

**For Discussion
on 11 June 2013**

**Legislative Council
Panel on Food Safety and Environmental Hygiene**

Sustainable Fisheries Development Fund

PURPOSE

In his 2013 Policy Address, the Chief Executive announced the promulgation of a Sustainable Fisheries Development Fund (the Fund). Following the announcement, the Administration has engaged the relevant stakeholders on how best we should go about administering the Fund.

2. This paper presents the feedback received from our consultation with stakeholders, and seeks Members' views on initial ideas about the parameters of the Fund, including the scope of projects that may benefit from it, who should be eligible to apply, and matters related to governance and administration.

BACKGROUND

3. The fisheries resources and production in Hong Kong have been declining over the past decade. The Government established the Committee on Sustainable Fisheries (the Committee) in late 2006 to study the long term goals and advise the Administration on the direction and feasible options for the sustainable development of the local fisheries industry. The Government has been gradually implementing various fisheries management measures as recommended by the Committee on Sustainable Fisheries in its report submitted to the Government in April 2010. We have banned trawling activities in Hong Kong waters. We are processing applications for registration of local fishing vessels so as to prohibit non-local fishing vessels from fishing in Hong Kong and control the fishing effort in Hong Kong waters. The Government has reviewed the propriety of issuing new marine fish culture licences in fish culture zones with surplus carrying capacity. We provide assistance to fishermen to upgrade their knowledge and skills by arranging various training courses, workshops and seminars, including assistance to help them venture into ecotourism. The Committee also recommended the establishment of a "Sustainable Fisheries

Funding Scheme” in due course to provide financial assistance to fishermen, fishermen organisations, academic institutions or non-profit-making organisations for carrying out research and development programmes which will help improve the operating environment and competitiveness of the industry and restore the marine and fisheries resources.

4. The Chief Executive announced in his 2013 Policy Address the setting up of a \$500 million Sustainable Fisheries Development Fund to help fishermen adopt a sustainable and high value-added operation mode, and subsidise relevant programmes and research so as to enhance the overall competitiveness of the industry. A committee consisting of both government officials and trade representatives will be set up to advise on the use of the Fund.

FEEDBACK RECEIVED FROM OUR CONSULTATION WITH STAKEHOLDERS

5. Subsequent to the announcement in the 2013 Policy Address, the Agriculture, Fisheries and Conservation Department (AFCD) sought views from major fishermen groups and representatives of the trade as well as some other stakeholders at Annex on how we should go about administering the Fund. They welcomed the establishment of the Fund. Their feedback is summarised in paragraphs 6 to 8 below.

Aim, Scope and Eligibility

6. On the scope of the Fund, stakeholders consulted suggest that the following categories of projects should be supported under the Fund -

(a) Sustainable Fisheries

- studies that would help put fishing operations on a more sustainable and environmentally friendly footing;
- capacity building projects such as vocational training courses and seminars for fishermen and those who are interested to join the industry;
- public awareness projects such as those designed to showcase the local fishery culture and to promote protection of fisheries resources;

- “alternative livelihood” projects for fishermen such as demonstration sessions, pilot projects of fishermen organisations and / or individual fishermen highlighting vocational/business opportunities in other fisheries or sea related areas that they might switch to;

(b) *Capture Fisheries*

- fisheries resource enhancement projects such as restocking and artificial reef deployment programmes;
- research and monitoring projects such as studies on local fisheries resources, development of new sustainable fishing technology, socio-economic studies of the local fisheries industry and fishermen; and

(c) *Aquaculture*

- technology or business strategies that would help enhance the market potential of local aquatic produce; and
- aquaculture related projects such as the use of food waste in production of fish feed, establishment of local fish hatcheries, setting up real-time water quality monitoring network in fish culture zones, formulation of quality assurance system for aquaculture produce and promotion of organic fish farming.

7. As to who or what organisations should be eligible to apply for financial assistance under the Fund, stakeholders consulted agree in general that the following applicants could be considered -

- (a) those coming from fisherman groups, academic and research institutions (including those from overseas with renowned capability in undertaking research concerning fisheries or aquaculture development), conservation groups, social enterprises and non-governmental organisations should be eligible;
- (b) those making joint applications that would facilitate cross-sector cooperation in promoting sustainable development of the fisheries industry in Hong Kong could also be considered. Examples may include an academic institution working with fishermen to study the effectiveness of a new sustainable fishing

method in the local environment, and a non-governmental organisation joining hands with a fishermen organisation to promote sea-related operations as an alternative livelihood option for fishermen and at the same time reducing local fishing effort;

- (c) apart from those pursuing non-commercial, non-profit making projects, those pursuing commercial projects may also be supported on individual merits; and
- (d) individuals who are Hong Kong residents should also be considered, taking into consideration the merits of the proposed projects and the applicants' capacity to implement the proposed projects.

