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Panel on Food Safety and Environmental Hygiene

**Background Brief prepared by the Legislative Council Secretariat
for the meeting on 14 November 2017**

Sustainable Fisheries Development Fund

Purpose

This paper provides background information on the Sustainable Fisheries Development Fund ("SFDF") and summarizes major views and concerns of members of the Panel on Food Safety and Environmental Hygiene ("the Panel") on the Administration's proposal of setting up a \$500 million SFDF.

Background

2. In view of the declining fisheries resources, the rising operating costs of local fishermen and the increasing competition from non-local fishing vessels, the Government set up the Committee on Sustainable Fisheries ("CSF") in late 2006 to study the long-term direction and goals for the development of the fisheries industry in Hong Kong. In its report submitted to the Government in April 2010, CSF recommended, among others, the establishment of a sustainable fisheries funding scheme to provide financial assistance for carrying out research and development programmes that would help improve the operating environment and enhance the overall competitiveness of the local fisheries industry.

3. With the approval of the Finance Committee, the Administration set up SFDF in 2014. According to the Administration, projects approved for funding support are expected to assist the local fisheries community to rise to the

challenges on the horizon, with a view to enabling the fisheries industry to develop or switch to a sustainable and high value-added mode of operations. An application fulfilling the assessment criteria may be considered, vetted and awarded on its individual merits (including the efficacy of the project and the capacity and capability of the applicant). Eligible applicants may be legal entities that have demonstrated a close connection with the local fisheries industry, such as local incorporated companies, local registered fisheries co-operatives, non-profit-making fisheries organizations, non-governmental organizations or social enterprises, as well as academic and research institutions in Hong Kong. Individual fishermen may form a legal entity to submit an application or make a joint application with other eligible organizations.

4. The governance of SFDF is overseen by the Agriculture, Fisheries and Conservation Department ("AFCD"), and the authority for awarding grants under SFDF rests with the Director of Agriculture, Fisheries and Conservation ("DAFC"). The SFDF Advisory Committee will make recommendations to DAFC in respect of the overall strategy, the allocation of funds and the approval of individual projects. Members of the SFDF Advisory Committee comprises Members of the Legislative Council, representatives of the fisheries industry, professionals, academics and government officials.

5. According to information provided by the Administration in May 2016, SFDF has been open to applications since July 2014. Up to 31 March 2016, AFCD has received a total of 23 applications, of which six have been approved on the recommendation of the SFDF Advisory Committee (with four on aquaculture and two on fisheries-related eco-tourism projects), involving a total commitment of about \$28.3 million. Three of the approved projects have already commenced, while the remaining three are expected to commence shortly. Details of the six approved projects are set out in **Appendix I**.

Members' major views and concerns

6. Members' major views and concerns over the subject are summarized below.

Nature and objective of SFDF

7. Taking into account that the local fisheries industry had been facing a difficult business environment with surging fuel prices, reduced fish catch and the annual fishing moratorium, members in general supported the setting up of SFDF. Noting that SFDF covered a wide scope of areas, some members considered that the Administration should make clear the scope of SFDF and

provide information on the categories of projects that might be eligible for support, so as to attract more interested applicants to put forward proposals for consideration by the SFDF Advisory Committee.

8. The Administration advised that a wide range of projects could benefit from SFDF, including the exploration of new opportunities in the South China Sea, development of sustainable practices for fishing operations in Hong Kong waters, switching to recreational fishing, aquaculture development, accreditation and marketing of local fisheries products, and monitoring and enhancement of fisheries resources. To help the fishermen community better understand the nature and assessment mechanism of SFDF, AFCD would organize seminars, workshops or briefing sessions for interested parties/organizations.

9. A query was raised as to whether SFDF could benefit the targeted fisheries community, given the types of projects that might be funded under SFDF could demand a high level of professional input from applicants (e.g. developing new technology for aquaculture fisheries). Some members expressed worries that most of the successful applicants would be academic institutions and environmental organizations which were more experienced than the fishermen in funding application and project bidding, and the projects supported by SFDF would be biased towards conservation of marine resources instead of the development of the fisheries industry. According to the Administration, the SFDF Advisory Committee would set up a vetting committee/subcommittee for vetting applications and the applications would be assessed on the basis of a set of assessment criteria. The Administration assured members that the approved projects would not be biased towards certain areas of projects.

10. Some members were of the view that the Administration should develop quantifiable benchmarks and indicators to evaluate the effectiveness of SFDF. The Administration advised that while it had developed performance indicators to evaluate the effectiveness of the projects to be funded under SFDF, it was difficult to predict, in quantitative terms, what levels of achievement the fisheries industry would attain in the long term. Meanwhile, the Administration would take active steps to promote co-operation between the fisheries industry and various sectors and encourage the application of latest technologies to foster the development of the fisheries industry.

