives of the funds**

- 11) Regarding the decrease in the number of applications made under SFDF and SADF mentioned in paragraphs 3.9 to 3.11, please advise on the following:
- (a) Has the Department noted the decreasing number of fund applications before the Audit Commission's investigation? If yes, what initiatives did the Department undertake to improve the situation at that moment? If not, why did the Department not notice the situation on the fund applications?

Response from the Department:

Since the launch of the funds, the Department has already taken actions to promote SFDF and SADF (including FIS and EIP) through various means, for example, organising briefing sessions and liaison meetings; distributing promotional leaflets and/or invitation letters to local fishermen, fish farmers, farmers and related organisations; arranging one-to-one consultation meetings with potential applicants of SFDF and SADF to encourage and facilitate their applications; and also assisting fishermen organisations in strengthening their connections with the academic sector or related social service organisations, with a view to enhancing collaborations.

The Department has also sought assistance from District Council members in placing leaflets promoting FIS in their district offices. Leaflets are also distributed once again for promoting the fund and FIS to farmers across the territory and the Department keeps organising meetings with individuals and organisations interested in applying for the fund with an aim to promoting the fund to them. Since the launch of the fund until April 2019, the Department has already organised 28 meetings with different organisations (including agricultural organisations/ tertiary institutions/ scientific research institutions/ commercial organisations). The Department will continue to publicise the fund through regular contact with local farmers and agricultural organisations.

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To further step up the publicity efforts, the Department planned to set up an outreach taskforce in January 2019, which will visit all crop farms participating in the Local Vegetable Farm Voluntary Registration Scheme, the Accredited Farm Scheme and the Organic Farming Support Service, flower farms and livestock farms to assess the farms' need for farm machinery and proactively invite the farmers in need to submit applications for FIS. Rolling out in March this year, the outreach scheme is expected to be completed within one year. The Department also produced promotional short video clips with a view to attracting more farms to submit FIS applications.

- (b) The Department has mentioned in paragraph 3.10(a) the reasons why the number of FIS applications has decreased. How did the Department come up with such a conclusion? Is it the Department's estimation, or concluded from farmers' views reflected to the Department? Or, did the Department come up with such a conclusion using other methods? Except for adverse weather conditions, were there any other reasons resulting in the small number of FIS applications in 2018?

Response from the Department:

Some farmers wrote to the Department requesting the deferment of purchase of farm equipment/materials already approved-in-principle under FIS due to the super typhoon and rainstorm in 2018. Therefore, the Department estimated that the adverse weather in 2018 might be a factor for the small number of FIS applications received for the year. Some farmers also indicated that they have yet submitted FIS applications since there is no need to purchase farm equipment or materials at the moment, negative investment sentiment resulting from uncertain prospects of the farms or other personal reasons.

- (c) Does the Department agree that the Government's publicity work for the said funds is insufficient and ineffective?

Response from the Department:

The number of FIS applications is mainly demand driven. The Department has already proactively stepped up publicity to encourage applications.

- (d) Regarding arranging for an outreach team to visit farms, and inviting farmers to submit FIS applications as mentioned in paragraph 3.16 (a)(ii), please advise on the average monthly number of visits paid by the outreach team, and the number of applications received after the implementation of the proposal.

Response from the Department:

Since the commencement of farm visits by the outreach team in March until 20 May this year, the Department has already visited 512 farms to introduce to them the farm equipment or materials that can be purchased under FIS, and has received ten FIS applications. The Department will continue to publicise FIS with a view to encouraging farms to submit applications.

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- (e) Regarding paragraph 3.17, please advise on the details of the specific measures for improving publicity and fund applications under SFDF and SADF, and the implementation timetable and effectiveness of the enhancement work, including whether the application guidelines have been improved and the application forms have been simplified.

