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Panel on Food Safety and Environmental Hygiene

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 13 January 2015**

Agricultural development in Hong Kong

Purpose

This paper provides background information on issues relating to agricultural development in Hong Kong and highlights the major views and concerns of Legislative Council ("LegCo") Members on the subject.

Background

The existing agricultural policy

2. According to the Administration, following the general policy framework of free market, the Government's existing agricultural policy was to facilitate agricultural development through the provision of basic infrastructure, technical support and low-interest loans to farmers. According to the information provided in the Administration's letter dated 7 August 2013 [LC Paper No. CB(2)1695/12-13(02)], the Agriculture, Fisheries and Conservation Department ("AFCD") had taken the following measures to support agricultural development

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- (a) encouraging local farmers to develop organic farming and giving them the necessary support;
- (b) organizing talks and on-farm demonstrations for farmers on improved varieties of agricultural products and new farming techniques;

- (c) assisting the industry in developing quality brand names through the Accredited Farm Scheme;
- (d) promoting leisure farming, including publicizing "A Guide to Hong Kong Leisure Farms" on a yearly basis since 2010 and maintaining a webpage on leisure farming (http://www.fedvmcs.org/farm_index.php);
- (e) matching prospective tenants who wished to engage in farming with landowners who intended to rent out their agricultural land; and
- (f) administering three loan funds (namely the Kadoorie Agriculture Aid Loan Fund, the J. E. Joseph Trust Fund and the Vegetables Marketing Organization Loan Fund) that provided loans to farmers for farm development and operation.

In addition, the Agricultural Development Fund (set up by the Vegetables Marketing Organization in 1988-1989 with funding derived from its operating profits) provided funding for AFCD and the farming industry to launch various agricultural development programmes.

Current position of local agricultural industry

3. According to AFCD's website, there were currently about 2 400 farms in the territory which employed directly about 4 400 farmers and workers. In 2013, the local agriculture industry produced \$776 million worth of produce (which comprised \$256 million of crop production, \$247 million of poultry production and \$273 million of livestock production), accounting for 2.0% of fresh vegetables, 59.6% of live poultry and 6.8% of live pigs consumed in the territory. The average daily production of vegetable, live chicken and live pigs were 45 tonnes, 10,500 birds and 264 heads respectively. By the end of 2013, the land used for vegetable, orchard, flower and field crop and were 298 hectares, 276 hectares, 137 hectares and 18 hectares respectively.

Review of the agricultural policy

4. When the Panel on Food Safety and Environmental Hygiene ("the Panel") received the policy briefing by the Secretary for Food and Health ("SFH") on the Chief Executive's 2013 Policy Address at its special meeting on 21 January 2013, members expressed concern about the lack of a policy on the development of agriculture. When the Panel subsequently received SFH's policy briefing on the Chief Executive's 2014 Policy Address at the special meeting on 17 January 2014, members were advised that the Administration would review its policy on Hong Kong's agricultural development with a view to upgrading the local agricultural industry and promoting the sustainable development of agriculture.

Members' concerns

5. While the Panel had not discussed specifically issues relating to agricultural development in the current term of LegCo, members expressed concerns on the subject at a number of Panel meetings. Questions relating to agricultural development were raised at various Council meetings. Members' major concerns are summarized in the ensuing paragraphs.

Development of local agriculture

6. Members expressed concern about the limited supply of local agricultural produce. There was a concern that while local farms had the potential to increase their market share of vegetables supply in Hong Kong, their supply of vegetables to the local market had been diminishing. There was a view that the Administration should assist local farmers in increasing the crop production, particularly those engaged in organic farming. Concern was also raised that the Administration appeared to attach greater importance to the development of fisheries than the agricultural development in Hong Kong.

7. The Administration advised that as land in Hong Kong was scarce in supply, the greatest challenge was to transform the operation of the local agriculture into the production of high-value farm products such as organic farming and hydroculture. AFCD had been providing support for both local agriculture and fisheries, including advancing the production techniques and technologies, raising output and quality of products, searching marketable new species suitable for local production, as well as promoting public education and publicity of local agriculture and fisheries.

8. In response to Members' enquiries about the deteriorating operating environment of the local agriculture industry, the Administration advised that agriculture was shrinking in scale amid the ongoing economic and urban development of Hong Kong. In addition, the decrease in the number of live pig and poultry farms over the past decade was partly attributable to the Government's drive for public health and anti-pollution, for example, the introduction of the voluntary licence surrender scheme.