Application procedures of SFDF

11. Pointing out that many fishermen were not well-educated and fisheries organizations lacked experience in preparing funding applications, some members expressed concern that if the application procedures were too

complicated, fishermen and fishermen organizations might have difficulties in filing applications for SFDF. The Administration was requested to streamline the application procedures and provide suitable assistance and guidance to fishermen and fisheries organizations during the application process.

12. According to the Administration, to help applicants understand the application procedures and the assessment criteria, AFCD had prepared detailed application guidelines for the reference of interested parties. AFCD officers would also provide suitable assistance to applicants, including offering technical advice on their projects, explaining the application procedures and helping them prepare and file applications, whenever necessary.

Sustainable development of the fisheries industry

13. Some members held the view that the Administration should take the initiatives to implement practical and concrete measures, e.g. improving water quality in the harbour, improvement in fishing technologies and providing skills training for fishermen, to steer and promote the sustainable development of the fisheries industry rather than relying on the fishermen community to come up with project proposals

14. According to the Administration, CSF had formulated a policy blueprint to promote the sustainable development of the local fisheries industry and the Administration had been implementing a basket of fisheries management measures as recommended by CSF, including the trawl ban and registration of local fishing vessels to control fishing effort. Having reviewed the changes in circumstances since the imposition of a moratorium on issuing new fish culture licences in 1990, the Administration had decided to issue new licences in three fish culture zones with surplus carrying capacity.

15. The Administration further advised that AFCD had collaborated with tertiary education institutions to conduct studies on the technological development of fish feed and fish fry production. With the setting up of SFDF, these institutions could make use of the approved fund to carry out further studies on the modernization of fisheries industry.

16. Some members considered that the Food and Health Bureau ("FHB") should co-ordinate the work of other bureaux and departments to ensure that policies across bureaux were compatible with the Government's fisheries policies, and to remove any unnecessary red tape. The Administration assured members that FHB would continue to take the lead in co-ordinating efforts across bureaux and departments to support the sustainable development of the fisheries industry.

Latest development

17. The Administration will report to the Panel the progress of implementing SFDF at the meeting on 14 November 2017.

Relevant papers

18. A list of the relevant papers on the Legislative Council website is in **Appendix II**.

Council Business Division 2
Legislative Council Secretariat
10 November 2017

**Details of the Approved Projects under
Sustainable Fisheries Development Fund**
(as at 31 March 2016)

Projects	Amount of Grant (Million)
<p>(i) "Mariculture Using Enclosure Net Cages"</p> <p>The project involves using large enclosure net cages extending from the water surface down to the seabed for culturing white flower croaker (mainly for its swim bladder to produce fish maw) together with two other species, namely giant grouper and pompano. Both the culture system and white flower croaker are new to Hong Kong.</p>	\$6.4
<p>(ii) "Fisheries-related Eco-tour Guide Training Programme for Fishermen (North-eastern Waters)"</p> <p>The project seeks to help fishermen develop or switch to fisheries-related ecotourism business by equipping them with the necessary knowledge and skills as well as practical experience in operating eco-tours.</p>	\$2.3
<p>(iii) "Fishery & Eco, Conservation Programme (Cheung Chau Waters)"</p> <p>The project helps fishermen switch to recreational fisheries by equipping them with the necessary knowledge and skills as well as practical experience in operating eco-tours. It will also involve planning and design of new eco-tour routes and related facilities which would be conducive to the development of recreational fisheries in the waters of Cheung Chau.</p>	\$2.3
<p>(iv) "Depurated Oyster Project Proposal"</p> <p>The project makes use of a depuration process and a monitoring programme to enhance the safety and quality of local oysters. It seeks to build its own brand, extend the sales network and, in the long run, maintain a stable supply of a variety of oyster products that are safe and fresh for the local market.</p>	\$3.0

Projects	Amount of Grant (Million)
<p>(v) "Promotion and Support Scheme on Organic Certification for the Organic Aquaculture in Hong Kong"</p> <p>The project will provide assistance to fish farmers in obtaining organic accreditation and will organise activities to enhance public understanding of organic aquaculture and to promote the development of a high end market for organic aquaculture products.</p>	\$10.5
<p>(vi) "Establishment and Demonstration of Recirculation Aquaculture System for Fry Culture on Rafts "</p> <p>The project aims to develop grouper fry culture technique with the use of seawater recirculating system on fish rafts and to promote such culture technique to local fish farmers.</p>	\$3.8

Relevant papers on the Sustainable Fisheries Development Fund

Committee	Date of meeting	Paper
Panel on Food Safety and Environmental Hygiene	11.6.2013 (Item III)	Agenda Minutes
	12.11.2013 (Item IV)	Agenda Minutes
Finance Committee	10.1.2014 (Item No. 3)	Agenda Minutes (1st meeting) Minutes (2nd meeting)
Legislative Council	2.3.2016	Written question raised by Hon Steven HO on "Sustainable development of agriculture and fisheries which are affected by development projects"
Panel on Food Safety and Environmental Hygiene	10.5.2016 (Item V)	Agenda Minutes