



ALASKA FARM BUREAU, INC.

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March 15, 2011

Representative Steve Thompson
Alaska State Legislature
120 4th Street
State Capitol, Room 3
Juneau, Alaska 99801-1182

Dear Representative Thompson,

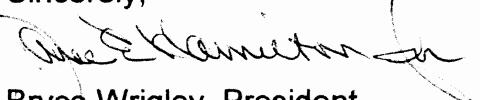
We wanted to take this opportunity to thank you for introducing HB 191 that creates a Department of Agriculture and Food. Agriculture has struggled to survive in the shadow of oil and gas for several decades. We understand the attention that oil and gas demand as they drive the economics of our state. This doesn't leave adequate attention to focus on agriculture and the importance of supplying a safe, secure and plentiful food supply to our citizens.

The Alaska Farm Bureau feels that this bill is important to every Alaskan citizen as well as the agricultural community. Since most of our food is imported, we are in a precarious position and vulnerable to the many disruptions to our transportation system that have occurred in the past and will, most likely, occur in the future. It is of the utmost importance that we produce our own safe and abundant source of food.

A Department of Agriculture and Food will give the industry the opportunity that is needed to ensure that locally grown food, - food produced in Alaska will be able to expand and develop to feed the citizens of Alaska.

If you have any questions about how HB 191 will improve and impact Alaska's agricultural industry, or if we can be of any assistance to you, please don't hesitate to contact me.

Sincerely,



Bryce Wrigley, President



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December 22, 2010

Representative Steve Thompson
PO Box 70843
Fairbanks, Alaska 99709

Dear Representative Thompson

The Alaska Farm Bureau respectfully requests your support as we pursue the creation of a Department of Agriculture in the next legislative session.

A Department of Agriculture would replace the Division of Agriculture that is currently in the Department of Natural Resources (DNR) where time and attention are focused on oil and gas.

A Department of Agriculture is not a new concept. In fact, the Alaska Territorial Legislature originally created a Department of Agriculture in 1945 and Governor Ernest Gruening named George Gasser as the first Commissioner of Agriculture. His appointment was readily confirmed by the legislature, praised by Alaska newspapers and widely welcomed by Alaskans.

We envision a streamlined Department that would be funded at about the same level that the Division of Agriculture currently is. The Department should focus on development of agriculture as the best way to achieve food security. We need a department that is focused on, and is supportive of the industry. Alaska's citizens deserve one. Alaska's farmers and ranchers must have one to survive.

Food production and food security should be the number one priority in Alaska. There is approximately a 3-5 day supply of food in the state. The majority of all of our food comes from the Lower 48. We are dependent on a food distribution system that has been disrupted several times due to natural disasters as well as those created by man such as longshoremen's strikes and of course, September 11th.

Farmers and ranchers are thwarted by regulations that prohibit the growth of the industry, preventing us from resolving the food security dilemma. Inspection services for farm products, veterinary services, and farmland issues are currently functions of several different agencies and would be more efficient if located in a single department - a Department of Agriculture.

The phrase "If you eat, you are involved in agriculture" is not just a catchy tagline. It is a truism that all of us need to pay better attention to. We look forward to working together to improve Alaska's food security by increasing food production and ensuring that our citizens have access to an abundant, safe and healthy food supply grown in Alaska.

Over the next few weeks we will be providing you with additional information, which will serve to brief you more fully on this issue. If you have any questions, please don't hesitate to contact us. We look forward to working with you on this very important issue.

Sincerely,

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To Whom it May Concern:

The Alaska Farm Bureau represents 350 farm families throughout the state of Alaska. At our Annual Meeting in November, we voted to pursue creation of a Department of Agriculture for Alaska. The motion passed unanimously.

For almost 30 years, agriculture has struggled to survive in the shadow of oil and gas. We do not resent or regret the attention that those natural resources receive, for we agree that at this time they drive the economic engine of the state. Unfortunately, after adequate attention has been focused on those resources, there is simply no more time in the day for DNR managers to address the vital importance of agriculture in Alaska.

We import almost all our food and as a result our food supply is in a precarious state in the event of any number of possible disruptions to transportation. We believe agriculture can do much to increase our food security – not only on the road system, but in remote rural communities as well.

A strong agricultural base is absolutely vital to Alaska for several reasons. Enhancing food security is just one. Improving rural communities by creating jobs and work allows rural residents to remain in their communities. Many secondary jobs are created when there is a strong agriculture industry, including jobs in transportation, processing, and marketing.

Most dollars from the sale of agricultural products stay in the community and state. Economists use a multiplier of 8 for such sales compared with about 2 or 3 for oil and gas. The result of this turnover is a stronger economic engine.

I could continue with the social benefit to remote rural villages, beset with alcohol, drugs, and violence. Millions of dollars are spent for intervention programs that treat the symptoms, but do not address the cause. I believe agriculture establishes a connection with the land and gives people a reason to live and work, and builds pride by providing for themselves.

