

**For discussion
on 9 June 2015**

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

Public Consultation on the New Agricultural Policy

PURPOSE

This paper summarises the views and comments collected by the Government during the public consultation on the new agricultural policy, which ran from 29 December 2014 to 31 March 2015.

BACKGROUND

2. Following a review on the existing policy in supporting agricultural development in Hong Kong, the Government released on 29 December 2014 a public consultation document entitled “The New Agricultural Policy: Sustainable Agricultural Development in Hong Kong” seeking public views on a new policy to adopt a more proactive approach towards the modernisation and sustainable development of local agriculture. We briefed the Panel on Food Safety and Environment Hygiene (the Panel) on 13 January 2015 on the key issues outlined in the consultation document and listened to the initial views of the Panel Members on the proposed new policy (LC Paper No. CB(2)528/14-15(01)).

3. To recapitulate, in recognition of the benefits of sustainable agriculture to society and the growing aspiration of our citizens favouring the balanced development of our city, the Government sees a strong case to adopt a more proactive policy towards the modernisation and sustainable development of local agriculture, with a view to maximising its contributions to the well-being of society apart from being a source of primary production. A package of supportive measures has been proposed to underpin the new policy in order to facilitate migration towards the desired outcome, as follows:

- (a) exploring the feasibility of an Agricultural Park (Agri-Park);

- (b) considering the establishment of a Sustainable Agricultural Development Fund (SADF);
- (c) 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
- (d) promoting other auxiliary activities related to agriculture such as leisure farming and educational activities for students and citizens.

4. The public consultation ended on 31 March 2015. During the consultation period, we have conducted three public fora and attended more than 20 meetings with agricultural associations and other stakeholders, as well as Heung Yee Kuk, a number of district councils and the relevant advisory committees to explain the proposals and to listen to their views. By the end of the consultation period, we have received more than 1 100 written submissions from members of the public and concerned parties. The views and comments collected during the consultation period are summarised in the ensuing paragraphs.

DETAILS

The Initial Views of Panel Members

5. The deliberation of Panel Members were recorded in the confirmed minutes of the meeting (LC Paper No. CB(2)/945/14-15). In brief, most Members welcomed the new policy and considered it a right step forward on the part of the Government to promote local agriculture. Some Members sought clarification about the objectives of the new policy. As the Secretary for Food and Health has explained to Members at the meeting, the new agricultural policy serves to achieve multiple objectives, including:

- (a) providing support for the local agricultural industry;
- (b) maintaining a vibrant local agricultural production to help diversify food supply and reduce reliance on imported food, whilst meeting consumers' aspiration and demand for food with high safety standard;
- (c) increasing self-sufficiency ratio for local crop supply;

- (d) strengthening the support for farmers in identifying suitable farmland for cultivation, developing new farming techniques and improving varieties of agricultural products etc.;
- (e) promoting a healthy lifestyle amongst citizens who are interested in manual farm work; and
- (f) promoting the development of a diversified economy in Hong Kong.

6. The commentaries that Members made on different aspects of the support measures underpinning the new policy are briefly recapitulated in paragraphs 7 and 8 below.

7. Among others, some Members raised for discussion the proposal of pitching the tenancy agreements in the proposed Agri-Park at five-year terms. It was generally acknowledged that such a proposal would help offer more certainty to tenants who are interested in making longer-term investments whilst at the same time give the Agriculture, Fisheries and Conservation Department (AFCD) a tool to ensure that the agricultural land in question is put to productive use. Panel Members generally considered the proposed 5-year term too short and some suggested that it should be lengthened to, say, 10 years. We would give due consideration to the views expressed before finalising the proposal.

8. Some Members noted that for operational reason farmers might need to live close to the farms to take care of the crops. They asked whether there would be arrangements to meet such needs on the part of prospective tenants in the Agri-Park. Similar questions were raised during the consultation. We are considering how best to address this issue, in consultation with the relevant bureaux.

