

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1471, H.D. 1

March 3, 2009

RELATING TO FARMS

House Bill No. 1471, H.D. 1, establishes the Food Certification Pilot program to be managed by the Department of Agriculture with assistance from the Department of Health to:

- 1) encourage farmers to form agricultural cooperatives;
- 2) coordinate purchasing agreements between the agricultural cooperatives and hotels, restaurants, and other buyers in the visitor and hospitality industries; and
- 3) develop and implement "safe" food certification to promote fresh, high-quality, locally-grown produce grown by Hawaii farmers.

The bill also establishes the Food Certification Pilot program special fund into which:

- 1) appropriations made by the Legislature;
- 2) gifts and grants; and
- 3) any other moneys available to the Food Certification Pilot program special fund shall be deposited to support the program.

Lastly, House Bill No. 1471, H.D. 1, appropriates \$160,000 from the general fund in Fiscal Year 2010 and Fiscal Year 2011 for deposit into this fund.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should:

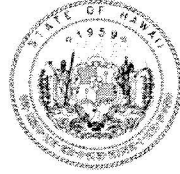
- 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program;
- 2) provide an appropriate means of financing for the program or activity; and
- 3) demonstrate the capacity to be financially self-sustaining.

It does not appear that the fund will be self-sustaining.

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In addition, House Bill No. 1471, H.D. 1, adds a new program to the Department of Agriculture and negatively impacts the Fiscal Biennium 2009-11 Executive Biennium Budget because of the general fund appropriations made in the bill.

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

**TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON FINANCE
TUESDAY, MARCH 3, 2009
6:30 PM
ROOM 308**

**HOUSE BILL NO. 1471, HD1
RELATING TO FARMS**

Chairperson Oshiro and Member of the Committee:

Thank you for this opportunity to provide testimony on House Bill 1471, HD 1, relating to the establishment of a food safety certification pilot program for Hawaii farmers. The Department cannot support this legislation, despite the merits of the idea, because it proposes to use State funds that are outside of the Executive Biennium Budget.

News reports over the past couple of years have highlighted the need for the agricultural industry, to improve food safety practices. Neither the agriculture, tourism, restaurant, or retail industries can afford to be caught up in a major food recall of our own making.

The Department of Agriculture has a long history of supporting the purchase of local fresh foods. The department also conducts third party food safety audits to certify farms under both the USDA standards and Primus standards. The department has been working on a pilot food traceability project using radio frequency identification (RFID) technology with some of our larger and smaller farms, Armstrong Produce and Foodland stores for the past year. The department has also established a small RFID laboratory to assist the farm community in training and traceability testing. Additionally, the department has established a website, the Hawaii Food Safety Center, to advertise and promote those food supply chain members participating in safe food production and processing practices. To date, this work has been supported with federal funds.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
Wednesday, March 3, 2009 at 6:30 p.m.

by

Virginia S. Hinshaw, Chancellor

and

Andrew G. Hashimoto, Dean and Director
College of Tropical Agriculture and Human Resources
University of Hawaii at Manoa

HB 1471, HD1 – RELATING TO FARMS

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

My name is Andrew Hashimoto, and I serve as Dean and Director of the University of Hawaii at Mānoa College of Tropical Agriculture and Human Resources (CTAHR). I am pleased to provide testimony on behalf of Virginia Hinshaw, Chancellor of the University of Hawaii at Manoa (UHM).

The purpose of HB 1471, HD1 is to establish a pilot program within the Department of Agriculture to develop safe food certification for farms that form agricultural cooperatives and establish purchasing agreements with hotels and restaurants. The bill establishes the Food Certification Pilot Program Special Fund and appropriates \$160,000 in general revenues in fiscal years 2009-2010 and 2010-2011, as necessary, for the operation of a food certification pilot program.

We support of the intent of the bill, which is to support the local agricultural community and promote safe, fresh, high-quality, locally-grown produce, as long as the appropriation does not negatively affect the Department of Agriculture's budget. Safety of the food we consume and the health of our citizens and visitors are of utmost importance not only for our personal well-being, but to our State's economy and image as a safe, tropical destination in which to live and visit.

The Departments of Agriculture (DOA) and Health (DOH) have been good stewards in overseeing the safety of food in the islands. The DOA conducts third party food safety audits to certify farms under both USDA and Primus standards. In addition, the DOA implemented a pilot food traceability program using radio frequency identification (RFID) technology, among other food safety initiatives. Additional funding for the pilot program will support and help to expand food safety programs and education for farmers, and explore and promote markets for local produce.

