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December 31, 1998

To The People of Mississippi:

The Mississippi Department of Agriculture and Commerce (MDAC) is charged with overseeing the state's largest industry: agriculture. Agriculture is a **\$16 billion industry in Mississippi, and we have a \$15.1 million budget to oversee and regulate it.** We are relatively small as state departments go, but we have a great deal of responsibility and are serious about carrying it out. This report has a great deal of information about what we do, but first let me give you a brief overview.

The department's mission is to **regulate and promote agricultural businesses within the state and to promote Mississippi's agricultural products throughout both the state and the rest of the world for the benefit of all Mississippians.**

MDAC has a broad range of responsibilities, stretching from **regulating foods such as meat, fish and poultry from farm to marketplace, to overseeing seeds and the crops planted by Mississippi's farmers.** Our responsibilities also extend beyond the farm, to **regulation of pesticides, checking weights and measures of scales, even certifying gasoline pumps across the state.**

Mississippi Market Development is the promotional arm of the department. Its mission is to educate consumers at home and abroad on the quality of Mississippi grown and processed food, fiber and related agricultural products. In addition, the department publishes the *Mississippi Market Bulletin*, which has served as an information and marketing journal since 1930. Twice a month, approximately 40,000 people read the articles, notices and agricultural classified ads in the *Bulletin*.

The department also **works with the United States Department of Agriculture (USDA) on several joint projects.** Through cooperative agreements with this federal agency, the Mississippi Department of Agriculture and Commerce **provides agricultural statistics, as well as a food inspection service for fresh fruits, tree nuts, peanuts, vegetables, poultry and poultry products.** The MDAC and USDA also **operate a market news service on the trading of livestock, fruits and vegetables within the state.**

The Commissioner of Agriculture and Commerce also has responsibilities beyond the department, sitting on several state boards, including:

Council of State Agencies on Agriculture
Mississippi Board of Animal Health
Mississippi Central Market Board
Mississippi Fair Commission
Mississippi Department of Environmental Quality Permit Board
Egg Marketing Board
State Seed Board
State Soil & Water Conservation Committee

As you can see, the Mississippi Department of Agriculture & Commerce does a lot. I am proud of our accomplishments, and I appreciate the hard work of our employees, as well as the help of the members of the Mississippi Legislature in making these accomplishments possible.

As we begin the 1999 Legislative Session, things are looking better than ever at MDAC. Employee morale is high, and we are poised to do great things at our department. Our pledge is to continue the improvements we have made and give the people of Mississippi the service they expect and deserve from everyone at the Mississippi Department of Agriculture and Commerce.



Sincerely,

A handwritten signature in cursive script that reads "Lester Spell, Jr. DVM".

Lester Spell, Jr., DVM
Commissioner

REGULATORY SERVICES

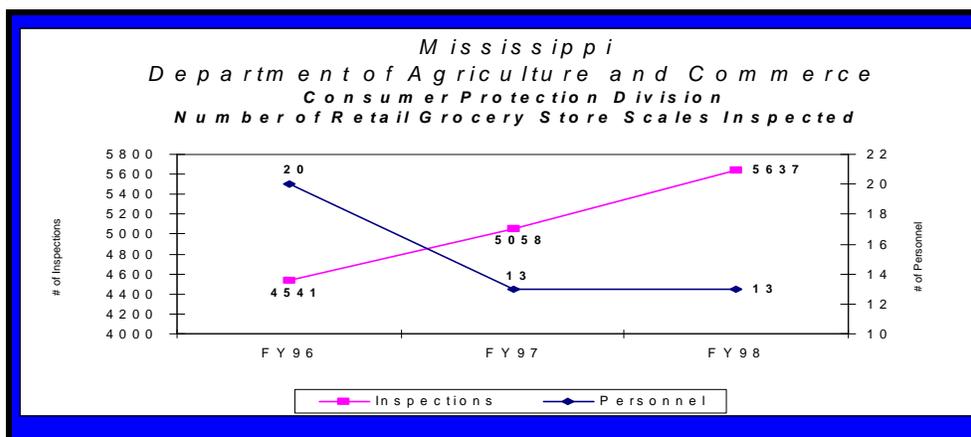


Consumer Protection

The mission of the Consumer Protection Division is to make sure the consumer receives a quality product that bears accurate identity, quantity and cost information. The division works to ensure fairness and equity in the marketplace through the administration of certain laws and regulations designed to protect the interest of the general public. We recently worked with the Federal Trade Commission on a nationwide dairy survey designed to **check the accuracy of labeled content of milk purchased by schools.**

This past year saw the passage of legislation which should reduce some past duplication of presence in certain businesses by the State Health Department and our agency. Previous inspection of frozen desserts at wholesale and retail establishments was transferred to the State Department of Health. We received responsibility from the State Department of Health for the sanitation inspection of retail food stores, facilities that we were already inspecting under authority of other statutes.