Response from the Department:

<b>Details of the improvement measures for publicity and fund applications (SFDF and SADF)</b>	<b>Details of follow-up work</b>
Improving liaison and connection with fisheries and agricultural organisations, tertiary institutions and non-governmental organisations, and inviting them to submit fund applications	In February this year, the Department wrote to local tertiary institutions, agricultural organisations and related non-governmental organisations to promote the funds and invite them to submit fund applications. The Department also holds regular liaison meetings with fishermen to promote and report the situation of SFDF, and address related enquiries. The Department will organise a workshop with the Open University of Hong Kong on compiling applications under SFDF and SADF, with a view to enabling the fisheries and agricultural organisations, other related institutions and organisations to have a better understanding of fund applications, and also improving their ways and techniques of compiling applications.
Arranging for an outreach team to visit farms and inviting farmers to submit FIS applications	The Department started visiting farms and inviting farmers to submit FIS applications in March this year.
Updating the list of recommended projects for reference of intended applicants	The Department is exploring other potential projects. Meanwhile, the Department encourages more organisations to submit applications by holding regular meetings with fishermen organisations to discuss and update the list of projects that may benefit from the fund. The list is expected to be updated on a half-year basis.

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Producing promotional leaflets and/or videos	The Department has already produced promotional short video clips to step up publicity of FIS. The first series of short video clips were broadcasted on social media in March this year.
Reviewing and updating the application guidelines, and devising clear and detailed internal guidelines accordingly	We expect to complete this task within 2019.
Producing easy-to-understand pamphlets about the funds for the public's reference	We expect to complete this task within 2019.
Reviewing the feasibility of simplifying the application forms (e.g. allowing applicants to provide information in the form of fill-in-the-blank and multiple-choice)	We expect to complete this task within 2019.
Streamlining the procedures for vetting applications for projects of simple nature and involving less funding with a view to shortening the time for vetting and attracting more organisations to submit applications	We expect to complete this task in the third quarter of 2019.
Strengthening the support for potential applicants before they formally submit their applications (e.g. having individual consultation meetings with the potential applicants and providing them with technical support)	Implemented.
Cancelling the arrangement of initial vetting by a working group and arranging the Advisory Committee to vet all the projects directly so as to expedite the processing of applications	Implemented.

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- 12) Regarding the decreasing number of SFDF and SADF applications and the large number of rejection cases as mentioned in paragraphs 3.9 to 3.19, please advise on the following:
- (a) Has the Department consulted the agricultural and fisheries organisations on the improvement to be made to the above fund applications so as to identify the reasons?

Response from the Department:

The Department has all along been in touch with the local agricultural and fisheries groups through regular contacts, arranging thematic seminars and liaison meetings, and has been participating in their activities with a view to encouraging and providing them with support to submit applications. Since the launch of the funds to April 2019, the Department has held more than 160 meetings with different organisations (including agricultural and fisheries organisations/ tertiary institutions/ research institutions/ commercial organisations) to exchange ideas on their proposals and the challenges faced by the local agricultural and fisheries industries. Majority of fishermen/farmers and some groups reflected that they were in lack of experience and skills in writing proposals and therefore did not submit applications to the funds.

To safeguard the use of public money and ensure that the two funds can meet the specified scopes as approved by the Finance Committee, fund applications have to be vetted against a set of criteria. The success rate depends on whether the applications meet the criteria. If an applicant encounters any difficulties or would like to seek technical advice from the Department during the application process, the Department will do so upon request. Since the launch of the funds, the Department and the applicants have had a total of 60 meetings. The Department has also assisted in the exchanges and liaison between fishermen/farmers' groups and academic institutions, based on their interests and profession, with a view to increasing their chances of collaboration.

- (b) Many agricultural and fisheries organisations have indicated that they are not good at writing proposals, making them difficult to submit applications under the existing mode of fund applications. Will the Government provide assistance or guidance to agricultural and fisheries organisations on writing proposals or even consider discussing with them to devise a more suitable plan for application so that the fishermen and farmers can be genuinely benefited?