Advisory Committee

8. The stakeholders we consulted are generally of the view that the advisory committee should include representatives of the trade as well as those from the academic circle, conservation groups and other professionals (such as lawyers and accountants).

INITIAL OBSERVATIONS OF THE ADMINISTRATION

9. The Fund is to serve the policy objectives of facilitating the sustainable development and modernisation of the local fisheries industry as well as improving its competitiveness thereby allowing fishermen to be self-reliant, improving their livelihood and enhancing their ability to cope with challenges arising from changes in operating environment. Not only will a sustainable fisheries industry provide job opportunities for the fisheries community, it will also help provide a steady and reliable supply of fresh, safe and quality fisheries products to the people of Hong Kong. Moreover, sustainable operations, in the long run, will help conserve the local marine ecosystem, enabling us to pass on a healthy and diverse marine ecological environment to our future generations.

10. Now that the trawl ban and the registration of local fishing vessels which aim at preserving fisheries resources are already in place, it is time to focus on another key element in the overall strategy flowing from the recommendations of the Committee on Sustainable Fisheries, namely how best to drive the modernisation of the fisheries industry. The suggestions received from our consultation with the stakeholders as set out paragraph 6

above are basically consistent with our objectives of helping local fishermen to rise above the challenges on the horizon with a view to enabling the fisheries industry as a whole to embrace a sustainable, high value-added mode of fisheries operations.

11. We are carefully examining the question of how best to position the Fund, having regard to other funding sources that the fishermen community may tap, including in particular the Fisheries Development Loan Fund (Loan Fund). We propose that the Fund should be oriented towards filling gaps currently not met by the Loan Fund. For instance, it is for consideration whether the Fund could avail opportunities for non-commercial projects with no/little income to support loan repayment or commercial projects at the incubation stage with uncertain prospects in terms of financial return which risk-averse applicants would otherwise not venture into, without financial assistance from the Fund.

12. It is for consideration whether the following should be eligible for applying for grants under the Fund -

- (a) fisheries co-operative societies,
- (b) non-profit making fisheries organisations,
- (c) academic and research institutions,
- (d) non-governmental organisations, and
- (e) individuals who could demonstrate the capacity to implement the proposed projects.

13. The trade's proposal to allow use of the Fund for supporting commercial projects requires careful deliberation. In our view, if the Fund is to be used for providing subsidies to fisheries companies and individual fishermen for venturing into commercial operations with new technology and innovation, an appropriate mechanism must be in place to ensure that the applicants would also contribute financially to the projects, the projects would benefit the local fisheries as a whole, and that any surplus from the supported projects would be ploughed back for the wider benefit of the industry.

Governance and Administration

14. The day-to-day administration of the Fund, including administrative, logistic and secretariat support, would be the responsibility of AFCD. As the Controlling Officer, the Director of Agriculture, Fisheries and Conservation (DAFC) would decide on the disbursement of the funds on the advice of an advisory committee and its sub-committees.

15. The advisory committee should seek to provide strategic advice on the administration of the Fund, allocation amongst approved categories of projects and criteria for assessing individual funding proposals. It may be assisted by sub-committees for such purposes, e.g. a vetting sub-committee for scrutinising individual funding applications. Reference to other funding schemes will be made when determining the organisational structure of the advisory committee and its subcommittees.

WAY FORWARD

16. We will consider the views of this Panel in drawing up the key parameters of the Fund. We will engage the trade and other stakeholders further before finalising the detailed proposals for consideration by this Panel and the Finance Committee (FC) in the fourth quarter of 2013. Subject to FC's approval of the necessary funding commitment, we will appoint the advisory committee and formulate application arrangements with a view to inviting applications in the first half of 2014.

ADVICE SOUGHT

17. Members are invited to advise on the parameters of the Fund.

**Food and Health Bureau
June 2013**

List of Fishermen Groups and Trade Representatives Consulted

The Agriculture, Fisheries and Conservation Department has consulted the Hon. Ho Chun-yin, Steven and the following fishermen groups and representatives of the trade, seeking their initial views on the establishment of the Sustainable Fisheries Development Fund:–

- Hong Kong Fishermen Consortium;
- Hong Kong Fishermen’s Association;
- Hong Kong Fishery Alliance;
- Federation of Hong Kong Aquaculture Associations;
- The New Territories Fishermen Fraternity Association Limited;
- Ma Wan Fisheries Rights Association Ltd;
- Hong Kong and Kowloon Fishermen Association Ltd;
- Hong Kong Fishing Vessel Owners Association, Ltd.;
- The Federation of Fishermen's Co-operative Societies of Shau Kei Wan District, Limited;
- The Federation of Fishermen's Co-operative Societies of Sai Kung District, Limited;
- International Fisheries Alliance; and
- Hong Kong N.T. Fish Culture Association.