The division's biggest success story in 1998 is our continued improvement in productivity. The chart below represents increased work with fewer people.



The numbers below also give an idea of the scope of our responsibilities:

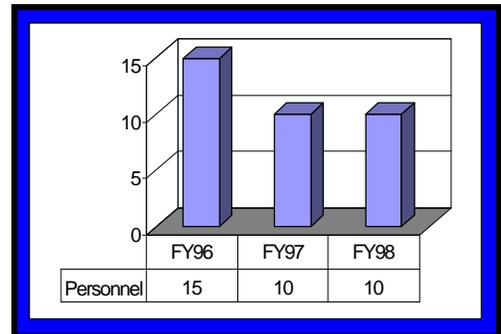
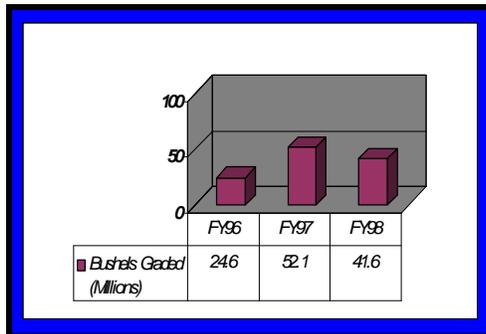
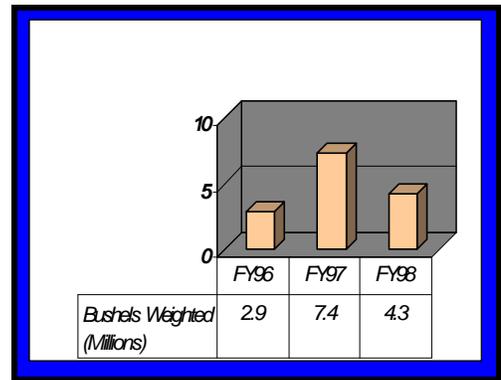
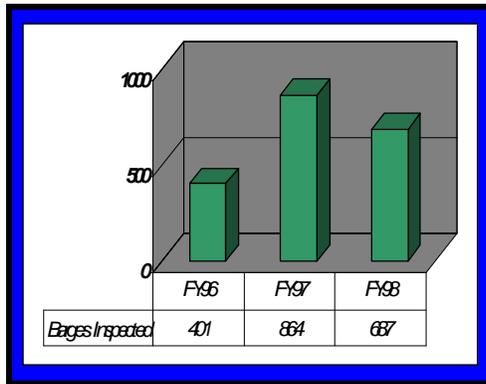
- Retail store inspections 2,739
- Pre-packaged items checked 86,509 (5% rejected)
- Cases of shell eggs inspected 43,437
- Scales tested (100 pound or less) 5,637 (5% rejected)
- Catfish product label inspections 2,821
- Syrup product label inspections 909
- Honey product 23,206
- Meat compliance 347
- Sanitation 869
- Garbage 817

In the coming year, we will further **increase our efficiency and productivity through greater computerization.** We also plan to maintain our good working relationship with other state and federal regulatory agencies and fully implement the division's inspection responsibilities under the Bird Dealers Licensing Act.

Grain Inspection

The Grain Inspection and Weighing Division facilitates the orderly marketing of grain and related agriculture products. It also promotes fair and competitive tracking practices for the overall benefit of consumers and the Mississippi Grain Industry.

The greatest overall accomplishment for the division in 1998 is the **tremendous increase in grain inspection activity conducted by a smaller staff**. As the graphs below indicate, we greatly increased the number of inspections of all types, while **reducing our staff by 40%**.



Other points of interest from the division in 1998 include:

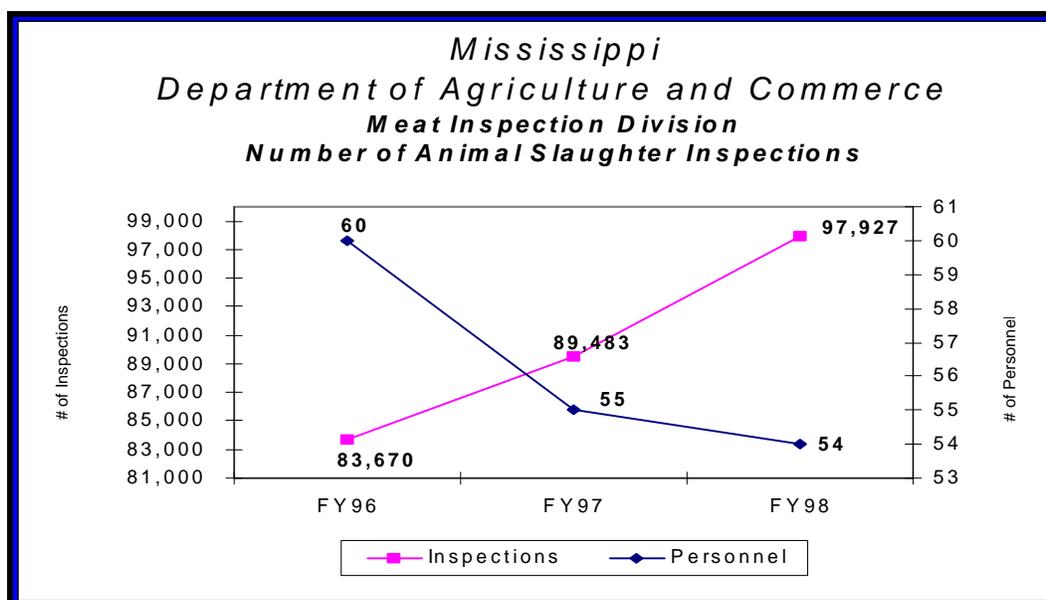
- Total fees collected \$284,919
- Number of bottles of syrup inspected 922,512
- Number of railcars inspected 251
- Submitted samples 1,266

