

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

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State of Hawaii
DEPARTMENT OF AGRICULTURE
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**TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON FINANCE
THURSDAY, FEBRUARY 21, 2008
11:30 A.M.
CONFERENCE ROOM 308**

**HOUSE BILL NO. 3310
RELATING TO AGRICULTURE**

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to comment on House Bill No. 3310. The purpose of this bill is to appropriate funds for a grant in fiscal year 2008-2009 to the Hawaii Farm Bureau Federation (HFBB) to pursue efforts in agricultural research and market development.

The Hawaii Department of Agriculture (HDOA) supports the intent of this bill; however we have concerns about the possible adverse budgetary impact that this bill may have on the Executive Supplemental Budget request. Research is the foundation for agricultural advancement in Hawaii and market development will expand opportunities for our agricultural producers.

The Legislature has been funding the HFBB for research and market development in the past four years. In the second year, some 14 projects from tea and blueberries to organic produce were funded under this program. In the third year, another 19 projects, from pulp-based papaya juice to food safety and ag-tourism were funded. Many agricultural producers benefit from the projects funded. Thank you for your continued support of agriculture.

Personal Testimony Presented before the
House Committee on Finance
February 21, 2008
11:30 a.m.
by
Dr. Andrew G. Hashimoto

HB 3310, Relating to Agriculture

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Andrew Hashimoto. I serve as the Dean of UH Mānoa College of Tropical Agriculture and Human Resources (CTAHR) and an ex-officio member of the Board of Agriculture. I am pleased to provide this personal testimony on House Bill 3310, which appropriates funds for a grant to the Hawaii Farm Bureau Federation. This testimony does not represent the position of the University of Hawai'i or of CTAHR.

I support HB 3310.

Agricultural research is essential to the success of diversified agriculture in Hawai'i. The knowledge gained through research efforts helps producers boost their yields through informed choices about which crops and varieties to plant, when and where to plant them, how to protect them from pests, and how to optimize postharvest quality. Agricultural research helps increase local food production, improving our state's food security, and also helps Hawai'i's producers compete in both local and export markets.

The Farm Bureau is an important voice for farmers, ranchers, and other agricultural producers. HFBF works closely with CTAHR and other agricultural research institutions, including the Hawai'i Agriculture Research Center, the Hawai'i Department of Agriculture, and the U.S. Department of Agriculture's Pacific Basin Agricultural Research Center. Together, these organizations and agencies cooperate on research projects to improve the production of Hawai'i crops. We complement each other's efforts, minimizing overlap and assuring the broadest range of research assistance to the agricultural community. The funds appropriated by HB 3310 will be managed by the HFBF to facilitate research that will support the continued expansion of diversified agriculture and help create new local, national, and international marketing opportunities for our agricultural goods.

A good example of this collaborative approach to agricultural research is the ongoing evaluation of blueberries as a potential niche crop for Hawai'i. Blueberries are growing in popularity as consumers learn about the health benefits of the antioxidants they contain. Blueberries command a premium price in Hawai'i, retailing for as much as \$20.00 per pound, so replacing imports with blueberries grown locally promises a good return for Hawai'i farmers who have land at suitably high elevation and cool temperature. In addition, Hawai'i's year-round growing season could allow us to export blueberries at times when supply is limited on the mainland. Following the success of

initial small-scale studies by CTAHR and the USDA, HFBF is helping fund the planting of two research plots totaling about 1,000 plants to evaluate the yield and market potential of various blueberry cultivars. HB 3310 will support this type of research collaboration and promote the continued growth of diversified agriculture here in Hawai'i.

Thank you for the opportunity to testify on this bill.



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February 21, 2008

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE
Agenda #3

TESTIMONY ON HB 3310, HD 1
RELATING TO AGRICULTURE

Chair Oshiro and committee members:

My name is Alan Takemoto, Executive Director, of the Hawaii Farm Bureau Federation, which is the largest non-profit general agriculture organization representing approximately 1,600 farm and ranch family members statewide.

The Hawaii Farm Bureau Federation (HFBF) strongly supports HB 3310, HD 1. This measure makes an appropriation for fiscal year 2008-09 for our organization to pursue efforts in agricultural research and market development. We would like to request that the amount of \$1 million be inserted.

The HFBF is a non-profit (501c-5) organization working to resolve problems faced by farmers, ranchers, and other agricultural producers. Our purpose is to represent, protect and advance the social, economic and educational interests of Hawaii's agricultural sector. Our organization was established in 1948 and now has over 1,600 farm family members located on the islands of Kauai, Oahu, Maui, Molokai and the Big Island. HFBF is affiliated with the American Farm Bureau Federation, which represents more than five million farm families nationwide.

