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**Panel on Food Safety and Environmental Hygiene**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 10 July 2018**

**Major initiatives under the New Agriculture Policy**

**Purpose**

This paper provides background information on the major initiatives under the New Agriculture Policy ("NAP"), and summarizes the views and concerns of members of the Panel on Food Safety and Environmental Hygiene ("the Panel") on the subject.

**Background**

2. The Government announced in the 2016 Policy Address the implementation of NAP to promote the modernization and sustainable development of the local agricultural industry. Measures underpinning NAP include:

- (a) establishing an Agricultural Park ("Agri-Park") to help nurture agro-technology and agro-business management, as well as to facilitate knowledge transfer with a view to enhancing productivity;
- (b) establishing a \$500 million Sustainable Agricultural Development Fund ("SADF") to provide financial support for the modernization and sustainable development of local agriculture;
- (c) commissioning a consultancy study to explore the feasibility and merits of identifying and designating Agricultural Priority Areas ("APAs") in order to incentivize their use for long-term agricultural purposes;

- (d) facilitating development of hydroponics and agro-technology;
- (e) facilitating leisure farming ancillary to agricultural production; and
- (f) enhancing food safety and the marketing of local fresh produce.

3. According to information provided by the Administration to the Panel in January 2018, NAP has been making good progress. Latest developments of the major initiatives are summarized below.

#### *Agri-Park*

4. A cluster of about 80 hectares of farmland in Kwu Tung South, New Territories has been identified as the potential site for the Agri-Park. Upon completion of the engineering feasibility study in early 2017, the Administration has decided to develop the Agri-Park in two phases. Phase 1 will be developed in a relatively small scale (about 11 hectares), with a view to enabling its partial commissioning for use by farmers as early as possible. A consultant appointed in 2017 is carrying out the detailed design and site investigation work for infrastructure support of the Agri-Park. The rough sketch of the Agri-Park and the proposed boundary of Phase 1 are in **Appendix I**.

#### *SADF*

5. With the approval of the Finance Committee, SADF was launched in December 2016. According to the Administration, as at 1 March 2018, the Agriculture, Fisheries and Conservation Department has received a total of 180 applications seeking financial assistance for individual farms to acquire farming equipment and/or materials from the Farm Improvement Scheme<sup>1</sup> ("FIS") under SADF. So far, 169 applications have been approved, involving a total funding commitment of about \$5 million. In addition, a total of 22 applications, seeking funding support for projects that may benefit the local agricultural industry as a whole, have been received. Among them, two applications have been withdrawn by the applicants, and one application has been rejected on the advice of the SADF Advisory Committee. The other applications are being processed.

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<sup>1</sup> The Farm Improvement Scheme under SADF provides direct grants of up to a maximum of \$30,000 each to eligible farmers for acquiring modernized and mechanized farming equipment and facilities.

### *Facilitating technology-based agricultural production*

6. To facilitate the utilization of industrial buildings for engaging in technology and/or mechanization-based agricultural productions (including new agro-technology such as hydroponics and aquaculture), the Town Planning Board ("TPB") has revised the definition of terms used in statutory plans and technology-based agricultural production is regarded generally as "Non-polluting Industrial Use", which is permitted in industrial buildings without the need for separate application to TPB. Such use in general does not contravene the "Industrial Purposes" stipulated in land lease.

### **Members' concerns**

7. Members' major views and concerns on issues relating to the implementation of NAP are summarized in the ensuing paragraphs.

### Policy objectives of NAP

8. Members welcomed the implementation of NAP. Some members were concerned whether the Administration would set medium- and long-term targets for NAP. An enquiry was raised as to whether a self-sufficiency target aiming at ensuring food safety and stable local supply of agricultural products would be set for local agricultural production. The Administration advised that given the relatively modest scale of local agriculture, it would not set any self-sufficiency target at the present stage. The Administration would review the effectiveness of NAP, before setting any targets for local agricultural production.

### Establishment of the Agri-Park

9. Members noted that the proposed development of Phase 1 of the Agri-Park was expected to require the resumption of some 8.1 hectares of private agricultural land and affect some households. Concern was raised that the aforesaid private agricultural land was active farmland and the affected households might not directly benefit from the land resumption compensation as they were only tenants. Some members queried whether the Administration's land resumption exercise would, instead of achieving the objective of promoting agriculture development, damage the existing active farmland and force the farmers who had been farming there to move out. In their view, the Administration should devise measures to minimize the impact on the affected farmers and arrangements should be made for the affected tenants to re-locate to and re-establish their farms in the Agri-Park to facilitate a seamless transition.

10. According to the Administration, the development of Phase 1 of the Agri-Park was expected to affect three households (about 12 persons). The Lands Department would be responsible for arranging compensation for land acquisition, loss of crops etc. and rehousing of the affected households in accordance with the established mechanism. For farmers affected by the land resumption related to the Agri-Park project, the Administration undertook to make arrangements to give these farmers priority for leasing farmland in the Agri-Park and to help them re-establish their farms in the Agri-Park, including assisting them in enhancing their farming techniques so that they needed not make heavy investments. In implementing the Agri-Park project, the Administration would draw up specific plans on the re-establishment of individual farms according to the actual circumstances of the affected farmers prior to their re-location.

