

New Agriculture Policy – Supportive Measures and Implementation Plan

Background

Local agriculture has a long history in supplying good quality fresh agricultural produce for local consumption. However, concomitant with Hong Kong's economic development and population growth, the agricultural sector has been diminishing over time. Hong Kong has become increasingly reliant on imports for food supply. In 2015, the local agriculture industry produced \$292 million worth of crop produce. Local production accounted for about 1.9% of fresh vegetables consumed in the territory. According to data of the Agriculture, Fisheries and Conservation Department (AFCD), as at end 2015, there are about 2 400 farms in Hong Kong, cultivating about 685 hectares (ha) of agricultural land and employing directly about 4 300 farmers and workers.

2. Noting the growing aspiration of our citizens favouring a more balanced development of our city and the increased level of interest in local agriculture, the Government sees a strong case for adopting a more proactive policy on agriculture. Between 29 December 2014 and 31 March 2015, the Government conducted a public consultation inviting public views on adopting a more proactive approach towards the modernisation and sustainable development of local agriculture. Apart from listening to the views of stakeholders through open forums and consultation sessions targeted at functional sectors, we have received more than 1 100 written submissions. The views and comments collected have been reported to the Legislative Council (LegCo) Panel on Food Safety and Environmental Hygiene on 9 June 2015 (LC Paper No. CB(2)1621/14-15(07)).

Main Comments Received During the Public Consultation

3. In overall terms, there is wide support from the public for the general direction of the proposed New Agriculture Policy (NAP) and the various supportive measures that the Government had put forward for

discussion¹. Many consider that the sustainable development of agriculture would help meet consumers' demand for quality food with high safety standard as well as preserve the rural environment, amongst other benefits. 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 NAP should focus on the sustainability of local agriculture, as well as protecting and conserving natural resources. On the other hand, some 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 an NAP and question whether it is in the public interest to develop the sector with Government funding. Generally speaking, those holding such views are in the minority.

4. As regards the merits of the individual supportive measures that we have put forward for discussion, there is wide support in general, despite differences in opinion on how these measures should be implemented. The views received are summarised in **Annex**.

5. Besides, throughout the consultation exercise, there have been calls for better measures to protect and utilise existing agricultural land, whether under active farming or fallow farmland channelled to other uses². They urge the Government to consider according a higher priority to the protection and preservation of agricultural land. They also propose that the Government should review agricultural land use, conduct a comprehensive survey to identify good quality agricultural land that is worth preserving for long-term agricultural

¹ Recognising the benefits of sustainable agriculture to society and the growing aspiration of our citizens favouring the balanced development of our city, the Government proposes in the consultation document 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. The following measures have been proposed to underpin the new policy in order to facilitate migration towards the desired outcome:

- (a) exploring the feasibility of an Agricultural Park;
- (b) considering the establishment of a Sustainable Agricultural Development Fund;
- (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.

² Specific suggestions made include enacting a new piece of legislation to protect agricultural land; improving the planning regime to ensure that all agricultural land is reserved for agricultural use only; strengthening enforcement against unauthorised change of land use; providing landowners with incentives to release farmland for farming; and amending the Block Government Lease (formerly known as the Block Crown Lease) or imposing punitive tax to discourage agricultural land idling for a prolonged period.

use, and devise effective means to forestall farmland from being irreversibly damaged or channelled to any other incompatible uses (including means to facilitate or even mandate such farmland be put to active, productive and sustainable agricultural uses).

Key Elements of the NAP

6. Taking into account the views received during the public consultation, the Government has decided to implement the NAP. The overall policy objectives and key aspects of the NAP are elaborated in the ensuing paragraphs.

Overall Policy Objectives

7. The overall policy objectives are as follows:

- ♦ to sustain local agriculture as a primary production sector and optimise the contributions of locally produced food as an alternative supply as well as to meet the market demand for domestically grown produce;
- ♦ to enhance the competitiveness of local farms by facilitating enhancement in productivity and business viability through showcasing and supporting the adoption of diverse production methods, new technology and modern management practices;
- ♦ to enhance food safety control at source through a more systemic yet not overly burdensome oversight of local farms engaged in food production intended for commercial sale;
- ♦ to protect, revitalise/rehabilitate, and optimise the use of good quality agricultural land for agricultural purposes; and
- ♦ to improve the environmental hygiene conditions of rural areas through encouraging the productive use of agricultural land and modernisation of local farms including improvement to their facilities.