The end result is that given the importance of agriculture to the social and economic health of Alaskans, there must be a more streamlined method of charting the course and accomplishing the mission of feeding Alaskans, than under the current system. The multiple layers of bureaucracy through which plans,

budget, and initiatives must pass under the current structure provides too many opportunities to sideline critical functions because while they may meet the needs of the agriculture industry, they do not meet the priorities of DNR. Consequently, valuable resources to the state never make it to the cabinet level where agricultural resources can be coordinated among agencies to meet socio-economic needs.

Many are concerned about the cost of creating a new department. We believe that properly structured, the cost of a Department of Agriculture need not be significantly more than the current division. The discussion we should be having is whether the value of the new department, in efficiency, purpose, and widespread benefits to urban and rural residents alike, will make it a bargain for Alaska.

We believe it can.

Sincerely,

Bryce Wrigley,
President, Alaska Farm Bureau



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January 5, 2011

ALASKA NEEDS A DEPARTMENT OF AGRICULTURE – REASON #1

As explained in our last letter, the Alaska Farm Bureau is pursuing creating a Department of Agriculture. There are many significant reasons for this – benefiting the Alaskan consumer as well as the Alaskan farmer. In the next few weeks we will address some of them.

Agricultural Inspections need to be consistent, reliable and conducted by the same department.

The Division of Agriculture is currently responsible for inspecting crops and shell eggs (poultry), elk fencing and farming licenses and beehive registrations. Seed potato inspections are made in the field during the growing season as well as the crops after harvest. The Division of Agriculture administers seed potato and tomato plant regulations for nurseries and garden centers.

Producers participating in the Alaska Grown program are also subject to inspections to ensure produce meets the Alaska Grown quality requirements.

The Office of the State Veterinarian is responsible for the surveillance and control of animal diseases as well as the inspection of sanitary conditions of dairy farms, milk, cheese and ice cream processing equipment and facilities and the issuance of their permits.

There are specific regulations regarding the export and importation of both pets and domestic livestock. Wild bird flocks as well as domestic poultry are tested for H1N1 (Swine Flu). Domestic livestock are inspected and tested for several diseases such as Brucellosis, Johannes Disease, TB, etc.

The Office of the State Veterinarian is currently under the umbrella of the Department of Environmental Conservation. This separation from agriculture

coupled with the intense regulatory mindset of DEC results in disenfranchisement of the agriculture industry from one of the most important offices that should support development of a healthy local food production industry.

The Office of State Veterinarian used to be located in the Division of Agriculture and was viewed as a resource by the agriculture community. We propose returning the State Veterinarian to the Division of Agriculture because we believe it will serve the industry better by improving the working relationship between the State Veterinarian and agriculture.

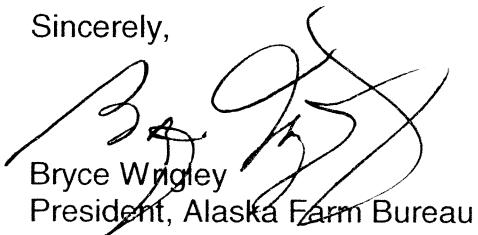
We also propose transferring the inspection services of all local agricultural products to the new Department of Agriculture. There is a different mindset in the Division of Agriculture than what exists in the strict regulatory mentality of DEC. The Division of Agriculture has a mission to work with producers to accomplish food production. The Division of Agriculture already performs many inspections of agricultural products and when problems are found, their approach is to work with the producer to correct the problem.

This is not the policy of DEC, whose stance is to rigidly enforce regulations and ignore the calls of legislative oversight committees to modify overly strict rules that obstruct local food production. Regulations that ensure a safe food supply need not be a barrier to local food production systems if there is a willingness for the state and the industry to work together. However, that goal can best be achieved by inspections being housed in a Department of Agriculture with the goal of increasing our food security through increased local production and reasonable inspection standards.

In closing, we need to create a more business-friendly climate for food production and processing. Alaska needs to produce more of our own food to supply in-state needs in times of emergency. The importance of developing our food producing resources cannot be overstated. It will take time to increase our production and processing, so that it is available when it is needed. This process can best be accomplished with a Department of Agriculture that houses all the state services that affect agriculture.

Please contact us if you would like further clarification or additional information regarding this letter. We will be happy to provide documentation and examples of how the state agencies can participate in the development of a more secure food supply.

Sincerely,



Bryce Wrigley
President, Alaska Farm Bureau

**Key Provisions of Dept. of Agriculture
from the Alaska Farm Bureau, Inc.**

Using the current budget for the Division of Agriculture, we propose forming a Dept. of Agriculture for Alaska to more effectively guide agricultural policy during this critical time. Alaska is far too reliant on importation of food. When a disruption of the transportation occurs, which happens all too regularly, Alaskans suffer. This is especially obvious in the remote rural areas, but the major impacts would be felt in the urban centers, simply because the majority of Alaskans live there.

