

## Testimony by Polly Owen

Once again my name is Polly Owen. (Spell)

### **I would like to address justification point 4, “*What are the expected impacts on producers, handlers and consumers?*”**

Because the handlers are the segment that would be regulated should the new authority be implemented, there would be no expected financial impact to the growers. The handlers are already voluntarily treating product that is not going to be further processed, thus increased costs are not expected to be dramatic. Depending on the option chosen for treatment, the cost could be less than the current \$0.10 per pound which is the estimated cost of heat treatment or PPO.

Because product is already being treated, the cost has already been incorporated into the price they pay. Any additional cost would be small compared to the cost fluctuations that typically occur as a result of supply and demand.

The most impactful benefit from this authority is the ability to continue to gain consumer confidence in the quality and safety of hazelnuts. The increased consumption that results would far outweigh the potential increased costs.

### **I’ll now address justification point 8, “*How would the proposal be implemented?*”**

Should growers vote to add the quality control regulation authority to the order, Board members would begin to identify what specific requirements would be appropriate under the quality authority. The Board members and designated Subcommittees including members with a thorough knowledge of pathogen control in hazelnuts would review all scientific data on the prevalence of pathogens and potential methods for control. The methods for eradication of pathogens would be evaluated for efficacy and practicality.

If the Subcommittees and Board determine there is both a need for mandatory treatment and a viable treatment or treatments available, the order’s regulations could be amended via informal rulemaking, to effectuate mandatory protocols.

The Subcommittees and Board would develop policies and procedures for the certification of acceptable processes, facilities, and record-keeping. It is anticipated that additional committees would be established to serve as reviewers of such processes, treatment facilities, and handlers’ treatment plans. Where practicable, much of the organization and implementation of mandatory treatment regulations would be modeled after the almond marketing order’s current mandatory treatment requirements.

**Finally, I will address justification point 9: “ How would compliance with the proposal be effected? (Explain / Quantify)”**

If treatment of product is mandated, a system would be created for handlers to submit annual treatment plans, including treatment processes, facilities used, and efficacy documentation. The Board and relevant Subcommittees would review and approve or reject submitted plans on an annual basis with regular submission of documentation. The Almond Board of California, which administers the almond marketing order, has developed a successful working model that could be used as a basis for the hazelnut industry to follow.

The Board staff would be charged with monitoring compliance with any new regulations established under the proposed quality control authority. The handlers and Board staff have a history of working together on reporting, payments and other issues such as volume control. If implemented, the mandatory treatment regulations would include detailed compliance and verification provisions to ensure that the regulations are thoroughly understood and followed by handlers. Those provisions would require handlers to submit verification plans to the Board and maintain records to substantiate compliance with the regulations.

Additional costs to the Board to effectuate compliance with any new regulations enacted under the proposed order amendment should be minimal. The primary additional compliance task assigned to the Board staff would be to receive, document, and approve verification plans from the 17 handlers each year. That task should require less than 20 additional personnel hours per year and could be incorporated into the duties of existing staff.

To ensure all handlers operate under an approved verification plan, existing regulation safeguards could be modified to include mandatory treatment of outgoing product. All outgoing product is already subject to inspection under the order by the Federal-State Inspection Service. The scope of duties for inspectors working inside a handler's facility could potentially be expanded to certify handler compliance with such handler's approved verification plan.

The most compelling deterrent to handler non-compliance is the fact that any issue with food safety will have a devastating effect on the entire industry. It is in the best interest of every handler to ensure all handlers are using proper procedures for safe product.

Like all cases of suspected compliance violations, the Board staff would prepare violation evidence and turn the case over to MOAD. Compliance enforcement activities regarding mandatory treatment requirements should be few. As such, the cost of originating a compliance case against a handler for a violation of any mandatory treatment requirements that may be established as a result of this proposal cannot easily be estimated in terms of administrative expense and staff time allocation. However, the Board believes that the potential benefits of regulating quality outweigh any of the potential costs of ensuring compliance with such regulations.