In addition to the above, local farming activities could help reduce carbon footprint by minimising food mile. Besides, local farmlands under active farming (as compared to abandoned farmlands/brownfield sites) provide visual relief that is compatible with the rural surroundings and allow an alternative lifestyle and leisure outlet for urban dwellers. Farmlands with environmental-friendly farming practices (such as organic farming) would also benefit environmental sustainability. Furthermore, retaining rural land for farming may help showcase how a city may contribute to better regulation of the micro-climate and mitigation of climate change. All these benefits contribute to the overall sustainable development of Hong Kong.

Agricultural Park (Agri-Park)

8. There is wide support for establishing a Government-managed Agri-Park as a base for experimenting with new agricultural practices for commercial production, and promoting applications of advances in technology to agricultural uses with a view to enhancing productivity. It could serve as a nurturing ground for new agro-businesses to invest and explore new agricultural production practices on a commercial scale, and also facilitate knowledge transfer in agricultural science and agro-business management. The Agri-Park would enable longer tenancy and help create an environment more conducive to investing in the modernisation of local agriculture. Resumption of private farmland, the Government entering into long-term rental agreements with the landowners, and collaboration with Heung Yee Kuk in sourcing landowners interested in the initiative have been mooted during the public consultation as possible options to acquire the land needed for establishing the Agri-Park. Some have also suggested that the Government may leverage on the existing farming communities and develop them in situ into multiple “local agricultural parks”.

9. Given the support received, the Government has decided to establish the Agri-Park, which could serve the following objectives:

- ♦ to help nurture agro-technology and agro-business management, as well as to facilitate knowledge transfer in agricultural science and agro-business management with a view to enhancing productivity;

- ♦ to increase local agricultural production to meet public demand for safe and fresh produce;
- ♦ to demonstrate how fallow agricultural land could be rehabilitated effectively; and
- ♦ to accommodate eligible farmers who are displaced by Government land development projects.

10. To achieve economy of scale and to ensure that the Agri-Park can achieve its intended purposes, the Agri-Park should be of a sufficient size. We consider a Park in the range of 70 – 80 ha would suffice for the purpose, which is roughly equivalent to one-tenth of the size of agricultural land currently under active farming. As a high proportion of existing farmland is in private ownership and there is no Government-owned farmland of suitable size for establishing the Agri-Park, we intend to acquire land for such purpose through resumption of private farmland. In identifying the potential site for the Agri-Park, we are looking to farmland which is zoned “AGR” in existing statutory plans which largely remain fallow, and which would provide relatively ready locations for starting agricultural activities. The area should remain relatively unspoiled, with soil and water quality suitable for agricultural purpose and with the essential agricultural infrastructure, such as access footpaths and irrigation channels, being available and operational. It may consist of fallow farmland, or part of it may remain under active farming. Based on these criteria, the Government has preliminarily identified a cluster of about 75 - 80 ha of farmland in Kwu Tung South suitable for the establishment of the Agri-Park. The initial boundary of and major infrastructure support within the Agri-Park will be assessed in an engineering feasibility study. Depending on the findings of the said study, it is envisaged that its footprint may include a small amount of Government land, but much of the land required will have to be acquired through resumption. It may also include farmland currently under active farming. Farmers who have been farming within the boundary of the Agri-Park prior to its establishment would generally be expected to continue operation as long as they agree to accept the terms and conditions of the tenancy.

11. It is the intention that tenants in the Agri-Park may be permitted, subject to relevant approvals, to build structures related directly to their farming activities such as greenhouses and rain shelters, but not structures primarily for domestic use. Domestic structures within the boundary of the Agri-Park prior to its establishment will be cleared at the time when the land is resumed, subject to the prevailing compensation and rehousing policy as appropriate. Nor will farmers who are displaced by Government land development projects be permitted to put up domestic structures in the Agri-Park. Such displaced farmers who used to live in domestic structures and are eligible for ex-gratia allowances or rehousing due to clearance of those structures should have been duly compensated upon the clearance of their structures under prevailing policy and practice. Relocation to the Agri-Park is meant to be an additional option helping them re-establish and continue with their farming activities.