CTAHR conducts an on-going, on-farm food safety coaching program which provides training to those working on farms, greenhouses, packing houses, and processing facilities to help them address issues found in audits conducted by the DOA.

Furthermore, the bill is in keeping with the State's initiative to increase Hawaii's food self-sufficiency from the current reality of importing to Hawaii upwards of 85% of all food we consume, and relates to CTAHR's vision to actively help Hawaii diversify its economy, ensure a sustainable environment, and strengthen its communities.

Thank you for the opportunity to provide comments on this measure.



Hawaii Agriculture Research Center

Administration: P.O. Box 100, Kunia, HI 96759

Ph: 808-621-1350/Fax: 808-621-1359

TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

HOUSE BILL 1471 HD 1 Relating to Farms

March 3, 2009

Chairmen Oshiro and Members of your Committees:

My name is Stephanie Whalen. I am Executive Director of the Hawaii Agriculture Research Center (HARC). I am testifying today on behalf of the center and our research and support staff.

HARC supports House Bill 1471 HD1 Relating to Farms.

There is a need to support the certification of farmers throughout the state to meet standards for a safer food supply. This is a great partnership that has come together which will encourage an increase local market supply of fresh, safe cuisine for the tourism industry and for our citizens.

Thank you for the opportunity to testify in support of Hawaii's diversifying agriculture.

AMENDED
Testimony Presented Before the
House Committee on Finance
Wednesday, March 3, 2009 at 6:30 p.m.
by
Andrew G. Hashimoto

HB 1471, HD1 – RELATING TO FARMS

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

My name is Andrew Hashimoto, and I serve as Dean and Director of the University of Hawaii at Mānoa College of Tropical Agriculture and Human Resources (CTAHR). I am pleased to provide personal testimony on HB 1471, HD1. This testimony does not represent the position of the University of Hawaii or CTAHR.

The purpose of HB 1471, HD1 is to establish a pilot program within the Department of Agriculture to develop safe food certification for farms that form agricultural cooperatives and establish purchasing agreements with hotels and restaurants. The bill establishes the Food Certification Pilot Program Special Fund and appropriates \$160,000 in general revenues in fiscal years 2009-2010 and 2010-2011, as necessary, for the operation of a food certification pilot program.

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HB 1471, HD 1 Testimony
Page 2
March 3, 2009

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Thank you for the opportunity to provide comments on this measure.



TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

TUESDAY, MARCH 3, 2009

6:30 P.M.

**HOUSE BILL NO. 1471 HD1
RELATING TO FARMS**

CHAIR MARCUS OSHIRO AND MEMBERS OF THE COMMITTEE:

My name is Mark Teruya, CEO of Armstrong Produce. We are a wholesale produce distributor with operations here in Honolulu, Maui, and Kona.

I am here to testify on HB 1471 HD1, Relating to Farms. We have been in the distribution business for three generations and in that time, a lot has changed. As a distributor of produce, we are constantly being challenged to comply with new and stricter laws and rules governing food security, food safety and traceability. You are all aware of the many episodes involving commodities such as green onions, spinach, and just a few weeks ago, peanut butter. In Hawaii, the issue with the lungworm problem on the Big Island where people ate home grown produce, which they thought were safe, have done some serious and permanent damage to several individuals. Countless thousands of people have become ill, with hundreds dying as a result of these nationwide recalls. Using good agricultural practices all the way from the farm to the plate is not just a good idea, it is crucial and often becomes a life or death matter, or a major liability issue.

About five years ago, we became the first wholesale produce company in Hawaii to be food safety certified and two years ago, we became the first to be HAACP (Hazard Analysis Critical Control Points) certified. We firmly believe that food safety measures must be taken seriously by farmers, distributors and end users such as the hotels.

When we began our food safety certification process 5 years ago, every one laughed at us, saying that it wasn't a requirement so they were not going to do it. We believe that it was the right thing to do and many of our customers were asking for certification. That told us that this was important and something that was not going to go away. The demand came not as a regulation but from our customers. Today, when companies are looking for a new distributor, certification is a critical issue, because if their suppliers are not certified and the farmers that supply them are not, there is a lot of liability that hangs on the end users.

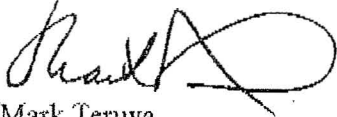
Hawaii is very dependant on tourism as our major source of revenues. If even one incident were to take place here where tourists got sick eating food from any of the many restaurants or hotels that service our tourists, Hawaii would have a black eye forever. With tourism suffering as it is now, we do not want to give tourists any reason to stay away from Hawaii.