Views Collected During the Public Consultation

9. At the end of the public consultation exercise on 31 March 2015, we have received more than 1 100 written submissions. In overall terms, there has been wide support from the public for the new agricultural policy including its general directions, as well as the various supportive measures that we have put forward for discussion. Many consider that the sustainable development of agriculture would contribute to meeting consumers' aspiration and demand for good quality food with high safety standard as well as preserving the rural environment, amongst other benefits. Some

suggest that Hong Kong should follow the footsteps of other economies where clear goals of achieving a certain self-sufficiency ratio in food supply¹ are set, thereby easing our reliance on imported sources and enhancing our food security.

10. Some observe that the value of agricultural development lies not just in its contribution to the economy, but also in its attributes as a public good contributing to the well-being of society. Some stress that agriculture and ecology are closely related, and therefore the new agricultural policy should focus on the sustainability of local agriculture (永續農業), as well as protecting and conserving natural resources having regard to the principles of the Convention on Biological Diversity². Some suggest the provision of public funding support to promote “ecological agriculture” (生態農業), which aims at integrating agricultural, ecological and economic developments in a manner that protects the environment. The Management Agreement in Long Valley³ launched under the Environment and Conservation Fund and the Payment for Ecosystem Services⁴ practised in the United Kingdom have been quoted as some successful examples. There are also suggestions that “urban agriculture” (都市農業) or “urban-rural integration” (城鄉共融) should be the strategic direction we go for, under which farming in an urban setting (such as roof-top farming, community garden and farming in communal parks) is to be encouraged and better facilitated. Whilst there is strong support for moving towards the modernisation of and wider adoption of agrotechnology in local agriculture, we have picked up views cautioning that some practices such as hydroponics

¹ There are different views on the target of self-sufficiency ratio of local agricultural produce, ranging from 5% to as high as 40%. For instance, a survey conducted by an academic institution showed that 77% of the respondents hoped that we could attain 5-15% of self-sufficiency, whereby a green group suggested a target of 10-30%. There is a suggestion from some farming associations that we should aim to double the local production of agricultural produce in three years' time.

² The Convention on Biological Diversity is an international convention with the objective to develop parties' strategies for the conservation and sustainable use of biological diversity. The People's Republic of China is a signatory to the Convention, which has been extended to the Hong Kong Special Administrative Region in accordance with the Basic Law since 9 May 2011.

³ First launched in 2005, the Management Agreement Project at Long Valley received funding support from the Environment and Conservation Fund to enhance the conservation, landscape and biodiversity of the Long Valley and Ho Sheung Heung areas through engagement of farmers, landowners and tenants.

⁴ Payment for Ecosystem Services offers incentives to farmers or landowners in exchange for managing their land to provide some sort of ecological service, e.g. creating ponds for enhanced water storage.

are not in line with the concept of agricultural sustainability or may cause harm to the environment, and hence should not be included in the preferred strategy.

11. On the other hand, we have also received views from a few quarters which observe that the agricultural sector has been declining for decades and that the scope for its further development appears limited. They see little need for a new agricultural policy and question whether it is in the public interest to develop the industry with Government funding.

12. As regards the merits of the individual supportive measures that we have put forward for discussion as well as how these measures are to be implemented, there are different views as elaborated below. We also set out in the ensuing paragraphs the views that we have received on other related aspects.

Establishment of an Agri-Park

13. In overall terms, the proposal of establishing an Agri-Park as a base for commercial production and fertilising ground for modernisation and promotion of agrotechnology in Hong Kong has received wide support. There are suggestions that the Agri-Park should focus on production, research and education. Modern production technology and research findings may be transferred to farmers through training and promotion. Educational opportunities may be provided to update the public on the latest developments and best practices in modern farming. The Agri-Park may also be a base for developing food waste recycling and even food processing and safety technologies, making it a place for the multi-disciplinary development of modern agriculture. Nevertheless, there are also critics questioning the cost-effectiveness and feasibility of the proposal, particularly in view of the significant vested interests of the landowners who may be affected. Some groups are concerned that taking this “centralised” approach would disrupt the tradition and culture of local agriculture whereby the farming activities of farmers are closely intertwined with their lives in a community setting and cannot be preserved in isolation. They are also concerned that the existing farmers will not be able to benefit from the initiative if the Agri-Park is positioned primarily as a means to promote farming using advanced technology.