12. To address the operational need of farmers to stay close to their farms so that they can take care of their crops round-the-clock, we intend to provide tenants with basic lodging and storage facilities in the Agri-Park. As a preliminary idea, each tenant (farm) will be provided with one such unit under the tenancy agreement; and tenants are required to vacate the units when the tenancy agreement ends. Construction and maintenance of the facilities will be done by the Government. Their structures should be compatible with the environment and may be scattered in small clusters around the Agri-Park, with their footprint to be kept to a minimum. The basic lodging and storage facilities will be available to all tenants to meet their operational need, and as such, insofar as the provision of these farming-related structures within the Agri-Park is concerned, there is no disparity of treatment to different types of tenants, whether they are farmers displaced by Government development projects, farmers who have been farming in the area before the establishment of the Agri-Park, or other tenants.

13. The main objective of the Agri-Park is to help nurture agro-technology and agro-business management, as well as to facilitate related knowledge transfer with a view to enhancing productivity. Apart from being a nurturing ground and showcase for agro-technology and business management, the Agri-Park would also serve to accommodate farmers displaced by Government land development projects. While an empathetic approach with lower thresholds would be adopted for the offer of initial tenancies to the displaced farmers, to enable the Agri-Park to achieve its policy objectives, the Agri-Park management might need to make use of the opportunity of contract

offers, renewals and termination to replace the less productive and less innovative lessees with those who have a potential to perform better. A suitable governance structure would be devised for the allocation and management of leases, as well as the setting of rents, in due course.

Agricultural Land

14. Throughout the consultation exercise, there have been calls for more effective measures to protect and utilise agricultural land. Measures such as resuming or appropriating idle agricultural land, or imposing tax against landowners leaving their farmland vacant or under-utilised have been mooted.

15. There are at present 3 170 ha of land being zoned “AGR” on the Outline Zoning Plans (OZPs). About 1 418 ha of the “AGR” zone are being or can be put into agricultural use according to AFCD’s survey, and about 328 ha of “AGR” zoned land are under active cultivation. The current situation of a large amount of agricultural land lying idle has its historical and economic reasons, including limited enforcement capability under the Block Government Lease against more lucrative uses not involving structures (e.g. container yards), fierce competition from imports and insufficient economy of scale of local farms thus resulting in paltry mechanisation and technological application, poor accessibility, etc. There is no panacea. Suitable measures to protect and encourage the active use of agricultural land would be crucial to arrest the downward trend.

16. The establishment of the Agri-Park will be a key step to facilitate the upgrading and modernisation of the agricultural sector. Innovative practices researched in and tried out in the Agri-Park would need to be given scope for application on a wider scale outside the Agri-Park in order to create impact and induce a productivity gain in the agricultural sector as a whole. However, it will not be conducive to the further development of the agricultural sector if agricultural land outside the Agri-Park remains scattered, fallow, under-utilised, short-leased and susceptible to conversion to other incompatible uses.

17. To supplement the Agri-Park and to respond to the call for better protection of the vast majority of fallow agricultural land, we consider it worthwhile to explore the idea of identifying clusters of farmland in the New Territories (NT) that have higher value for agricultural activities with a view to preserving them for and incentivising their long-term agricultural uses. Designating clusters of farmland, which may be termed Agricultural Priority Areas (APAs)³, would give a clear indication to the landowners who may contemplate using their land for other purposes. Recognising that there are some 4 000+ ha of agricultural land (including those covered and not covered by OZPs), most of which are fallow at present and are in private hands, there should be more than enough agricultural land for development of local agriculture, provided that such land at suitable locations could be put to their intended use with the support of necessary infrastructure and appropriate incentives.