For 1999, the goal of the Grain Inspection and Weighing Division is to **continue to provide cost effective service to the grain industry of Mississippi while entering new technologies into our daily operations**.

Meat Inspection

The Meat Inspection Division provides regulatory coverage and inspection of all establishments engaged in the slaughtering of food animals and poultry, except for those plants operating solely under federal inspection. The division also inspects the further processing of meat, meat-food products, poultry, poultry food-products and their preparation for consumer items. Finally, we inspect these products throughout formulation, packaging, labeling and distribution to retail outlets.

In 1998, the Meat Division continues to streamline operations and increase productivity. We have adopted the Field Automation and Information Management (FAIM) program initiated by USDA. The objectives of the FAIM initiative are to analyze the inspection and business practices of the Meat Division and systematically apply automation to those processes to improve productivity.



However, a simple chart does not tell the whole story. Here are some numbers that give you an idea about the scope of our division.

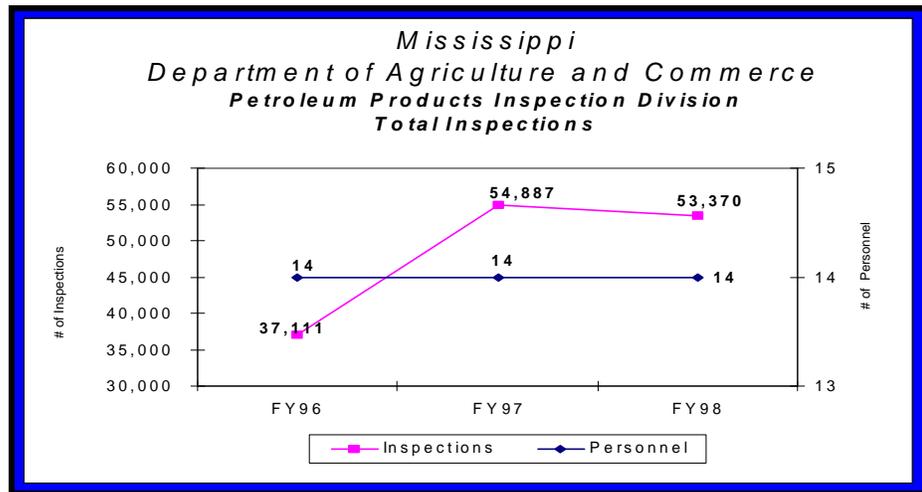
- Pounds of red meat inspected 53,685,585
- Pounds of poultry inspected 4,348,216
- Number of animals inspected 97,927
- Number of ratites inspected 1,026
- Number of meat plant licenses issued 88

In 1998, we began the second phase of Hazard Analysis and Critical Control Point System (HACCP) and Pathogen Reduction Inspection Program, which covers small meat plants. We are continuing the cross utilization work with the consumer protection inspectors in retail stores, transportation and storage facilities.

Petroleum Products

The purpose of the Petroleum Products Inspection Division is to insure that the people who purchase petroleum products and motor fuels get the amount that they pay for as well as the quality they expect. The division has ten inspectors, located throughout the state, and two supervisors, one each for the Northern and Southern Districts. Duties of the division under the law include: calibration checks of petroleum pumps; sampling of petroleum products, and regulating 3,900 approved retail outlets throughout Mississippi.

As the chart below shows, completion of intensive reorganization allowed increased productivity as evidenced by dramatic increases in the number of inspections.



