

RECOMMENDATIONS TO THE
DEPARTMENT OF AGRICULTURE
AND
THE OFFICE OF THE GOVERNOR



BY THE
AGRICULTURAL BOARD OF COMMISSIONERS

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RECOMMENDATION

Presented To:

Guam Department of Agriculture

Governor of Guam

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Acknowledgements

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Introduction

The Agricultural Board of Commissioners was established by P.L. 20-176 with powers of review and recommendations regarding agricultural zoning, pest control, an agricultural development plan, agricultural loans and related matters. With this enabling legislation, the Board came up with recommendations to deal with support services to meet the production goal of \$15 million dollars worth of farm products by 1993.

Farming on Guam today is a complex business with more opportunities and jobs available in the non-farming area as a result of the tourism-related boom. As agriculture progresses, there are fewer people to work the farm with many of the farmers being much older with little interest from heirs to carry on the tradition of farming. Despite these constraints, the Board felt it may be able to focus attention on institutional constraints that may be corrected, thus increasing production.

The following are recommendations to guide the agricultural sector toward the desired results. In general, these desired results include a broader economic base and a viable agricultural sector. The initiative as proposed by the Agricultural Board of Commissioners for orderly development of the island's agricultural sector has 9 components:

- 1) Water
- 2) Land
- 3) Labor
- 4) Marketing
- 5) Education
- 6) Tax rebate
- 7) Financing
- 8) Insurance
- 9) Pesticide regulation

Water Resources

Farmers of Guam need an irrigation system which would provide a regular and ample supply of water if Guam's agricultural productivity and output is to increase. The present islandwide system is unreliable due to water shortages brought on by seasonal variations which is a direct result of severe drought and an inefficient water distribution system.

Recommendations

- 1) Upgrade agricultural water systems by increasing the size of the main water lines with sufficient water pressure.
- 2) The agricultural water rate (P.L. 9-42) must be closely scrutinize to minimize abuse.
- 3) Protect water resources by requiring farmers to install a back-flow preventor system.
- 4) Investigate alternative sources of irrigation water such as recycled water. There are over 3 million gallons being dumped into the ocean each day which could be utilized by primary sources for irrigation purposes.
- 5) Examine possibility of establishing a reservoir system which will store the recycled water as compared to dumping into the ocean. The reservoir will then be used to distribute to farming areas.
- 6) GEPA and PUAG to develop a feasibility study and identify federal grant which could make the alternate source of irrigation feasible.

Land

There are two types of farm lease programs. The land use permit is administered by Land Management and involves an acre lot. This is an yearly lease program with the goal of having small scale farming operations. The program is a failure with most of the participants erecting permanent dwellings with little or no agricultural activity. The second program is a long-term agricultural lease that involves large acreage for commercial agriculture. This program is administered by the Department of Agriculture. Enforcement has been lax for many years and only a few farmers are producing on a commercial scale basis. The administration of the program has serious problems such as non-registration of Government lands which is required for administrative transfer and leasing purposes. The procedures to obtain a land lease is rather lengthy. The screening and approval process is done by the Department of Agriculture and the Governor and then must undergo further approval by the Legislature.

Recommendations

- 1) All land identified for agriculture (farming) be surveyed, mapped and registered by Land Management and then turned over to the Department of Agriculture for leasing purposes.
- 2) All land designated as agricultural (farming) tracts remain zoned agricultural (farming) in order to protect the agricultural (farming) sector from other development intrusion.
- 3) The changing of an agricultural zone area should be closely scrutinized by the Department of Agriculture.
- 4) The right-to-farm law needs to be considered to protect against the demise of agricultural land.
- 5) The enforcement of all land lease and land use terms should be followed and that an awareness or educational booklet should be developed to clearly present the terms of the program.

Labor

Farm work on Guam is considered of low social prestige. With attractive jobs in the federal, local and private sector, there is little aspiration for farm work. The University of Guam's College of Agriculture & Life Sciences have few local graduates that often end up working in Government jobs catering to the agricultural sector. The H-2A program which allows temporary workers into Guam may not prove viable due to the small size farms on Guam. Attempts are being made to bring in temporary workers under the H-2 program which presently allow temporary construction workers to be brought into Guam.