18. The Government will therefore commission a consultancy study to explore the feasibility and merits of this APA initiative, as well as the implementation details (such as criteria and process for designation) if it is to be taken forward. Appropriate proactive policy measures and implementation cum regulatory mechanisms would need to be considered and adopted with a view to revitalising/rehabilitating the agricultural land and putting them to active agricultural use. The study should cover recommendations on the locations and scope of APAs on land already zoned “AGR” or “Green Belt” that are outside the planning and engineering studies or not identified as development node but able to form a cluster demonstrating potential for agricultural rehabilitation. The study will also review other monitoring, implementation and/or regulatory mechanisms. In particular, apart from measures to be pursued through established mechanisms such as planning control, other new or additional administrative or statutory measures required for implementation of the APAs would also need to be carefully examined, including proactive measures to facilitate agricultural revitalisation. Throughout the study, the consultant will be invited to widely engage the stakeholders and members of the public. Due consideration should be given to the views and interests of different stakeholder groups such as landowners, green groups and indigenous villagers.

³ An APA should generally have a high concentration of active as well as fallow agricultural land in order to promote consolidation. It should be accessible by road and served by established agricultural infrastructure. The rural environ, and the environmental and ecological qualities should not be sacrificed as a result of the creation of an APA. Subject to a separate dedicated consultancy study which will advise on the detailed selection criteria, the areas and locations of the APAs will be further examined.

19. A cross-bureau/department steering committee to be led by the Food and Health Bureau and the Development Bureau will be set up to oversee the consultancy study to ensure that the APA initiative, if contemplated, can achieve the purpose of supporting and promoting agricultural development in Hong Kong whilst complementing better long-term planning and management of land use at the urban-rural fringes. The Government will carefully consider the outcome of the consultancy study before deciding the way forward.

Sustainable Agricultural Development Fund (SADF)

20. A lack of capital impedes local farmers' attempts to modernise their production, improve their productivity and explore new frontiers. Besides, our unique urbanised environment often presents specific horticultural problems demanding local solutions which are achievable only with local research. There is also a need to provide local farmers with more advanced training in agricultural practices, particularly on the science behind so as to enhance their capability to adapt solutions to context-specific problems. In the consultation document, the Government has therefore proposed to set up an SADF to provide the necessary financial support to facilitate the development of modern, sustainable and urban agriculture in Hong Kong. The proposal has received wide support during the consultation exercise.

21. Noting the positive response, the Government has decided to establish the SADF through which funding support will be provided to assist farmers, whether operating in and outside the Agri-Park, for purposes including mechanising and modernising 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 organisations (NGOs) for application-oriented scientific and adaptive research and studies, as well as transfer of knowledge and training, improvement of agricultural infrastructure, 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 Government 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.

22. In addition to the above, we propose that the scope of the SADF should allow the provision of funding to NGOs for implementing projects aimed at promoting agricultural rehabilitation. In proposing this, we are drawing reference to the operation of the Management Agreement (MA) Scheme⁴ with funding support from the Environment and Conservation Fund. For instance, the NGO may rent agricultural land from landowners and then sub-lease to small farmers, support and assist the small farmers to upgrade their farming skills and develop new farming techniques etc. This is in line with some suggestions received during the public consultation and which may facilitate the development of “local agricultural parks” advocated by some⁵.

23. The Government has set aside \$500 million for setting up the SADF. We will proceed to seek approval by the Finance Committee of the LegCo for the creation of the SADF as soon as practicable.

Hydroponics and Agro-technology

24. One key element of the NAP is to facilitate the development and modernisation of local agriculture as well as the wider adoption of advanced technology in production. Aside from the provision of funding assistance for improving and modernising farm facilities (e.g. building greenhouse, rain shelter or even venturing into vertical farming), we will also encourage the adoption of modern farming practices as well as the development of new agricultural technology and related knowledge transfer. Hydroponic technology (which AFCD has recently introduced for adoption in the local scene) is one such example. From the agriculture policy perspective and having regard to the scarcity of land resources in Hong Kong, we see room for

⁴ Under the MA Scheme, NGOs, including universities, community bodies and green groups, may apply for funding from the Environment and Conservation Fund to provide landowners or tenants of the twelve ecologically important sites (Priority Sites) and private land in country parks and country park enclaves with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of these areas. There are currently four active MA projects being carried out under the Scheme.