➤ Petroleum pumps tested	53,370
➤ Stations registered	3,968
➤ Petroleum products sampled	2,972
➤ Violations issued	2,018

Regrettably, some retailers received more than violation warnings. The reasons for “Stop Sales” or further regulatory actions included:

➤ Stop sales for fuels violations	108
➤ Stop sales for calibration violations	141
➤ Stop sales for sign violations	18

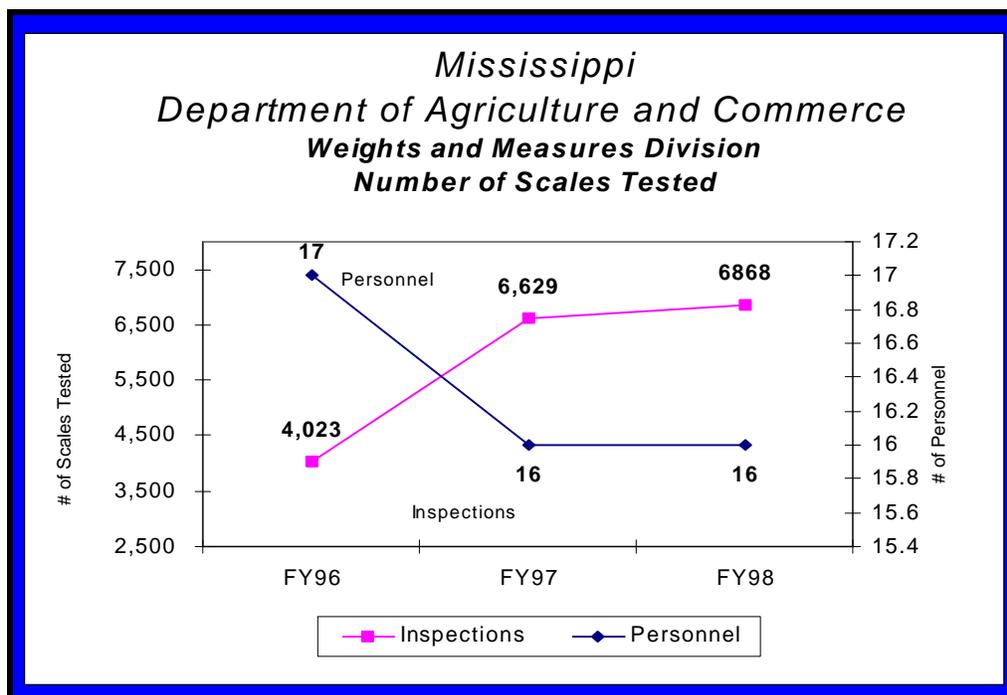
For 1999, the division’s goal is to **put technology to work by increasing productivity even more.** We are presently involved in updating reports and statistical accomplishments on the **new Mississippi Department of Agriculture and Commerce computer system.** We intend to use this information to **increase the number and frequency of station and pump inspections.**

Weights and Measures

The Weights and Measures Division is charged with the calibration and testing of all large and intermediate scales and measurement equipment used in commerce and trade; the regulation of pulpwood receiving facilities, sawmills and public weighmasters. In addition, the division provides training to inspectors on laws, rules and regulations administered by the division, emphasizing how enforcement is to be used to better serve the citizens of Mississippi.

The following were important accomplishments for this division for 1998:

- Increased inspections for the division by 3.6%
- Re-certification of our Metrology Laboratory



Other division figures show that 1998 was a very busy year:

- Pounds of feed, seed and fertilizer weighed 304,021.5
- Pounds placed off-sale for short weight 107,958.3
- Heavy scales tested 1,867.0
- Heavy scales rejected 374.0
- Intermediate scales tested 3,180.0
- Intermediate scales rejected 411.0
- All other inspections 1,821.0

MARKET DEVELOPMENT

Agriculture is Mississippi's number one industry, employing approximately 30% of the state's workforce either directly or indirectly. Agriculture in Mississippi is a 4.7 billion-dollar industry having a 16 billion-dollar impact. There are approximately 42,000 farms in the state covering 11.7 million acres. Agriculture makes a significant contribution to all 82 counties. The Market Development Division is dedicated to promoting and heightening the public's awareness of Mississippi's crops and the farmers and ranchers who produce them.

Agriculture Awareness. This means educating the public and promoting by activity within the state. Some of the many activities we conducted in 1999 were:

- Presented agriculture's message to 30 school and civic organizations.
- Participated in 7 conferences and festivals in Mississippi
- Participated in 7 out-of-state trade shows and conferences
- Conducted 20 agriculture related promotions at the State Capitol during the Legislative Session
- Distributed thousands of recipes using products grown in Mississippi
- Assisted in marketing strategy development
- Developed an interactive kiosk
- Conducted a National Agriculture Day Celebration

Aquaculture. Mississippi is a world leader in aquaculture and the Market Development Division participates in many ways, including:

- Located a market for hybrid bluegill in Canada
- Hosted meetings of the Aquaculture Task Force
- Monitored a pilot program for gamefish production
- Conducted 30 inspections to permitted aquaculture farms
- Renewed 50 aquaculture permits
- Issued 14 new aquaculture permits
- Participated in 3 aquaculture trade shows/seminars
- Provided the Weekly Catfish Processors Report to the industry
- Conducted 5 tours of catfish producers and processors for international visitors

International Trade. A major goal of the division is to enhance our state's marketing opportunities around the globe. To that end, we:

- Led a kenaf trade mission to Japan and Taiwan with the Southern United States Trade Association (SUSTA)
- Represented the Department regarding produce export opportunities in Canada (with SUSTA)
- Conducted market research of aquaculture opportunities in Canada (with SUSTA)
- Assisted FAS with tours for visiting foreign attaches

- Mailed monthly trade leads to exporters
- Counseled individuals and associations on export opportunities
- Co-hosted trade seminars sponsored through the International Trade Club of Mississippi

Public Information. A lot of our work is sending information straight to the public and to media outlets. Some of our publications include:

- *Mississippi Market Bulletin* (37,000 subscribers)
- Information to the media statewide on all important agricultural events
- A directory on 25 agricultural industries
- A directory of agricultural manufacturers and exporters
- A fruit and vegetable guide

Trade Shows and Fairs. Both of these are excellent opportunities to showcase Mississippi products. We participated in local, regional, national and international shows, including:

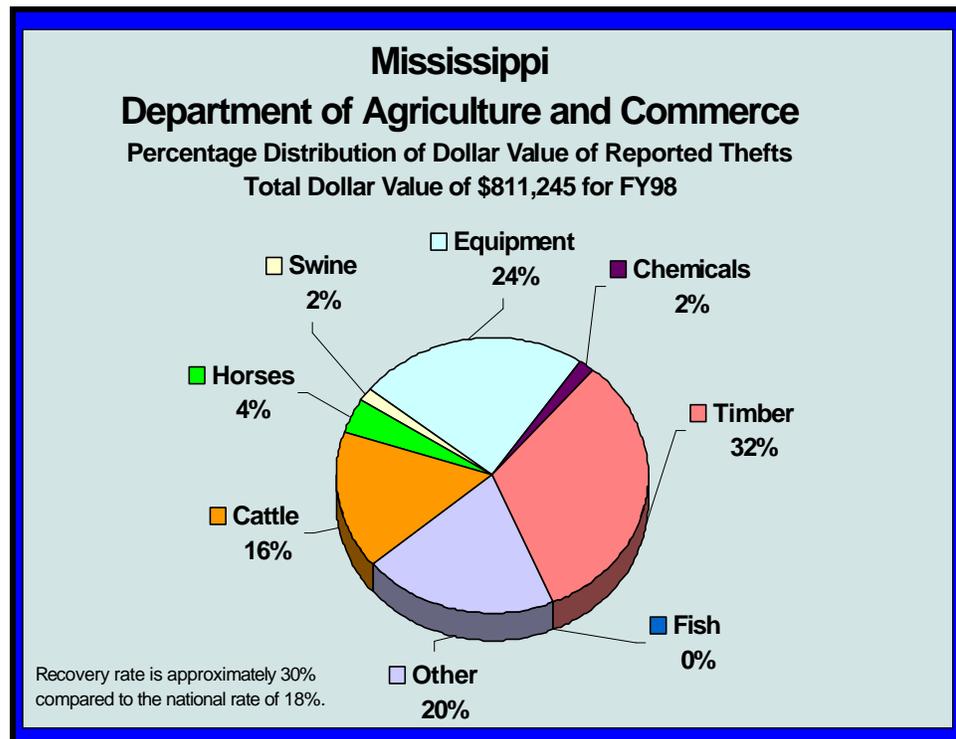
- Produce Marketing Association Show in California
- Good Living Show in Japan
- New Jersey Food Industry Summit
- Mississippi State Fair
- Catfish Farmers of America
- Dixie Farm Show
- Commodity Food Tent at State Fair
- Fish Farming Trade Show
- Leake County Farm/City Festival
- Southern Nurserymen's Association Show
- Bay Springs Field Day
- Garden and Patio Show
- North America Agriculture Marketing Officials Conference
- National Association of State Aquaculture Coordinators Conference



