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Panel on Food Safety and Environmental Hygiene

Information note prepared by the Legislative Council Secretariat for the meeting on 8 March 2016

Proposed establishment of the Sustainable Agricultural Development Fund

The New Agricultural Policy

In the Chief Executive ("CE")'s 2014 Policy Address, the Government undertook to review the existing agricultural policy with a view to upgrading Hong Kong's agricultural industry and promoting the sustainable development of local agriculture. On 29 December 2014, the Administration published a consultation document entitled "The New Agricultural Policy: Sustainable Agricultural Development in Hong Kong" seeking public views on the implementation of the New Agriculture Policy ("NAP") promoting a more proactive approach towards the modernization and sustainable development of local agriculture. The public consultation exercise ended on 31 March 2015. The views and comments collected during the exercise (LC Paper No. CB(2)1621/14-15(07)) were reported to the Panel on Food Safety and Environmental Hygiene ("the Panel") at the meeting on 9 June 2015.

Establishment of the Sustainable Agricultural Development Fund

2. CE announced in the 2016 Policy Address the adoption of NAP. One of the key initiatives¹ proposed by the Administration under NAP was the establishment of a \$500 million 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, strengthening marketing and brand building of local agricultural

¹ Other measures proposed to underpin NAP include -

- (a) exploring the feasibility of an Agricultural Park;
- (b) 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
- (c) promoting other auxiliary activities related to agriculture such as leisure farming and educational activities for students and citizens.

produce, as well as assisting individual farmers to modernize their farming equipment and facilities.

3. According to the Administration's paper entitled "New Agricultural Policy - Supportive Measures and Implementation" (LC Paper No. CB(2)767/15-16(03)) provided for the Panel's meeting on 2 February 2016, the proposal to set up SADF² has received wide support during the public consultation exercise. Taking into account the positive responses, the Administration has decided to establish SADF through which funding support will be provided to assist farmers for purposes including mechanizing and modernizing their farming equipment and facilities, improving operational efficiency and facilitating rehabilitation of fallow farmland. Eligible applicants may also include tertiary and research institutions, non-profit making agricultural industry associations and trade unions, and non-governmental organizations ("NGOs") for application-oriented scientific and adaptive research and studies, transfer of knowledge, manpower training, improvement of agricultural infrastructure, as well as brand building and marketing. Matching grants may also be provided to entrepreneurs pioneering agricultural production in Hong Kong for projects with commercial elements, which will be funded on a dollar-for-dollar matching basis, with the Government's total contribution to be limited to no more than 50% of the total project costs. Subject to detailed conditions to be imposed, the Administration 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.

4. The Administration also proposes that the scope of SADF should allow the provision of funding to NGOs for implementing projects which aim at promoting agricultural rehabilitation. For instance, NGOs may rent agricultural land from landowners and then sub-lease it to small farmers, support and assist the small farmers to upgrade their farming skills and develop new farming techniques, etc.

Latest development

5. The Administration will brief members in greater detail on the proposed establishment of SADF at the Panel meeting on 8 March 2016. It is the Administration's plan to seek the Finance Committee's approval for establishing SADF in the first half of 2016, with a view to launching it within 2016-2017.

Council Business Division 2
Legislative Council Secretariat
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² Please refer to the Annex to the Administration's paper (LC Paper No. CB(2)767/15-16(03)) for details of the public views received on the proposed establishment of SADF.