⁵ During our consultation with Heung Yee Kuk, some participants indicated that many landowners in the NT might be 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 might outweigh their rental return. They 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 farmland 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. We may provide funding support to a willing NGO to play the role and facilitate rehabilitation of fallow farmland.

further development of hydroponics and other agro-technology in Hong Kong to promote migration to production methods that are less land-dependent than the traditional land-intensive agricultural practices. Over the past years, a number of hydroponic production units have been established in industrial buildings. However, it is at best uncertain whether hydroponic undertakings are permissible in industrial buildings under the current planning and land administration regimes. We see a case for exploring the possible accommodation in industrial buildings of agricultural production that harnesses the application of technology.

25. As a corollary, the Government is reviewing the operational requirements and technical feasibility of hydroponics or other similar operations in industrial buildings, with a view to providing more clarity for, and facilitating the set-up of, hydroponics (and other agro-technology of similar nature) in industrial buildings / zones.

Organic and Conventional Farming Production

26. The demand for both local organic and conventional (non-organic) produce continues to grow. The Government will continue to assist farmers engaging in organic production to improve their productivity to meet the market demand. This will include the introduction of better varieties which are closer to consumer preference, offer better yield and/or improved disease resistance. The Government will also explore with farmers ways and measures to improve the yield of conventional farming practices.

Ancillary Activities such as Leisure Farming

27. The Government has been promoting the development of other ancillary activities related to agriculture such as leisure farming. Currently, there are 137 leisure farms in Hong Kong. As visiting farms as a form of recreational activity is becoming more popular in Hong Kong, there have been calls for more facilitation for leisure farming. Such requests focus essentially on three main aspects: (i) enabling on-farm sale of fresh produce and simple processed food items such as fruit jams; (ii) provision of catering services of a limited scale; and (iii) provision of lodging.

28. Most of the leisure farms are located in “AGR” or “Green Belt” zones in their respective OZPs. We promote “leisure farming” as an ancillary activity to enable farmers to increase their income, market their produce and reach out to potential customers. Nevertheless, leisure farms must remain, first and foremost, farms engaged in commercial crop production. Whatever facilities that are used for serving the visitors will be kept to a minimum. The facilitative measures that we are considering are premised on such a basis.

29. Along the above direction, the Government will consider introducing a definition of “leisure farm” under the planning regime to facilitate the development of leisure farming in Hong Kong. For instance, we might consider accepting small-scale activities e.g. sale of fresh produce grown in that farm and simple processed food such as fruit jam and juices made from its fresh produce, and the provision of catering services of a limited scale etc. as ancillary to agricultural use under the planning regime that are always permitted in “AGR” or “Green Belt” zones. For establishments set up largely for recreational purpose (i.e. not primarily focusing on crop production) which are likely to draw in a large number of visitors especially during weekends and holidays, Town Planning Board’s permission would still be required. A clearer indication of this status and scope of the ancillary uses to agricultural use should be explored. Under the Block Government Lease, structures are not permitted to be erected on agricultural lots unless a Short Term Waiver (STW) has been granted. STWs for ancillary agricultural uses may be issued subject to such terms and conditions as appropriate.

30. For provision of catering services and simple processing of food, under the present law, the farms concerned will have to apply for the relevant licences⁶ from the Food and Environmental Hygiene Department. However, as most of the structures found on the farms are either temporary structures or tolerated structures, they are usually unable to fulfil the requirements on structural safety for licensing purposes under the Public Health and Municipal Services Ordinance (Cap. 132). Separately, proposed structures to be erected under an STW have to be submitted to the Buildings Department for approval. We would explore the feasibility of permitting leisure farms to erect, subject to

⁶ The Light Refreshment Restaurant (LRR) Licence and the Food Factory (FF) Licence under the Public Health and Municipal Services Ordinance (Cap. 132) are most relevant to the context of leisure farms. The application procedure of the two licences is generally similar, but no consumer seating area is allowed for FF. The application procedure generally involves six major steps and comments from relevant departments such as Planning Department, Buildings Department and Fire Services Department.

necessary approvals, proper structures to facilitate their application for the food business licence. Such structures will also help improve the environment as well as fire prevention and hygiene of the leisure farms including the provision of proper sanitary facilities etc.