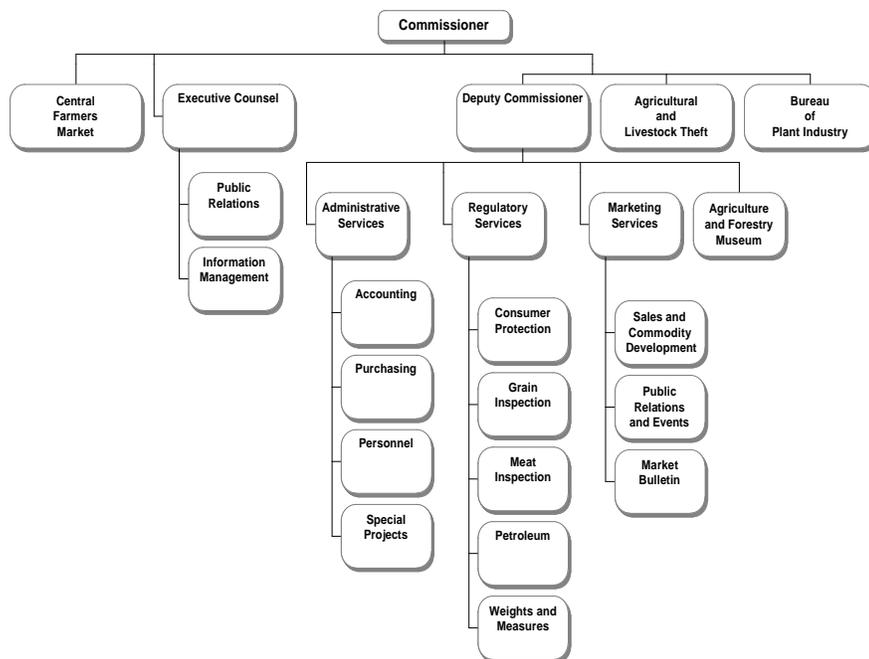
AGRICULTURAL AND LIVESTOCK THEFT

The Agricultural and Livestock Theft Bureau was created to assist in the investigation of all farm and agriculture related crimes. The bureau has a director and nine investigators, one for each Mississippi Highway Patrol District. Investigators are responsible for enforcing all state laws pertaining to theft of cattle, horses, swine, poultry, fish, farm equipment and chemicals, timber and all other farm or agriculture related crime.

In addition to its law enforcement function, the Agricultural and Livestock Theft Bureau maintains registration of all livestock brands. Livestock in Mississippi does not have to be branded; however, if they are branded, the brand must be registered. The brands are recorded for a five (5) year period at a cost of five (5) dollars. Registered brands are published in book form and distributed to law enforcement around the state. Right now, we have about 2,000 active brands on file and have registered more than 10,000 since 1952.



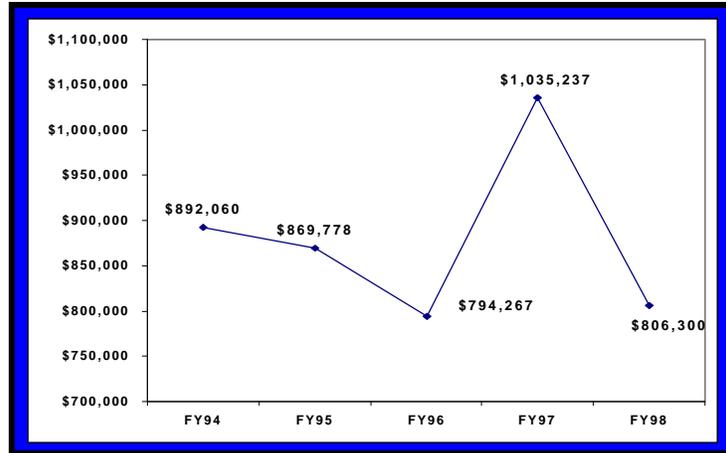
ADMINISTRATION



The Information Management Division established one of the most sophisticated networks in state government and greatly computerized departmental operations. The Information Management Division is primarily responsible for providing information technology and services to all employees of the Mississippi Department of Agriculture and Commerce.

Today, the division has installed 110 PC workstations and printers on a statewide computer network connecting the agency with remote satellite offices and the State Computer Center. The division implemented state-of-the-art office automation capabilities in word processing, spreadsheet and graphic applications, legal research, and E-mail, Internet access, and PC fax for all employees.

The division's programming staff designed and developed a new database system for the Farmers Market Nutrition Program to track recipients and generate federal reports. Also, the division staff developed a new information system to track livestock brands thus replacing several file cabinets and manual system.



In addition, the Mississippi Department of Agriculture moved from a completely manual method of tracking fixed assets to a PC based barcode system to manage and track agency's inventory items. Today, the agency successfully balances its monthly inventory to the last item and submits electronic reports to the State Auditor's office.

Also, both Market Development and Information Management divisions developed a program to aid farmers with information and training on how to use the Internet to market sweet potatoes directly to the consumers. The agency assisted in research and design of product logo using computer graphics, formulated package design, conducted market surveys, secured unique product name web site address, and served as a facilitator between the farmers and the local Internet Service Provider. This program is being promoted to include other Mississippi agriculture commodities to be sold on the Net while helping farmers add value to their efforts.

In the area of personnel, the Mississippi Department of Agriculture and Commerce has a great story to tell; **more work is getting done with fewer people and that trend is expected to continue.** In 1995, MDAC had about 350 employees; by 1998, that number had fallen below 300. In the coming years, while we expect to greatly increase productivity, total employment is not expected to rise above 300. It is important to note that the **greater productivity is across the entire department, not just in one or two divisions.**

The reasons for the increased productivity are numerous, including greatly increased use of modern computer technology, streamlining operations and planning. The department will continue to use these techniques in the future, thus reducing the number of anticipated new staff to a minimum.

The Egg Marketing Board is strictly promotional for that industry. On the other hand, the Central Farmers' Market offers a place where farmers from throughout Mississippi can come and market their fruits and vegetables to the public.