In the year 2001, the HFBF completed the first phase of developing a strategic implementation plan called "A Strategic Plan for Hawaii's Agriculture" that would help facilitate the problems facing the agricultural industry statewide. This plan basically identified the fundamental problems facing the entire industry which included: land and water, environment and food safety, transportation, taxation and fees, farm management and labor, research development, and marketing and competitiveness.

Agricultural research is the foundation for Hawaii's agricultural industry to remain competitive in the global market. State funding has dramatically declined over the past decade from approximately \$4 million per year in the early 1990's to \$1.5 million per year at the present time. This dramatic decrease in state funding has affected the producer's capability to remain competitive in the global market. If these research efforts are abandoned due to lack of funding, Hawaii's producers will eventually lose the market to outside competitors. Hawaii needs to remain on the cutting edge of agricultural research to keep our producers competitive in the global market.

This research funding involves many statewide agricultural commodity organizations striving to improve their production and marketing efforts. HARC has done tremendous research work for coffee, papaya, sugarcane, forestry, and is continuing to bring in new agricultural business to the state. They play a critical role in furthering the development of diversified agriculture. They also offer important and valuable historic information (i.e. soil conditions, rainfall, infrastructure, etc...) on the growing conditions of former sugarcane lands, which has shown positive effects for the production of new crops. As a private entity, HARC can move quickly on various research projects that are critical to many agribusinesses. It is important for the agricultural industry to have access to a private research organization in Hawaii to service their needs.

The other part of the research funding will go towards the specific commodities such as taro, vegetable crops, coffee, papaya, ornamental nursery, tropical fruit and flowers, and macadamia nuts. Most of these on-going research projects are conducted by the UH- College of Tropical Agriculture and Human Resource (CTAHR). It is necessary that we continue to provide adequate funding for not only existing projects, but also new research projects that could enhance each commodity's marketability and production efforts.

Market development is another critical component of expanding Hawaii's agricultural industry. A coordinated marketing effort statewide to market locally grown products in a strategic and comprehensive manner is key to being competitive in a global economy. New and potential markets, such as the cruise lines, international and national markets, and other large buying entities will be able to purchase in large and consistent volumes of locally produced products. With a cooperative and organized effort of small farmers collaborating together, we can market Hawaii's products gain access to many untapped markets. A comprehensive marketing effort that is also focused on assisting the industry on such areas as Food safety, Good Agricultural Practices, Quality Assurance, Consistent Product Availability, and Business Training Workshops will help small farmers statewide in being competitive with the rest of the world market.

The HFBF is committed to the agricultural industry and has been an advocate for the industry for over 60 years. Our organization has successfully partnered with the Department of Agriculture, CTAHR, and HARC and several other non-profit agencies on research and marketing projects. We have a proven track record of being responsible and fair.

We respectfully ask that \$1 million be inserted into the appropriation amount.

We urge your support and passage of this measure. Thank you.

Hawaii
Crop
Improvement
Association

Sarah Styan, President
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Testimony by: Sarah Styan
HB 3310, Relating to Agriculture
House FIN Committee
Thursday, Feb. 21, 2008
Room 308: 11:30 am

Position: Support

Chair Oshiro, and Members of the House FIN Committee:

My name is Sarah Styan. I am a Kauai resident, President of HCIA and research scientist of Pioneer Hi-Bred International, Waimea Research Station. The HCIA represents seed production and research facilities operating in Hawaii for nearly 40 years. The HCIA is comprised of five member companies that farm an estimated 8,000 acres on four islands, valued at \$97.6 million in operating budget (2006/2007 HASS). We are proud members of Hawaii's diversified agriculture and life sciences industries.

The HCIA strongly believes in research as a tool to keep Hawaii's agricultural industry at the cutting edge of development and global competition. We understand that State funding has diminished over the past decade from approximately \$6 million to \$1.5 million per year. This comes at a time when Hawaii agriculture is no longer represented by large plantations that could fund research and development privately. Instead, many of the producers today are small business entrepreneurs who do not have the capacity to fund private research and development projects.

This request is of great importance to the future of Hawaii agriculture. We support the HFBF request for agricultural research and market development.

We urge your support of this measure. Thank you for the opportunity to provide testimony.