Recommendations

- 1) To continue to press for Legislation with the U.S. Congress to allow temporary agricultural workers to come in under the H-2 program.
- 2) To bring in programs such as the Future Farmers of America (FFA) into the school curriculum to expose school children to the opportunities within the agricultural sector.
- 3) Bring the 4-H and other youth programs of the Cooperative Extension Service into the villages and to provide the needed personnel to increase the areas dealing with agriculture. Presently, current practices being done are such that agriculture is being used as alternative education for discipline purposes.
- 4) Examine other technological advances which reduces labor requirements on the farm and that the College of Agriculture & Life Sciences be given the leading role in seeking labor efficiency.
- 5) Examine pay incentives which could attract more people to work in the agricultural sector.

Marketing

A centralized public marketing facility is needed to adequately facilitate marketing activities related to agriculture. Also, local agricultural products are competitively disadvantaged against imports as the importers, who could provide a steady flow of agricultural products is at an advantage.

At present, farmers are faced with an unorganized market scheme and poor marketing conditions. There is no coordination between production and distribution. This is detrimental to the growth of the agriculture industry as the farmers who grow crops and raise livestock and aquaculture products expect to receive monetary returns and are discouraged when their goods are not easily marketed after harvest. In 1980, the agricultural imports total more than \$7 million as compared to over \$2 million in local agricultural products. In 1988, the agricultural products totalled about \$7 million.

Recommendations

- 1) Provide for a centralized marketing facility where buyers and sellers meet for wholesaling and retailing of local produce and local products from cottage industries. The marketing facility will coordinate the buying and selling activities.
- 2) Improve storage facilities for holding of produce to maintain quality of goods.
- 3) Coordinate production to meet market demands.
- 4) Provide a locally grown stamp or tag to differentiate locally grown from imports.
- 5) Develop and maintain a certified USDA processing facility for livestock and aquaculture products, also for fruits and vegetables.
- 6) Coordinate the marketing information system between the cooperating agencies, such as CALS and Department of Agriculture.
- 7) Provide and maintain a pilot food processing facility which will develop additional uses of most agricultural products. This should be closely coordinated with the Home Economics program of the Cooperative Extension Service, UOG.
- 8) Develop an educational program addressing post-harvest handling of all agricultural products under the Cooperative Extension Service, UOG.

Education

Agriculture has not been given the attention it needs to expand. Also, it has taken a backseat to all other sectors of the economy and has received low funding priority thus making it unable to meet the goal of reducing imports. Being a consumer-oriented rather than agriculturally-oriented further compounds the situation.

Today, the agricultural sector is relatively small employing less than one (1) percent of the total payroll employment of Guam (Guam Department of Labor, March 1988) and contributing only about \$7.5 million to the economy in 1987 (Guam Department of Agriculture).

The Agriculture Board of Commissioners is greatly concern on the declining interest in agriculture.

Recommendations

- 1) Upgrade the Extension Service of the College of Agriculture & Life Sciences by increasing the number of extension agents to assist the farmers of Guam on an islandwide basis.
- 2) Provide farmers with results of research findings of the various commodities. Provide needed local funding for research activities at the Agricultural Experiment Station.
- 3) Undertake research that is feasible and based on the local needs of the agricultural sector. Funds should be identified to address specific research needs of Guam farmers.
- 4) Keep farmers abreast through an aggressive Extension Service regarding farm management and related areas affecting the production and marketing.
- 5) Provide a curriculum in Guam's high school to expose school children to the opportunities in agriculture.
- 6) Opportunities available in agriculture and related areas should be made known to youths in all levels of education. Support should be provided to the CALS program to recruit students into its agricultural and home economics program.
- 7) Provide funding for laboratories for livestock and other related activities.

Tax Rebate

In order to revitalize the agricultural sector and to guide its economic growth so that it moves toward the desired results, incentives must be granted. The qualifying certificate and tax breaks given to the hotel industry, must be examined and if feasible in the agricultural sector, should be utilized as an incentive to attract those who have the financial resources and expertise for a successful farm operation. This should be extended to corporations, partnership, sole proprietorship and others interested in the agricultural sector.