CENTRAL FARMERS' MARKET

The Mississippi Central Farmers' Market was created by an Act of the Legislature, House Bill 54 Laws of 1946. The Market was created to provide facilities for the efficient handling of farm products in the interest of the farmer, consumer, general public and the State of Mississippi.

The Central Farmers' Market operates from a "Special Fund Account." A summary of income sources: Three (3) wholesale buildings (40 stalls), two (2) wholesale sheds (26 stalls), two (2) retail sheds (20 stalls), restaurant, service station, office space, 114,000 sq ft building, fees for weighing vehicles and fees for parking vehicles for football games that are played at Mississippi Memorial Stadium.

The Central Farmers' Market provides marketing space for fruit and vegetable farmers to rent and sell directly to the consumer. This has increased the annual net profits for the farmers.

The Central Farmers' Market has a heavy truck scale 70 feet long that operates 24 hours a day, seven (7) days a week, to weigh vehicles.

LIVESTOCK MARKET NEWS SERVICE

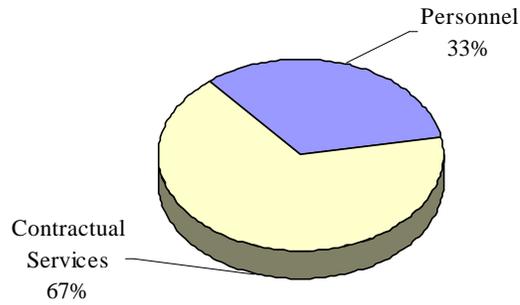
The Market News consists of eleven (11) market reporters. These men attend seventeen (17) cattle sales per week reporting number of cattle and prices at sale that day. The office consists of reporting daily summary of sales for radio, television and teletype that covers most of the United States.

FRUIT AND VEGETABLES

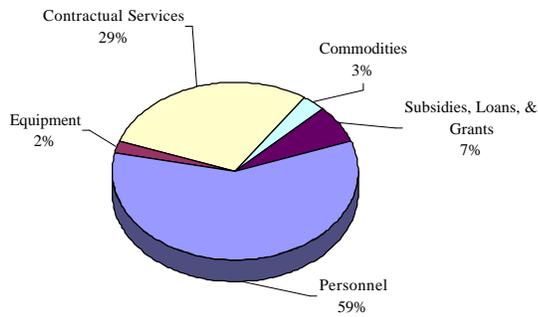
The Fruit and Vegetable Division consist of one (1) federal-state inspector collaborator, four (4) marketing specialists, one (1) fruit and vegetable inspector and one (1) part time inspector and one (1) person with the revolving fund. These people work with the farmers year round from planting to the sale of the produce. The inspectors inspect fruits, such as blueberries, and vegetables that are shipped. The marketing specialists help farmers sell his produce.

The Legislature has set up a revolving fund for fruits and vegetables. This fund will pay farmers for their produce after the Mississippi Department of Agriculture and Commerce office at Bassfield gets a signed receipt from the buyer. This will let the farmer get his money about two or three weeks before produce companies pay for it. This has been a big help to farmers. The Fruit and Vegetable Division has a part time man that works with the production and sale of fruits.