The state suffers from the lack of attention to agriculture. Let us consider that with agricultural products on the farms, storage barns, and feedlots of Alaskans, we become more able to weather the effects of natural disasters or widespread pandemic. Alaskan farms can produce the variety of food needed to provide a balanced diet.

What we lack is a focused agency that houses the needed services that government can and should provide. Inspection of locally produced food and processing is currently under DEC, as is the state veterinary. We believe moving both these functions back to Agriculture would greatly facilitate the development of agriculture and the attendant processing needs. There is a simple, but powerful difference the attitudes of facilitation and regulation exert on the business climate.

To this end, we suggest the following adjustments:

Creation of a Department of Agriculture – DNR is rightfully absorbed with oil, gas, and mining. There is no time and very little support for agriculture in the shadow of these topics. Yet feeding our citizens healthy, nutritious food and securing its supply for Alaska is important enough to warrant a higher level of support from the administration.

1. Under the Dept. of Agriculture, inspection services of all agricultural products and State Veterinary services would be transferred from DEC along with the budgets for those services.
2. ARLF would remain with the Dept. of Agriculture. This is important because banks will not lend on land subject to ag covenants. Therefore, lending options for ag producers are limited. Not only does the ARLF lend on farm enterprises, because it is housed under agriculture, there is a better understanding for the ag of the risks and opportunities relating to agriculture than other state loan programs have.
3. Plant Material Center (PMC) functions would continue with the new Department of Agriculture to develop and propagate seed for agriculture.
4. Oversight of all land classified for agricultural development will be moved to the Dept. of Agriculture. Alaska has a limited amount of land suitable for agriculture, much of which has been designated as such. When a borough, municipality, or the University receives land, those ag covenants do not transfer with the land. This reduces the amount of land available for growing agriculture. The state land

designated for ag development that currently remains, must be protected from losing those covenants. The Dept. of Agriculture is the logical entity to identify land for disposal to the private sector for development. They need to have funding to survey it, put in pioneer access to it, and dispose of it to people interested in farming and ranching.

5. Budget

- a. Recapitalize ARLF and stop funding operations from the loan fund. The fund was set up to revolve, however some operational cost are drawn from the loan fund, resulting in a gradual decline of money available for lending to farming operations.
- b. Fund all Dept of Agriculture functions from budget, including Mt. McKinley Meats, the loan officer positions, and any other expenditures currently being drawn from the ARLF. This legitimizes the functions performed by the Dept. of Agriculture with a budget, and preserves the corpus of the revolving loan fund.
- c. Include agriculture education in budget. This might be funded from a percentage of the sale agricultural land, but it is important that the next generation be informed about where their food comes from and what they can do to participate in that process or else food production in Alaska will only last for one generation.
- d. Statutory regulations regarding loan policies.

6. Develop a Food Safety plan for Alaska. The Department of Agriculture will develop a plan to address food security in Alaska by providing for the expansion of local production. There is no other method of ensuring our food security because all other sources depend on the same transportation system we currently depend on. Food produced in Alaska and stored in the vegetable barns and cellars, grain bins, feedlots, dairies, and ranges of Alaska are 2500 miles closer to their end user, greatly facilitating access to food in the event of a transportation disruption. Several aspects of this plan need to be put in place while there is time including:

- a. The scheduled sale of ag land. State owned land is not producing land. It must be put into the hands of farmers who are determined to work it and produce on it.
- b. Regulations need to be designed to encourage a cottage industry for food production and processing. Small scale operations will provide the pool from which larger operations will emerge as they see growth in their markets. One model for accomplishing this is in Oregon, which allows a small producer to sell to neighbors.
- c. The Dept. of Agriculture can play an important role in facilitating small scale infrastructure development including mobile processing, inspections, land disposal, village food production projects, and farm financing. It is critical that through it all, the Dept. of Agriculture stay focused on improving our food security by facilitating growth of agriculture.
- d. The Department of Agriculture must proactively renew expiring livestock leases in a timely manner. Livestock leases are integral to the red meat industry, which is vital to our food security. Some producers have been

waiting years to get their leases renewed while the state determines what the wisest and best use of the land is and whether the lease cost need to be raised. Boiled down to the essentials, the Dept. of Agriculture will recognize that:

- Grazing leases are indicative of Agricultural land, therefore it has already been determined that agriculture is the highest and best use for it.
- Improvements made by the leaseholder should be credited toward the lease price, not charged extra for. In other words, when a rancher has put in livestock wells or working facilities, he should not be charged extra for them by the state when the lease comes up for renewal since the state had no part in making the improvements. Instead, the improvements should weigh in favor of the rancher as evidence that he is a good risk.
- Preference rights should be allowed if the current leaseholder continues to raise animals. This encourages the rancher to invest in improvements because the expenses can be amortized over a longer period of time.
- New leases should be for a minimum of 20 years to allow reasonable stability for financing improvements and making management decisions such as increasing his herd.