Recommendations

- 1) Request the College of Agriculture & Life Sciences Extension Service to come up with a plan of action on tax breaks to be presented to the Legislature and Governor for consideration.
- 2) Request government agencies such as GEDA, DOAg, etc. to recommend and make suggestions as to how the local agricultural industry be supported and be provided incentives which will generate interest in agriculture.

Financing

The Government of Guam has two low interest agricultural loan programs with approximately \$3.3 million available. The Department of Agriculture has a loan program with an interest rate of 4%. The maximum loan available per farmer is \$50,000. Similarly, another loan program exists at the Guam Economic Development Authority with an interest rate of 4%. This capital is sufficient to provide adequate loans to commercial farmers. However, a repayment policy must be strictly enforced. Farmers are hesitant to borrow because of the massive paperwork one must undergo before being interviewed.

Recommendations

- 1) Reduce paperwork requirement on both programs.
- 2) Turnabout time for approval/disapproval must be at least 3 working days after an interview.
- 3) Speedup rescheduling of payment schedule should a crop/farming failure occurs.
- 4) The processing of agricultural loans should be based on the needs of agriculture and not that of a commercial bank. Innovative processing and procedures need to be addressed.

Insurance

Presently, an agricultural expense insurance exist within the Guam Economic Development Authority pursuant to Public Law 13-195 but without a funding source. This insurance covers any bonafide commercial farmer engaged in the production of crops, livestock, shrimp, eel and fish. The minimum investment requirement is \$500 for crops and \$1,000 for livestock, fish, eel and shrimp. The insured must follow recommended farming practices as may be prescribed by the Department of Agriculture and College of Agriculture & Life Sciences. The premium shall be three (3%) or \$20 which ever is greater. The term of the insurance policy shall be from the date of issuance to the normal expected or actual date of harvest for crops and one year for livestock, fish, eel and shrimp. The maximum coverage for each policy is \$5,000. The subject to be insured must first be inspected by representative(s) of the Department of Agriculture and GEDA accepts the application. The Department of Agriculture must recommend to GEDA for acceptance or non-acceptance all applications for insurance. All insurance policies will be effective upon the acceptance of GEDA and the payment of premium by the applicant. The insurance must authorize GEDA representative(s) to make periodic inspection of the insured operation during the life of the policy. In the event of coverable loss suffered by the insured, the Department of Agriculture must report its analysis of the loss and submit to GEDA a recommendation for settlement of claims. GEDA will review and adjust all claims submitted and payment of the claim must be approved by the GEDA Board of Directors. All policies issued are subject to the terms and conditions as enumerated on each policy.

This program was not well-received because a farmer has to pay a premium. As a result, the Legislature responded by passing Public Law 20-84 that establishes a program to bonafide farmers for any losses to their crops or property every time a natural disaster occurs. This is direct appropriation subject to the availability of funds. This is a popular program as it is a grant given to the farmers.

Recommendations

- 1) Request the Legislature to appropriate funds into the crop expense insurance program at GEDA and to examine expanding the program to include potential income.
- 2) Tighten the criteria requirement under the crop compensation program pursuant to P.L. 20-84.
- 3) Inquire into the option where a base insurance premium be established and that additional coverage be made available to farmers needing such protection.

Government shall explore forming a partnership with a local or off-island insurance company to underwrite such a program.

Pesticide Regulation

Presently, the Guam Environmental Protection Agency requires farmers operating within the Tract I area in Dededo to submit a quarterly report on all chemicals used. Enforcement is being made to insure that the water lens area is not contaminated with chemicals. The Department of Agriculture who has jurisdiction over the Tract I area has not initiated a stringent enforcement policy.

Recommendations

- 1) Require all farmers to submit all required reporting forms to the Department of Agriculture on a quarterly basis.
- 2) Set-up a coordinated working relationship between GEPA and the Department of Agriculture to insure all concerns and requirements are met.
- 3) Efforts for local registration of chemicals for special crops be made by the Extension entomologist, the Department of Agriculture's entomologist and GEPA and should be coordinated in order to facilitate the approval for special use on vegetables.
- 4) Require that pesticide mixing facilities be developed in all farms. SCS and the Soil & Water Conservation Districts should coordinate such activity in conjunction with GEPA.