Our testimony on this measure focuses on the point that this bill makes to provide funding to help our farmers become food safety certified. Of the over two thousand farms that we have in Hawaii, approximately 35-40 are certified. We need to increase that number dramatically.

Many chefs and many of the hotels, restaurants and stores that we service want to buy as much local produce as they can, which is a good thing, but we also need to have the confidence that buyers like the Sheraton will be assured that all the farmers they receive product from, practice good agricultural practices in their fields and packing operations.

We think it is imperative that we work to encourage farmers to not only produce more fruits and vegetables but also safe produce.

We ask for your support of this measure. Thank you very much.



Mark Teruya
President, CEO



TESTIMONY

House Agriculture Committee
House Finance Committee

RE: HB 1471 HD1: RELATING TO FARMS

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of its member farmers and ranchers is in **support** of HB1471HD1, establishing a pilot program to develop safe food certification compliance for providers of fresh produce to hotels and restaurants and to coordinate purchase agreements between wholesalers and farmers.

The economic downturn has affected all sectors of business in Hawaii and we see the impacts on the tourist industry. Efforts to draw tourists into Hawaii means demonstrating a uniqueness to the Hawaii experience. Our local agricultural products used in world recognized Hawaii Regional Cuisine are used as draws for people from across our shores. At the same time increased publicity of foodborne illnesses has brought food safety concerns to an all time high. Restaurants who want to depend on locally grown are requiring food safety certification by our farmers and ranchers. It has come during a time when our farmers and ranchers are also undergoing financial difficulties. Their input costs have been at an all time high without any corollary increase in produce prices received from vendors. These difficult economic times make adoption of new practices that increase costs difficult.

The concept of this program is good. It recognizes that local agriculture will play a significant role in attracting visitors to Hawaii. It provides the means to proactively facilitate the use of locally grown products into the restaurants and hotels to enhance the visitor experience. The bill addresses needs of the farmers to not only meet food safety requirements but to also learn how to better secure purchase agreements with wholesalers that are fair and contribute towards farm viability.

HFBF strongly urges support of HB1471 as amended and is ready as an organization to work with the parties involved to achieve the goals of this initiative. Thank you.



March 3, 2009

**Mr. Marcus R. Oshiro
Chairperson
Committee on Finance
House of Representatives
State of Hawaii
State Capitol
Room 306
Honolulu, Hawaii 96813**

**Ms. Marilyn B. Lee
Vice Chairperson
Committee on Finance
House of Representatives
State of Hawaii
State Capitol
Room 434
Honolulu, Hawaii 96813**

RE: House Bill 1471 – Food Safety Certification; Pilot Program

Aloha Chair Oshiro and Vice Chair Lee,

Kyo-ya Management Company Limited (Kyo-ya) wishes to testify in support and favor of House Bill 1471. We believe that this initiative will be beneficial to furthering the development of the Agricultural industry for the State of Hawaii and increase sustainability for Hawaii.

Background

Currently, the hotel industry in Hawaii buys an estimated 28-32% of locally grown agricultural products, of which pineapple is a major purchase. If pineapple were to be removed from the total local percentage, then approximately 17-18% is specialty crop purchases by the hotel industry in Hawaii. The importation of agricultural product to service the hotel industry is 68%, and if pineapple were to be removed, the specialty crop purchases are estimated to be approximately 82% which are currently imported.

Objective

Kyo-ya believes that the hotel industry in Hawaii can increase the amount of locally-grown agricultural products purchased annually from Hawaii farms. The hotel industry requires, however, that the farms have, or are in the process of, obtaining their third party food safety certifications and audit. Our new industry initiative "From the Farm to the Plate," provides the vehicle to expedite and increase locally grown agricultural products, enhance consumer awareness on food safety and provide the support for Hawaii agricultural growers.

Approach

Key factors in increasing the amount of local produce sold to hotels are the increased coordination and communication among: 1) farmers with desired specialty crops; 2) packers/processors; 3) qualified distributors; and, 4) buyers. The hotel industry wishes to buy from the local farmers which are food safety certified. An on-farm food safety education program provides the "coaching" to the farmers to specific best food safety practices and disciplines in growing, harvesting, and processing. The Hawaii Farm Bureau's Legislature-funded grant-in-aid program, titled "Enhancing On-farm Performance in Food Safety to Market the Highest Quality Produce," will expire March 31, 2009 with a success factor of 34 additional requests for the HDOA Quality Assurance Division Food Safety Audits conducted in 2008.