#### Operation of the Agri-Park

11. Some members expressed concern that the proposed five-year term standard tenancy agreements for prospective tenants in the Agri-Park could not give certainty to tenants (particularly new entrants) to make long-term investment in their farms. Enquiry was raised as to whether the Administration would consider extending the tenancy (e.g. seven to 10 years) such that the tenants would be able to make longer-term investment in their farm production. The Administration was suggested to adopt a flexible approach in handling tenancy renewal applications in the Agri-Park and keep the relevant procedures as simple as possible.

12. The Administration advised that, compared with the difficulties that existing farmers experienced in finding farmland for cultivation and securing stable tenancy agreements with landowners, the proposed five-year term tenancy agreement with prospect of renewal could give tenants sufficient certainty in order to make investment in their farms. The tenancy agreements could be renewed if certain terms and conditions could be met, ensuring that the farmland would be put to productive use.

13. Some members were concerned that the Agri-Park would focus only on the development of high-tech farming which was capital intensive and beyond the affordability of farmers in general. The Administration advised that the Agri-Park was intended for farmers engaging in crop farming and commercial production. The farmland within the Agri-Park would be demarcated into different areas for conventional, organic, floriculture and modern technological farming, taking into account the topography, operational requirements of the type of farming operations and the micro-climate of the respective areas.

### Supply of agricultural land

14. There was a view that ensuring a sufficient supply of agricultural land was pivotal to the sustainable development of local agriculture. Some members called on the Food and Health Bureau ("FHB") to work in collaboration with relevant bureaux/government departments to devise effective measures to safeguard fallow farmland from being channelled to other uses and to encourage landowners to put their farmland to productive use. Enquiries were raised as to whether the Administration would require landowners to put their land to active agricultural use under new lease conditions and whether punitive measures (e.g. imposing tax) would be adopted to prevent landowners from leaving their farmland idle.

15. The Administration advised that it acknowledged the need to put the protection and preservation of agricultural land in Hong Kong on the agenda with high priority under NAP. The Administration hoped to encourage landowners to release their farmland for agricultural use by designating APAs and establishing the Agri-Park to showcase how best to put farmland to good use with enhanced productivity. FHB and the Development Bureau would jointly commission a consultancy study on APAs for the purpose of identifying relatively large pieces of quality agricultural land and formulating suitable policies and measures for putting fallow agricultural land into long-term agricultural use.

### SADF

16. An query was raised as to how the establishment of SADF would facilitate the rehabilitation of fallow farmland. Some members called on the Administration to implement measures to promote organic farming in Hong Kong, so as to help farmers move up the value chain and attain optimal result in their agricultural activities. Some other members considered it a good idea to promote auxiliary activities related to agriculture, such as leisure farming and educational activities. In their view, consideration should be given to permitting leisure farms to provide catering and/or home-stay lodging services to visitors.

17. According to the Administration, SADF was tailored to accommodate a wide range of projects, schemes or research work that would help farmers enhance their productivity and output. In addition to providing direct grants to local farmers under FIS for acquisition of farming equipment and materials that would help them improve farming efficiency and productivity, SADF would explore further measures to facilitate the rehabilitation of fallow farmland and encourage landowners to rent out their farmland for agricultural use. SADF

also provided funding support for projects that would help enhance the productivity of organic farms or promote brand-building of organic produce, as well as projects that purported to promote leisure farming as an ancillary activity to commercial crop production.

18. There was a suggestion that the Administration should increase the amount of grants under FIS. The Administration explained that having regard to the relatively small size of farms in the territory and the prevailing market prices of equipment and materials commonly used by farmers, the maximum grant that an applicant might receive under FIS was capped at \$30,000. That said, funding applications for projects involving larger-scale equipment would be considered and each case would be assessed on its own merits.

### **Latest development**

19. The Administration will update the Panel on the progress of implementing various initiatives under NAP at the meeting on 10 July 2018.

### **Relevant papers**

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

Council Business Division 2  
Legislative Council Secretariat  
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**Relevant papers on  
the major initiatives under the New Agriculture Policy**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Food Safety and Environmental Hygiene	8.3.2016 (Item IV)	<u>Agenda</u> <u>Minutes</u>
Finance Committee	29.4.2016 (Item No. 4)	<u>Agenda</u> <u>Minutes</u>
	6.5.2016 (Item No. 1)	<u>Agenda</u> <u>Minutes</u>
Panel on Food Safety and Environmental Hygiene	10.7.2017*	Administration's paper on the implementation progress of the major initiatives under the New Agriculture Policy (LC Paper No. <u>CB(2)1857/16-17(01)</u> )
	31.10.2017 (Item I)	<u>Agenda</u> <u>Minutes</u>
	16.1.2018*	Administration's paper on the implementation progress of the major initiatives under the New Agriculture Policy (LC Paper No. <u>CB(2)721/17-18(01)</u> )
Public Works Subcommittee	22.1.2018 (Item No. 1)	<u>Agenda</u> <u>Minutes</u>
	29.1.2018 (Item No. 1)	<u>Agenda</u> <u>Minutes</u>
	31.1.2018 (Item No. 1)	<u>Agenda</u> <u>Minutes (Chinese version)</u>

\* Issue Date