The use of agricultural land

9. Members expressed support for the Administration's policy initiative on promoting agricultural development in Hong Kong. However, concern was raised that the major issue faced by the agricultural sector was the supply of farmlands, as some farmland owners had left their farmlands unattended and waited for the Government's proposal for rezoning their farmlands for residential

use. There was a view that the Government should be more active in the provision of farmlands for farmers for cultivation.

10. The Administration advised that the Food and Health Bureau had been working closely with the Development Bureau to regularly review the current uses of farmlands as well as identify suitable lands for agricultural purposes. In view of the limited land supply, AFCD had been providing support for local farmers to advance their farming skills and develop new techniques so as to achieve sustainable agricultural development. For instance, AFCD was studying the hydroculture and three dimensional cultivation techniques which would allow farmers to yield more produce with a smaller area of land.

11. In response to Members' enquiries about the dwindling of the area of agricultural land actively used for farming, the Administration advised that nearly 70% of the land zoned as "Agriculture" were privately owned, and most agricultural land leases in Hong Kong were granted in early years. Unlike land leases granted for residential, commercial or other building developments in recent years for which a building covenant was stipulated, the agricultural land leases generally did not contain provisions requiring the owners to put the land to use and not to leave it idle, and free transaction was not prohibited. To assist farmers and those who wished to engage in farming to identify suitable land for cultivation, AFCD had implemented the Land Rehabilitation Scheme. Over the five years period from 2008 to 2012, AFCD assisted 74 farmers in identifying land for agricultural rehabilitation covering a total area of 14 hectares. As of October 2014, there were 272 cases on the waiting list, and the average waiting time for each case was about five years.

Food supply and food safety

12. When the Panel discussed issues relating to the prevention and control of avian influenza ("AI") at its special meeting on 29 January 2014, some members urged the Administration to enhance its support for the development of local agriculture, particularly local poultry farms so as to mitigate the risk of AI outbreak in the future. There was a view that food safety incidents such as discovering AI virus in live poultry imported from the Mainland would provide an opportunity for Hong Kong to invest in locally-produced high-quality food products.

13. The Administration, however, had reservation as to whether Hong Kong could develop a self-sustained local supply of live poultry with zero risk, as in recent years, there had been cases of AI among poultry in advanced countries such as those in Europe that led to culling of poultry. While the Administration was conducting a review on the policy on Hong Kong agricultural development, it was more likely that priority would be given to

vegetable farms rather than poultry / livestock farms.

14. In response to Members' enquiries on whether the Administration had put in place measures to increase the production of local vegetables and fruits and to set self-sufficiency targets for such crops, the Administration advised that in keeping with the free-market principles, the Government did not set any targets for local agricultural production. AFCD, however, had been facilitating the further development of local agriculture and enhancing the business viability of the industry, including providing support for local farmers to develop organic farming and assisting the industry in developing quality brand names. As of October 2014, 244 farms participated in the Organic Farming Support Service, and 263 vegetable farms participated in the Accredited Farm scheme.

Latest development

15. The Administration will brief the Panel on the consultation document entitled “The New Agricultural Policy: Sustainable Agricultural Development in Hong Kong” at the meeting on 13 January 2015.

Relevant papers

16. A list of the relevant papers on the LegCo website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
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**Relevant papers on
Agricultural development in Hong Kong**

Committee	Date of meeting	Paper
Panel on Food Safety and Environmental Hygiene	21.1.2013 (Item I)	Agenda Minutes
Legislative Council	6.2.2013	Official Record of Proceedings Pages 6597 to 6606 (written question raised by Hon Fernando CHEUNG on "Agricultural development in Hong Kong)
	26.6.2013	Official Record of Proceedings Pages 13885 to 13892 (written question raised by Hon Steven HO on "Promotion on agricultural development in Hong Kong")
Panel on Food Safety and Environmental Hygiene	17.1.2014 (Item I)	Agenda Minutes
	29.1.2014 (Item I)	Agenda Minutes
Legislative Council	29.10.2014	Official Record of Proceedings Pages 940 to 946 (written question raised by Hon CHAN Yuen-han on "Development of agricultural industry")