

HB 1471

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1471, H.D. 2

April 2, 2009

RELATING TO FARMS

House Bill No. 1471, H.D. 2, 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.

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 is difficult to determine whether the fund will be self-sustaining.

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 SENATE COMMITTEE ON WAYS AND MEANS
THURSDAY, APRIL 2, 2009
9:30 A.M.
ROOM 211**

**HOUSE BILL NO. 1471, HD2
RELATING TO FARMS**

Chairperson Kim and Members of the Committee:

Thank you for this opportunity to provide testimony on House Bill 1471, HD2, relating to the establishment of a new pilot project within the Hawaii Department of Agriculture that brings together farmers and the visitor and hospitality industries and includes a food safety certification program. 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 Hawaii 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.



March 31, 2009

**Senator Donna Mercado Kim
Chairperson
Ways and Means Committee
Senate
State of Hawaii
State Capitol
Room 210
Honolulu, Hawaii 96813**

**Senator Shan S. Tsutsui
Vice Chairperson
Ways and Means Committee
Senate
State of Hawaii
State Capitol
Room 206
Honolulu, Hawaii 96813**

**RE: Senate Ways and Means Committee Hearing – April 2, 2009 -
HB 1471 HD2 – Food Safety Certification; Pilot Program**

Aloha Chair Mercado Kim and Vice Chair Tsutsui,

Kyo-ya Management Company Limited (Kyo-ya) wishes to testify in support and favor of House Bill 1471, HD2. 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 and papaya are major purchases. If pineapple and papaya were to be removed from the total local purchasing 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 and papaya 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 in applying best food safety practices and disciplines in preparing the land, growing, harvesting, and processing the crops. 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 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

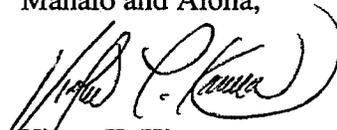
seasonality, 2) increased supply/harvest from the farmers to assist them in buying their excess supply when possible, 3) monthly promotions of the specialty crops in each hotel's food and beverage outlets and in banquets, and 4) developing unique menu offerings utilizing the farmer's specialty crops.

Requested support

Support for the HB 1471 HD2 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 Mercado Kim and Vice Chair Tsutsui, please feel free to contact us should any questions or clarifications be required. We realize that the State of Hawaii is facing difficult economic times, therefore any consideration for HB1471 is appreciated.

Mahalo and Aloha,



Victor T. Kimura
Director of Operations Support

cc: Mr. Ernest Nishizaki – Executive Vice President & COO – Kyo-ya Management Company, Ltd.

Mr. Murray Towill – President, Hawaii Hotel & Lodging Association.

Mr. Dean Okimoto – Hawaii State Farm Bureau