14. On the implementation details, there is general support that the Government should acquire the land for establishing the Agri-Park by resumption of private farmland. Some observe that the proposed resumption of private farmland would inevitably cause controversy and

involve substantial public moneys. The resumption procedures may also take a long time to complete. Others therefore suggest that the Government may have to consider acquiring the land by entering into long-term rental agreements with the landowners, or collaborating with the Heung Yee Kuk in organising landowners interested in the initiative⁵. Some stakeholders comment that the Government should leverage on the existing farming communities and develop them in situ into multiple agricultural parks, as opposed to building up a new Agri-Park from scratch.

15. In the consultation document, the Government has indicated its preliminary plan to set up one Agri-Park with an area of around 70-80 hectares (ha). Many consider an agri-park of such a scale as being too small and insufficient to meet the demand for agricultural land from farmers. Some suggest establishing several agri-parks (say 6 to 8) in different districts, with Tai Kong Po in Yuen Long and Hok Tau in Fanling being named as possible locations. There are also suggestions that some local villages with active farming, such as Tai Kong Po, may be developed into a “local agricultural village” (民間農業園) by improving their rural infrastructures and disallowing conversion of the agricultural land concerned into other uses. They believe this would help revitalise the rural economy and preserve the heritage of the rural community.

16. There have been some discussions about the tenancy arrangements in the Agri-Park and how the rent would be determined. In general, most stakeholders support that the Agri-Park, if established, should be put under the management of AFCD. Some suggest that a management committee should be set up to oversee the overall development and management of the Agri-Park. On the tenancy period, most agree with the need for a standard agreement with a defined term of tenancy period. There has been wide consensus that the proposed term of five years is too short considering the time that may be required to rehabilitate the farmland before it could be made productive. Some suggest a term of at least 10 years to encourage long-term investments by the farmers. On the rental charges, many consider it important to keep the charge within the affordability of farmers, with some suggesting that the Government should offer concession

⁵ During our consultation with the Heung Yee Kuk, some participants indicate that many landowners in the New Territories are willing to lease their farmland but sometimes find it unattractive to do so as they might have to deal with multiple farmers individually and the burden of administering such leases would usually outweigh their rental return. Some members of the Kuk have floated the idea that the Government might play the role as a lessee leasing the farmland en bloc from landowners and then sub-lease the land to individual farmers. By so doing, the landowners, particularly those who are now residing outside Hong Kong, might have more incentive to lease their farmland as they would be dealing with one single party. The Kuk may play a role in coordinating parties who are interested in this initiative.

as a means to support small farms. Some farmers are worried that the rent to be charged by the Agri-Park “at prevailing market rate” will eventually lead to an escalation of rental charges for farmland across the territory and those operating outside the Agri-Park would suffer.

17. We have also received views that for operational reason farmers would need to live close to the farms to take care of the crops and there should be suitable arrangements for meeting such needs of prospective tenants in the Agri-Park. Some are concerned that the Agri-Park would mainly serve to accommodate the farmers displaced by the Kwu Tung North / Fanling North New Development Areas projects and that there would be little room left for other farmers to be admitted into the Park.

Establishment of Sustainable Agricultural Development Fund (SADF)

18. The proposed establishment of the SADF as a means to provide funding support for the further development of the agricultural industry has received wide support. As regards the preferred size of the fund, suggestions put forward range from \$800 million to as much as \$20 billion.