Response from the Department:

The Department has been implementing various measures, such as providing one-to-one consultation with interested parties before submitting applications and offering technical advice or guidance to applicants whenever necessary, with a view to assisting applicants in submitting or amending their proposals and improving the quality of applications. The Department will also study how to further streamline the application procedures, such as simplifying the application forms, providing a sample of application forms and updating the list of projects that can be benefited from the funds after consulting the industries to facilitate preparation of

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applications. Meanwhile, AFCD is also considering introducing different vetting procedures depending on the funding amounts, streamlining the process of vetting projects involving less funding and simple contents. In order to assist the agricultural and fisheries organisations, relevant agencies and groups in writing their proposals, the Department will organise the “Workshop on writing skills for SFDF/SADF applications” in mid-June this year with the Open University of Hong Kong with a view to enhancing their understanding of the current fund application procedures and improving their ways and skills in writing proposals.

- 13) As stated in paragraph 3.24(a), the Department completed the review of the final reports of the 2 completed SFDF projects as mentioned in paragraph 3.20 in March 2019. Please advise on the effectiveness of the 2 completed SFDF projects, and whether the Department can make reference from the experience of the two projects.

Response from the Department:

Currently, the two completed projects aim at providing training for fishermen on switching to other mode of operation. The projects included inviting ecologists to share knowledge on fisheries and marine conservation to fishermen, inviting a drama group to assist in compiling information for the guided tours and enhancing the skills of fishermen on guided tours, providing practising opportunities in guided tours, and training on operation of guided tours.

A total of 240 guided tours has been organised under the two projects, targeting at schools and community organisations. Many socially vulnerable groups and grassroots also participated in guided tours, with the cumulative number of participants amounting to 6 100 persons. The grantees held a total of three sharing sessions for the industry to introduce the project, shared the experience of organising and operating fisheries ecological guided tours to the attending fishermen from various districts. The grantee also published a book entitled *The Diary of Hong Kong Fishermen* in January 2018 which aims at introducing the fisheries culture, fishing methods and tools in Hong Kong, as well as the ecology of the North East New Territories. The book has been distributed to secondary schools, libraries, fisherman guides, fisheries groups, the mass media and government departments. The electronic version is also uploaded to the website of the grantee for public browsing.

The fishermen trained under the projects also agreed that the projects could enhance their interest in promoting fishermen's culture and their understanding of marine ecological conservation and sustainable development of the fisheries industry, and help fishermen switch to related work. Of the 110 trained fishermen, 25 indicated that they would engage in full time related work of recreational fisheries. The fishermen trained under the Cheung Chau project even said that they would assist the co-organiser of the project in conducting experiencing tours for the public and take up different roles in guided tours on a trial basis in Cheung Chau. The remaining fishermen expressed their interest in engaging in full-time or part-time jobs related to recreational fisheries.

The Department is now arranging the uploading of the final reports and the audited accounts of the projects (where personal and/or commercially sensitive information being removed) onto the SFDF's website for public inspection, with a view to enhancing

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transparency and enabling the fisheries industry to share the experience and information arising from the funded projects.

- 14) As stated in paragraph 3.24(b), the Department would conduct a review on overall achievements of SFDF/SADF and subsidiary programmes when more approved projects are completed. In this connection, how many approved projects are expected to be completed and the estimated time for the Department to conduct the review?

Response from the Department:

Currently, there are 11 and eight projects approved under SFDF and SADF respectively. Apart from the two completed SFDF projects, seven SFDF projects are expected to be completed in the coming two years. The projects involve various important aspects for the development of the industry, such as fish disease treatment in the aquaculture industry, research and development on feed, promotion of local fisheries products, etc. There are also three projects under SADF which will be completed in early 2021. The grantees are required to submit reports to the Department and conclude the effectiveness of the projects. We consider it the appropriate time for an overall review of the funds when all these projects are completed.

**Part 4: Governance Issues**

- 15) Regarding paragraph 4.12, please advise on members' attendance currently at meetings of the SFDFAC and the SADFAC and whether improvement has been made. If not, what follow-up actions will the Department take to improve the attendance at meetings?

Response from the Department:

The secretariats have all along been making an effort to coordinate and arrange for members to attend meetings, and each meeting has been attended by half or more than half of the members. In addition, the secretariats circulate discussion papers and agendas to all members prior to each meeting so that members who are unable to attend the meeting can provide written comments on agenda items. After streamlining the vetting process, the number of meetings that need to be held is expected to decrease.

