

STRATEGIC UPDATE QUESTION/ANSWER

(1) What are Indiana's biggest opportunities in agriculture?

- The opportunities for Indiana agriculture are wide-ranging-- from next generation biofuels, to livestock, hardwoods, locally grown and small entrepreneurial farms, to innovations allowing us to supply markets we haven't dreamed of yet.
- No one can predict which opportunity will have the biggest payoff; the idea of the strategic plan is to pursue a portfolio of opportunities which give us the best odds.

(2) What are the biggest threats to continued prosperity in Indiana agriculture?

- In the short term, the largest threat is the potential impact of the economic downturn on our livestock producers. Slowed demand combined with high input costs have created significant challenges for profitability.
- Longer term the biggest threat is the growing disconnect between the realities of agriculture production and consumers understanding of it.

(3) Will budget issues constrain ISDA's ability to accomplish its mission under the strategic update?

- Obviously the legislature has not passed a budget for the upcoming two years and as such ISDA's final budget has not yet been determined.
- That aside, we feel we can accomplish our mission with the budget resources that Governor Daniels has proposed-- knowing that like many Hoosier farm families we will need to look for ways to be innovative in how we use our funds, look for partners across many initiatives, and leverage more federal dollars wherever possible.

(4) Does this new plan replace ISDA's old strategic plan?

- First, the material we share today is not a new plan for the Department. This is an update to build on the success the Daniels Administration has achieved in the strategies put forth when the Department was created four years ago.
- As opportunities and challenges evolve, so must the activities of ISDA to best serve its industry customers. The Strategic Update is merely an evolution of the Department's priorities.

(5) Are you no longer planning to double pork production?

- The Daniels Administration remains deeply committed to the pork industry in this state. Pork is one of Indiana’s natural strengths as we rank 5th in the nation in pork production.
- Several important aspects of the updated livestock initiative:
 - First, at a 3% annual growth rate pork production would double in 25 years.
 - Second, while this strategy under the plan as drafted in 2005 was focused on pork exclusively it is important to note that we have learned that our efforts in technology development and land use tools to better integrate livestock agriculture into community planning have created conditions in which we have seen growth in nearly all livestock species.
 - Third, we felt it was important to state our commitment to growth in the livestock sector only when it is done in an environmentally and economically-sustainable manner.

(6) Can you realistically grow biofuels and livestock?

- Even with the volume of corn consumed with our current corn-based ethanol production, Indiana still exports over 300 million bushels of corn-- or about a third of all we produce-- each year. There are currently adequate supplies of corn to support both industries.
- In addition, the next likely opportunity in biofuels and the focus of our effort will be in cellulosic ethanol production, which does not compete directly with animal feed.

(7) How does the regulatory coordination strategy impact implementation of the Ag Regulatory Task Force report?

- Under the regulatory coordination initiative, the Department will advocate for regulatory provisions, including land use, that are based in science and do not impede economic development. The Department is uniquely positioned to take on this task because it does not carry out any regulatory functions beyond those duties prescribed under the grain licensing statute.

- The Ag Regulatory Task Force is an initiative of the Lt. Governor. The Department was one of several government agencies to take part in this activity and will not have any responsibility for implementation of the report.

(8) Will ISDA still conduct trade missions in the future?

- Despite a slow global economy, the Daniels Administration remains committed to international trade-- knowing its importance to Indiana agriculture and the importance of having these relationships in place once strong demand resumes for agriculture products.
- Going forward, ISDA will look for innovative partnerships through which to conduct additional trade missions in the future. Even on limited budget resources, we believe this activity is feasible as we have learned from past experiences how to conduct these efficiently and leverage funding from sponsors and other outside sources. A good example of this is Mike Seidl, our hardwood staff contact, who traveled with national hardwood industry interests this spring to Dubai-- a trip that has resulted in the sale of several containers of Indiana hardwood.
- Lastly, we will continue to welcome visiting delegations to Indiana who are interested in purchasing Hoosier commodities.

(9) Is it realistic to work towards growth in the livestock sector when those producers are currently experiencing economic trouble?

- Livestock producers in many species both here at home and around the country are currently experiencing difficulty due to a global economic downturn as well as the cyclical nature of the livestock industry.
- As the world economy recovers and a growing global middle class adds animal protein to its diet, it will look to the Western hemisphere to provide it. For that reason, the Daniels Administration remains committed to this industry which contributes \$2.5 billion dollars to the economy each year. Now is a time to best position Indiana livestock producers for the next opportunity.

(10) The environmental stewardship strategy doesn't mention CRP or other farm bill conservation programs-- will the conservation staff continue to still assist landowners with implementation of those programs?

- This has been an important role for this area of ISDA staff around the state and will continue. However, we will also be looking to broaden their function into new activities.
- The idea behind Environmental Stewardship strategy is to leverage the expertise of this very dedicated group to create additional value-added opportunities for producers and assist with current and future regulatory challenges such as carbon sequestration, hypoxia and air quality.

(11) What is the state of a branding initiative for Indiana agriculture?

- A key action item under the Entrepreneurship initiative is to facilitate development and implementation of a branding initiative to build awareness of and appreciation for Indiana agriculture.
- State agriculture branding initiatives have been tried in many states with varying degrees of success and at great expense. A considerable amount of research has been done on evaluating this concept for Indiana. We will now be working with stakeholders to design a program that can work for a wide range of sectors and that can be sustained on limited budget resources.

(12) What is the status of Biotown?

- Biotown remains a viable project in Reynolds as well as a vision to help other communities think about how to convert waste streams into energy.
- At present, the status of Reynolds is this: Recently, the town has moved forward and started construction on a wastewater treatment plant. The town is in contract with an Indiana-based company called Algaewheel. Reynolds will convert waste water into algae. The algae will then be used as a source of energy to power the wastewater treatment plant. In addition, the oil from the algae will be converted into a fuel. This should be in operation by this fall.
- Beyond Biotown, the Strategic Update incorporates concepts from Biotown in the bioenergy initiative. Here, we will be looking to take the concept of Reynolds as well as lessons learned and design a blueprint that other communities can then use to create the same concept. This concept will include a menu of current and future technologies communities might adopt and connect them with providers and other assistance.

(13) What is the status of AEDI?

- The Agriculture Economic Development Initiative (AEDI) has been an important experiment for ISDA in learning how to better connect community leaders with agriculture.
- The Strategic Update builds on the AEDI concept in the advocacy strategy which includes an action item under which ISDA will host a series of workshops around the state to introduce community and business leaders to the economic value of and opportunity in agriculture.
- Beyond this specific action item, we also see the AEDI framework as an important tool for building a network of agriculture support around the state-- support that will be important for our advocacy work in the regulatory and legislative arenas.

(14) Why do we need to look at updating the grain licensure statute?

- The current grain license and indemnity law has not been updated for some time. Since its last update, we are now under very different market conditions with more volatile markets, new types of entities and much higher grain values.
- A review of these statutes may reveal little or no update is needed-- however, it seems prudent to work with stakeholders to review the statute in light of these new conditions.

(15) What are some examples of food and agriculture projects that have come to Indiana since 2005?

- Nestle (beverage production)- Anderson, 500 jobs and \$529 million investment
- North Manchester Ethanol (POET facility)- North Manchester, 41 jobs and \$120 million investment
- Louis Dreyfus soy processing facility- Claypool, 85 jobs and \$135 million investment.
- Farbest Foods (turkey processing)- Huntingburg, 222 jobs and \$5.2 million investment.