19. On the management of the SADF, there are suggestions for setting up an advisory committee comprising representatives from the industry and stakeholders to oversee the administration of the fund and to ensure that the funding serves the objectives of assisting the agricultural industry. There is wide consensus that the SADF should cover different quarters of the agricultural industry, including crop and livestock farmers, bee keepers, etc., and that the SADF should fund projects related to agricultural production, marketing and sales, and recycling of food wastes. The scope of activities that stakeholders would like to cover under the SADF is summarised below:

- (a) production – purchase of fertilisers, feeds, seeds, pesticides, farm machineries;
- (b) infrastructural improvement – building greenhouses, rain sheds, irrigation wells, etc. in individual farms;
- (c) environmental sustainability – projects dealing with the ecological aspects of agricultural development;
- (d) marketing – promotion of the marketing and sales channels of local agricultural produce, including post-harvest treatments that could extend the shelf-life of produce;

- (e) leisure farming – the production, education and marketing aspects of leisure farming;
- (f) research and development – applied research aimed at resolving local farming problems commonly faced by farmers;
- (g) training, exchange and survey – tools for providing training to farmers for enhancing their capabilities and skills, and surveys to collect farming information; and
- (h) food wastes – technology and best practice in recycling food waste for use in agriculture.

Strengthening Support to Farmers

20. In general, the public is in support of providing more assistance to farmers, in particular offering more effective marketing channels for local agricultural produce. Suggestions include establishing farmers' markets in different districts and locations, such as public housing estates, community parks, schools, metro-plaza and wet markets, with rental concessions on the part of the Government where applicable. "Community supported agriculture" (社區支援農場) should be promoted to enhance the effective distribution of vegetables from farmers to customers in the same locale. There are other suggestions including fortifying the branding of "locally produced vegetables", diversifying and creating more distribution channels such as the use of food/produce trucks, mobile electronic platforms and social media that would help local farmers reach out to consumers direct. We have also received suggestions for a review of the mode of operation of the Vegetable Marketing Organisation with a view to better facilitating the sale of locally produced organic vegetables and enhancing the promotion of vegetables with local accreditation.

21. There is also keen interest in other modes of modern farming practices, such as hydroponics and rooftop farming. Views on hydroponics appear to be divergent. Some support it for its high productivity, while others cast doubts on its benefits having regard to its high energy-dependency and high investment costs, as well as its potential impact on the farmland and the environment. Rooftop farming is named by many as a possible direction for further exploration. There is a suggestion for the Government to make use of its properties to build more rooftop farms, setting examples for others to follow.

22. There are views that the existing regulatory regime may not be conducive to the development of modern modes of farming. To facilitate the lawful use of factory buildings for hydroponics or rooftops for farming, it is suggested that the Government review the existing land lease, relax the constraints or the relevant regulations, and look into ways to regularise such uses. The existing restrictions on the physical dimensions of farm structures are also seen to be an area where relaxations are called for to facilitate the erecting of modern farm structures that are higher than the current restriction of 4.57m.

23. Other suggestions from the public on measures to support the farming industry include providing technical support for growing popular crops like strawberry, seed production, pests control, breed development and soil testing.

Promoting Other Auxiliary Activities

24. The idea of promoting auxiliary activities related to agriculture such as leisure farming and educational activities is generally well received. There are suggestions that the Government should draw reference from the experience in other places, such as Taiwan, where financial, technical and promotional support is provided to leisure farms. In addition, it is suggested that the Government should review the relevant regulations to facilitate the development of leisure farming, and consider relaxing the constraints posed by the regulatory regimes with respect to planning, land use, catering, farm structures, accommodation, etc. Specifically with respect to catering, some suggest that the Government should either introduce a new licence with simple requirements covering the processing of agricultural produce to allow the production of cottage foods such as jams and dehydrated produce, or simply waive any such licensing requirement, thus enabling the provision of hot meals to the patrons of the leisure farms.

25. The above notwithstanding, there are divergent views on whether leisure farms should be regulated. Some are of the view that control should be imposed on entertainment activities and the use of farm facilities for purposes other than farming production in order to minimise any possible adverse impacts on the environment and the neighbourhood. Others consider it not necessary to impose any mandatory restrictions at such an early stage.