No meeting has been held for SFDF and SADF so far this year after the release of the Audit Report. Therefore, no relevant information is available for the time being.

- 16) Regarding paragraph 4.13(b), for members of the SFDF Advisory Committee and the SADF Advisory Committee who had difficulties in attending meetings and whose re-appointments are essential, what measures will the Food and Health Bureau to encourage such members to attend meetings in the future? If the Bureau has no intention to take any follow-up measures, what are the reasons and how to solve the above problem?

Response from the Bureau:

Members of SFDFAC and SADFAC are appointed by the Secretary for Food and Health (SFH). When considering re-appointments of a member, SFH will take into account a number of factors, including the member's experience in his/her professional field, his/her contribution to the operation of funds and past attendance at meetings, etc.

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AFCD will take appropriate measures to encourage members to attend meetings, including reminding members of the importance of attending meetings, scheduling meetings for date / time that is convenient to most members and reminding members before meetings.

- 17) Regarding paragraph 4.18(a), did AFCD know, prior to the Audit Commission's investigation, that the SFDF Secretariat had not distributed first-tier declaration forms to members of the SFDF Advisory Committee and the SADF Advisory Committee for completion for 2016? If yes, what remedial action has been taken? If not, what are the reasons?

Response from the Department:

In April 2017, the Department found that the Secretariat had not distributed first-tier declaration forms to members of SFDFAC for completion for 2016. However, the term of office for the year 2016-2017 (i.e. from 3 March 2016 to 2 March 2017) had expired by that time. The Department confirmed that the Chairman has reminded members to declare their interest before discussion of applications at every meeting, members also made declarations and their declarations are recorded in the minutes of the meetings during the subject period. Members of the new term of office have made valid declaration. The Department will ensure that first-tier declaration forms be distributed to committee members and duly received every year.

- 18) In response to the Audit recommendations mentioned in paragraphs 4.23 and 4.31, please provide details, the timeline and effectiveness of the Department's follow-up actions.

Response from the Department:

<b>Paragraph</b>	<b>Audit recommendations</b>	<b>Details of follow-up work</b>
4.23(a)	Ensure that first-tier declaration forms are always distributed to committee members for their completion every year.	The secretariats of SFDF and SADF distributed first-tier declaration forms to committee members for completion in December last year and March this year respectively, and duly received all declaration forms which members were required to submit for 2019.
4.23(b)	Take measure to follow up with the committee members concerned who have not submitted their first-tier declaration forms.	In 2018, two members did not submit their first-tier declaration forms. After the Department has taken the follow-up actions, the two concerned members returned the declaration forms.
4.23(c)	Take measures to facilitate committee members to fully declare their interests,	Prior to each SADF meeting, the secretariat will circulate to committee members the guidelines on the



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	including providing examples of common interests that need to be declared.	declaration of interest system devised by the Independent Commission Against Corruption, including providing examples of common interests that need to be declared, and the chairman will remind members to declare interests for the items under discussion. The SFDF secretariat will take the same measures.
4.23(d)	Regularly remind the committee chairmen of the need to make rulings on interests declared by members at the meetings, and document the rulings made in the minutes of the meetings so as to enhance transparency and accountability.	Prior to each SFDF and SADF meeting, the secretariats will prepare a Chairman's brief for the committee chairmen, in which committee chairmen are reminded of the need to ask members to declare interests and make rulings before discussing each project. After the meeting, the secretariats will also document the declaration of interests and the chairmen's ruling in minutes of meeting. The secretariats plan to provide clearer guidelines for declaration and rulings in the Chairman's brief prior to committee meetings in the future to facilitate the chairmen in making rulings.
4.31(a)	Consider laying down guidelines on the distribution of agendas (and discussion papers) and draft minutes of meetings.	The Department is now revising the internal guidelines in accordance with Audit recommendations to remind the secretariats of the requirements.
4.31(b)	Ensure that proceedings of meetings are accurately and completely recorded in minutes of meetings.	The Department will continue to ensure that proceedings of meetings are accurately and completely recorded in minutes of meetings, and the draft will be submitted to committee members for comments or amendments.