The purpose of this new hotel industry initiative, entitled "From the Farm to the Plate" is to encourage new and existing farmers to sell more locally-grown foods to hotels by having their farms meet or exceed best practices for safe food production. On-farm food safety certification will address a number of the safety concerns for our tourists and kamaaina guests. This will also be part of the solution to reduce the amount of fresh food we import.

Recent progress

The focused campaign, "From the Farm to the Plate" is an incentive for local farmers to grow specific crops that are desired by some of Hawaii's best chefs in the hotel industry. It also increases the safety of locally-grown foods as the program requires that all suppliers pass a third party certification and audit, acknowledging that the farms know and use best farm practices and meet GAP (Good Agricultural Practices).

An initial orientation to the farmers took place on Tuesday, January 13, 2009, with a workshop with representatives of the United States Department of Agriculture, the University of Hawaii, Hawaii State Department of Agriculture, and Hawaii Farm Bureau with the private sector on hand to let the farmers/growers know of the support and resources that are available if a grower chooses to transform their farm to a food safety certified farm. The hotel industry is willing to be flexible with, 1) crop rotation and seasonality, 2) increased supply/harvest from the farmers to assist them in buying their excess supply when possible, 3) monthly promotions of the specialty crops in each

hotel's food and beverage outlets and in banquets, and 4) developing unique menu offerings utilizing the farmer's specialty crops.

Requested support

Support for the HB 1471 on Food Safe Certification is requested in the amount of ___\$160,000 from September 2009 – September 2010 for two consecutive fiscal years in order to “Coach” 100 farmers over the 12 month period for food safety certification. These funds will pay for the coaching (preparation) part of the program. Currently, RETAH, the federally funded contributor to this project, will provide funds to help farmers buy sinks, toilets, tables, and other supplies needed to pass their third party audit. The RETAH funds will also pay for 100 farm audits (one per farm only) performed by the HDOA. The goal is to increase the number of food safety certified farms from the current estimate of 32 to 132 farmers by September 2010

Chair Oshiro and Vice Chair Lee, please feel free to contact us should any questions or clarifications be required. We sincerely thank you for the opportunity to develop and provide increased opportunities for the hotel industry with this Agricultural Initiative.

Mahalo and Aloha,



Victor T. Kimura
Director of Operations Support

Cc: Speaker Calvin Say – House of Representatives, State of Hawaii
Vice Speaker Michael Magaoay – House of Representatives, State of Hawaii
Mr. Joey Manahan – Chairman, Tourism Committee- House of Representatives
Mr. Clift Tsuji – Chairman, Agriculture Committee- House of Representatives
Mr. Ryan Yamane – Chairman, Health Committee – House of Representatives
Mr. Ernest Nishizaki – Executive Vice President & COO – Kyo-ya Management Company, Ltd.
Mr. Murray Towill – President, Hawaii Hotel & Lodging Association.



March 3, 2009

Mr. Marcus R. Oshiro
Chairperson
Committee on Finance
House of Representatives
State of Hawaii
State Capitol
Room 306
Honolulu, Hawaii 96813

RE: House Bill 1471 – Food Safety Certification; Pilot Program

Aloha Chair Oshiro:

Hawaii currently imports about 85% of the food for residents and visitors. The Hawaii Department of Agriculture in conjunction with the College of Tropical Agriculture and Human Resources and the Hawaii Farm Bureau Federation has been working on import substitutions for our state. The focus is not only for growing more food for our people here in Hawaii but also, having **safe foods** for all consumers.

House Bill 1471 is a Pilot Program that works in tandem with the federally funded RETAH (Rural Economic Transition of Agriculture in Hawaii) grant administered by the Economic Development Alliance of Hawaii. The RETAH program prepares farmers to “get ready” for certification by assisting them with the purchase of sinks, tables, and other supplies needed to successfully secure the third party audit.

The CTAHR program with Jim Hollyer has “coached” growers in getting ready for the audit. Funding for this program expires in March 31, 2009. To date, only 32 farms have been certified. HB 1471 will allow the coaching to continue and employ other trainers to assist with this important task.

The funding sought for this program is important to the Hotel Industry which initiated this proposal. They want to promote foods grown in our islands to their visitors, but they **must have assurances that the food purchased by the hotels from local growers are GAP (Good Agricultural Practices) certified**. They will work with local distributors who will guarantee that all products coming into their kitchens come from certified farms.

With the recent incidents within the food industry, food safety should be a priority to all concerned. Please assist House Bill 1471 with your strong support. This is good for locals and visitors alike.

I personally support this bill and my company, Alluvion, Inc. on the North Shore of Oahu would like to have safe food for all from Hawaii producers.

Thank you,

Susan Matsushima, CEO