Planning, Protection and Rehabilitation of Agricultural Land

26. There is a strong body of opinion favouring better planning to protect agricultural land, whether under active farming or fallow farmland channelled to other uses. We have received suggestions that the Government should put the protection and preservation of agricultural land in Hong Kong on the agenda with high priority under the new agricultural policy. There are also suggestions that the Government should review the existing agricultural land use, conduct a comprehensive survey to identify good quality agricultural land that is worth preserving for long-term agricultural use, and devise effective means to safeguard the farmland from being damaged or channelled to any other incompatible uses. The ecological value of agricultural land should be taken into account and appropriate controls should be imposed to preserve them. The impact of development projects on agriculture should also be assessed and such assessment should be legally required in future as part of the environmental impact assessment process.

27. Some specific suggestions received are highlighted below:

- (a) enacting a new piece of legislation to protect agricultural land against other alternative uses, making reference to the experience of other places such as Japan in protecting good quality agricultural land through statutory zoning;
- (b) improving the existing Town Planning Ordinance (Cap. 131) to ensure that all agricultural land is reserved for agricultural use only;
- (c) strengthening land administration and enforcement, including enhancing inspection against malpractices and increasing the penalty against unauthorised change of land use;
- (d) providing landowners with incentives that would induce them to release farmland for farming, e.g. by offering rental subsidy, compensation or land exchange; and
- (e) amending the Government Lease (formerly Crown Lease) or imposing punitive tax to discourage landowners from leaving the agricultural land idle for a prolonged period.

28. Active rehabilitation of fallow agricultural land for productive farming uses is supported by the public. Some specific suggestions raised include:

- (a) improving the infrastructures in rural areas with a view to releasing land for agricultural rehabilitation;
- (b) establishing an inter-departmental working group to render financial and administrative assistance to landowners and farmers;
- (c) Government acting as a middleman between landlords and tenants, exploring effective means of releasing agricultural land for rehabilitation;
- (d) releasing Government land for agriculture purpose; and
- (e) establishing an agricultural land bank through land exchange and resumption of private farmland.

Livestock Keeping

29. There are views that with technological advances, rearing livestock in a fully enclosed environment might not necessarily have adverse impact on public health and the environment. Some stakeholders therefore suggest that the Government should review its policy on livestock keeping taking into account the present day circumstances, including the existing guidelines on farm relocation. Some also argue that with improvement of agricultural infrastructure and installation of waste treatment facilities, it may be possible to designate certain areas of the Agri-Park or suitable areas in other parts of the territory for livestock production. They also believe there is room to further develop the branding of livestock reared locally and to increase local production for meeting consumers' demand.

Education and Training

30. There are views that education and training on agriculture would be crucial elements for the long-term development of the industry. To raise public awareness of the importance of local agriculture, there is a suggestion that the education curriculum of primary and secondary schools may include elements related to agriculture. Regarding professional training for farming practitioners and other interested parties (e.g. practitioners operating leisure farms), it is suggested that formal courses on agriculture at different levels be

organised by the Vocational Training Council, the Employment Retraining Board and other local tertiary institutes. A dedicated university on agriculture may also be considered should there prove to be such a demand and needs in future.

High-level Policy Coordination within the Government

31. Noting that the development of sustainable agriculture should indeed straddle across different policy areas thus necessitating the involvement of different policy bureaux and departments within the Government, many stakeholders urge the Government to set up a high-level policy coordination mechanism or even a dedicated bureau to spearhead the new agricultural policy and to co-ordinate the actions of concerned bureaux and departments in developing and implementing the new policy.

Next Steps

32. The Government is now carefully considering the recommendations and feedback received during the public consultation exercise. We would give due consideration to all the comments received before finalising the proposals notwithstanding the fact that some views may not be compatible with one another.

ADVICE SOUGHT

33. Members are invited to note the views collected through the public consultation exercise and offer their further comments on the new agricultural policy.

**Food and Health Bureau
Agriculture, Fisheries and Conservation Department
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