31. There have been calls for facilitating leisure farms to provide lodging services. We believe the actual demand for such services is limited given the small size of Hong Kong and that most visitors are visiting the farms on a day-trip basis. Further, a host of complicated issues relating to structural and fire safety, as well as planning and land control might arise if we were to contemplate the idea of enabling construction of structures for such a purpose on farmland. We therefore do not favour according priority to facilitate the provision of lodging services in leisure farms.

Enhancing Food Safety and Marketing of Local Fresh Produce

32. Almost all locally-produced vegetables are meant to be eaten. Local productions currently account for around 2% of the market share. Their food safety record by-and-large has not been an issue of concern. With the proactive support for local agriculture under the NAP, the overall production of local farms is expected to scale up. Given the importance that the society attaches to food safety, we intend to devise a food safety framework for all local farms engaged in food production intended for commercial sale. When formulating the framework, we shall be guided by three objectives, namely enhancing food safety control at source, facilitating our support to these farms to upscale their safety standard, and fortifying the branding of domestically grown produce as “safe produce”. We will consult the trade on the proposal when it is ready.

33. Besides, we will look into ways to strengthen and/or re-position the Vegetable Marketing Organisation (VMO) in the marketing of local agricultural produce. We will also explore additional marketing channels for locally-produced vegetables, such as providing more farmers’ markets, new retail or online order collection points, as well as facilitating the development of other new initiatives by NGOs or social enterprises, with funding support from the SADF where appropriate. In this connection, the AFCD has already built a platform for social enterprises engaged in food-related business to connect with local organic farmers so that they can source fresh local organic produce directly from the farms. In parallel, the VMO has also strengthened its mobile

and internet sales network to market local produce directly to consumers, and established new pick-up points at health food chain stores for customers in the NT. To make local produce more accessible to the general public, the Government will, in addition to the farmers' markets already established in several districts, explore the feasibility of setting up a regular farmers' market in a convenient urban location. The VMO will also explore with green groups and NGOs the setting up of a members-based purchasing arrangement to help local farmers market their produce swiftly to a defined group of customers.

Tentative Timetable

34. In respect of the establishment of the Agri-Park, we plan to kick start the preparatory work by commissioning an engineering feasibility study in early 2016 to, among others, set the initial boundary of the Park and draw up a detailed implementation plan. The said study will also assess the feasibility of a phased delivery of the Agri-Park and if so, how that would be implemented.

35. In parallel, we plan to seek LegCo Finance Committee's approval for establishing the SADF in the first half of 2016, with a view to launching the SADF within 2016/17. We would also consider in greater details how the consultancy study for APAs should be taken forward, and seek to commission the study within 2016/17.

36. Other initiatives and facilitative measures will be launched in stages depending on their complexity, respective procedural requirements in accordance with established policy and practice as well as the availability of manpower and other resources.

Conclusion

37. Notwithstanding Hong Kong's economic progress, the community yearns for a more balanced development, according priority also to promoting agriculture on a more modern and sustainable basis than is currently the case. The Government responds with the NAP proposal which receives wide support in the public consultation. With the adoption of the NAP and the full implementation of the various support measures, we believe that the benefits that agricultural development could bring to the well-being of society, apart from being a source of food supply, could be more fully realised.

**Food and Health Bureau
Agriculture, Fisheries and Conservation Department
January 2016**

**Summary of views on the proposed measures
in support of the New Agriculture Policy**

Establishment of an Agricultural Park (Agri-Park)

In overall terms, the proposal of establishing an Agri-Park as a base for commercial production and fertilising ground for modernisation and promotion of agro-technology 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.

2. 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 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 initiative¹. 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.

3. In the consultation document, the Government has indicated its preliminary plan to set up an 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 park” 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.

4. 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 the Agriculture, Fisheries and Conservation Department. 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

¹ During our consultation with the Heung Yee Kuk, some participants indicate that many landowners in the New Territories might be 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.

Government should offer concession 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.

5. 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)

6. 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.

7. 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 a 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

8. 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" 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.

9. There is also a 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.

10. 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.

11. 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

12. 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.

13. 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.