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TESTIMONY BEFORE THE HOUSE COMMITTEES ON FINANCE

HOUSE BILL 3310

RELATING TO AGRICULTURE

February 21, 2008

Chairman Oshiro and Members of your committee:

HARC strongly supports the intent of House Bill 3310 Relating to Agriculture but requests that this committee recommend \$1.0 million for fiscal year 2008-2009 to the Hawaii Farm Bureau Federation (HFBF) for research and market development.

HARC wishes to express its appreciation for the past support the legislature has shown to the continuing need for research, development and marketing for the agricultural community. The history of agriculture here demonstrates that there are three critical areas of support to achieve sustainability and they are R&D, education and training, and a good business model. The continuing support for R&D by the legislature demonstrates its desire to have a successful agricultural economic sector, the backbone of our rural communities. You recognize that having successful economic opportunities in our rural communities helps reduce congestion in urban areas, and allows a rural life style.

This proposal is requested as part of the implementation of the Hawaii Farm Bureau Federation's Strategic Plan. As set forth in the Research and Development and Marketing and Competitiveness portion of this plan, the HFBF is coordinating the necessary partnerships to advance the agricultural sector. Through the Farm Bureau, the agricultural community has been consistent in seeking the necessary support for land reform through the designation of important agricultural lands, healthy irrigation systems and support for agricultural research and marketing.

Through a widely disseminated request for proposals and scientific review process the Hawaii Farm Bureau is reaching the producers and serving their research needs.

We appreciate and are thankful that the past trend of declining state support for agriculture has been halted; hopefully it can be reversed. State funds for this effort before the devastating decline of the 1990s was over \$4M and supported the establishment of much of the diversification of agriculture. The sector needs to continue to diversify and to do that needs research support.

Foreign governments provide substantial funding to help their farmers become ever more competitive. Hawaii's farmers need similar strong government support to secure affordable land and adequate water, improve their yields and product quality, and increase efficiency and marketability, in order to participate in the local as well as global marketplaces.

We strongly urge you to pass out House Bill 3310 with a recommendation of \$1.0 million to the appropriation committee and thank you for the opportunity to testify.

**HB 3310
RELATING TO AGRICULTURE**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 21, 2008

Chair Oshiro and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B), Hawaiian Commercial & Sugar Company (a division of A&B) and Kauai Coffee Company, Inc. (a subsidiary of A&B) on HB 3310, "A BILL FOR AN ACT RELATING TO AGRICULTURE." We support this bill.

As one of two remaining sugar companies operating in the State, Hawaiian Commercial & Sugar Company (HC&S) celebrated its 125th anniversary in 2007. While Hawaii's many other sugar companies have shut down over the years, HC&S has been fortunate, through significant investments in our agricultural infrastructure and operations and the implementation of our diversified bio-production program, to have sustained our operations and continue as a major employer in the State of Hawaii. Today, as we face the prospect of lower margins from raw sugar production because of flat commodity prices along with increasing production costs, HC&S is in the process of transitioning from a primary producer of commodity sugar into the production of specialty sugar and bio-based products. In addition to being the sole supplier of Sugar In The Raw, the little brown packets of sugar seen at restaurants and coffee shops across the nation, HC&S is also expanding production of our specialty Maui Brand

Sugar. HC&S also produces several bio-based products, and provides Maui Electric with biomass produced electricity. We are also seriously evaluating the feasibility of becoming an ethanol producer by converting a portion of our cane juice and molasses to ethanol via fermentation. This transition from a traditional sugar producer into a producer of other diversified products is the result of extensive investments in agricultural research and market development initiatives.

A&B subsidiary Kauai Coffee Company, Inc., as Hawaii's largest coffee grower with 3,400 acres in cultivation, continuously seeks creative and innovative enhancements to our operations and infrastructure in order to remain competitive while preserving the unique aura associated with our Hawaii produced coffee. Quality control, productivity and infrastructure investments, and the need to respond to ever changing market demands are some of the many challenges that are constantly before us. Agricultural research and market development assistance represent valuable assets that greatly assist in our efforts to continue to compete in the global market place.

Agricultural research and market development is the foundation upon which Hawaii's agricultural industry can flourish in an increasingly competitive global market. The Hawaii Farm Bureau Federation Grant In Aid Program compliments existing efforts in institutions such as the Hawaii Agricultural Research Center, the University of Hawaii's College of Tropical Agriculture, and the Department of Agriculture on various agricultural research and market development initiatives. These funds help to take research concepts into operating realities. We believe that the Hawaii Farm Bureau Federation will ensure that agricultural research and marketing efforts meet the needs of Hawaii's farmers, ranchers, and various commodity organizations.

Based on the aforementioned, we respectfully request your favorable consideration on this bill.

Thank you for the opportunity to testify.