**Mississippi Department of Agriculture and Commerce
Program Budgets for FY98**

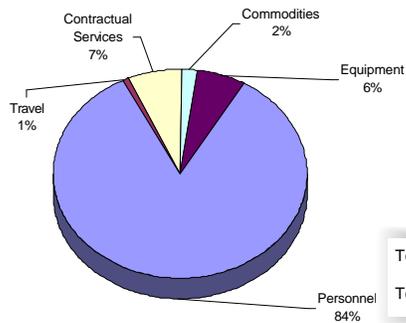


Total Expenditures	\$ 37,580
Total Revenues	\$ 49,430



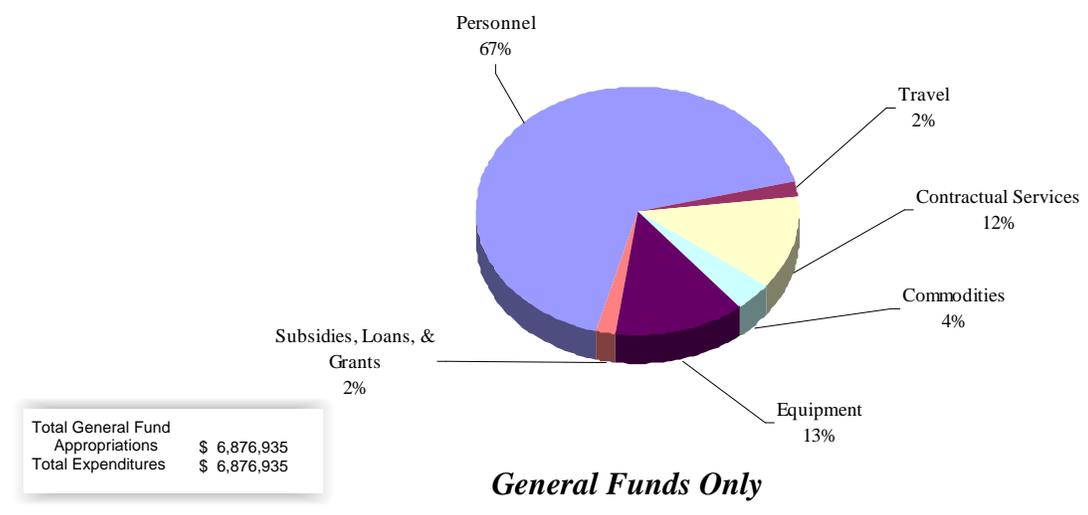
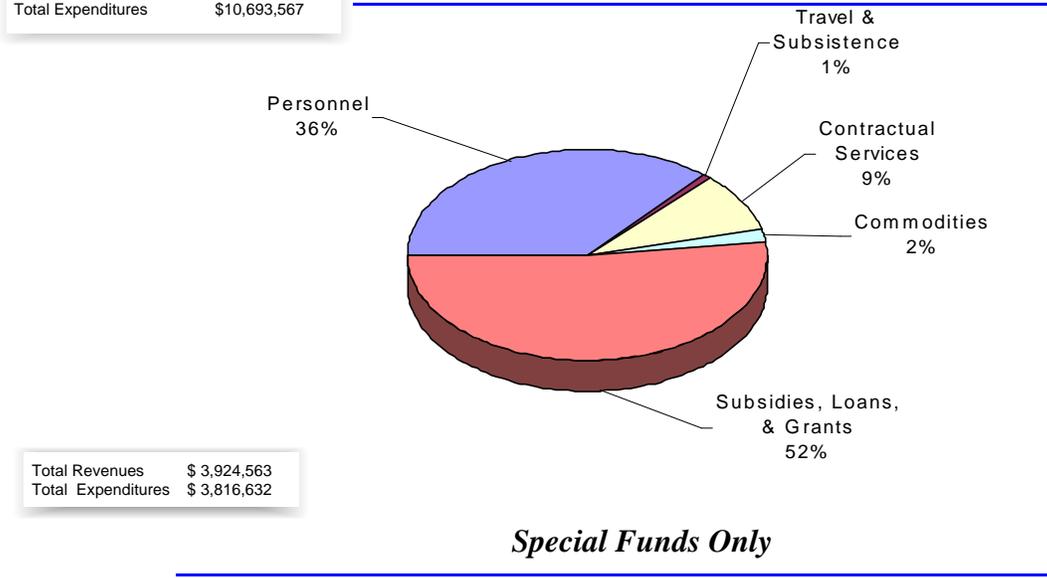
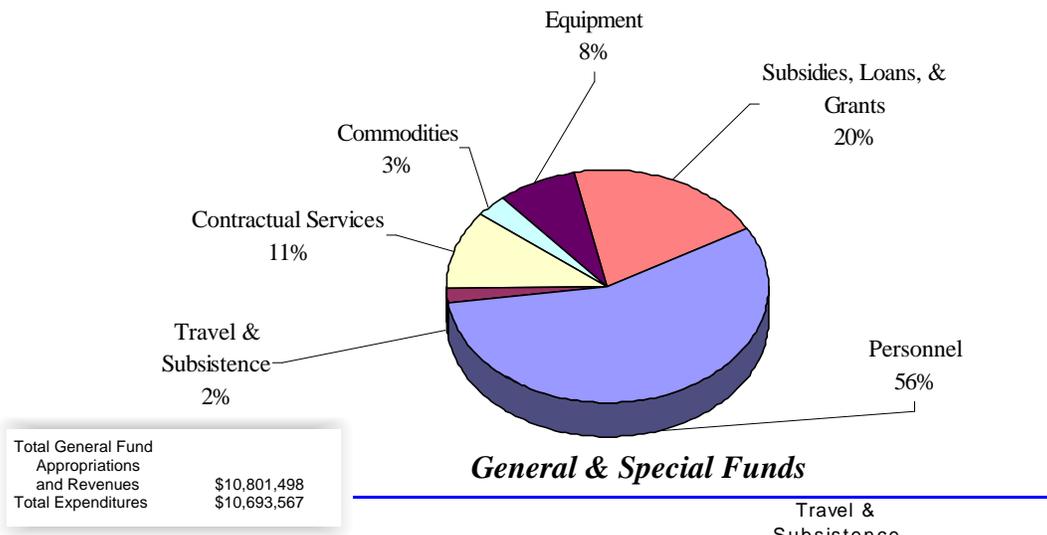
Total Expenditures	\$ 336,032
Total Revenues	\$ 379,318

Farmers Central Market - Special



Total General Fund Appropriations	\$ 643,213
Total Expenditures	\$ 449,369

Grain Division - General Funds



BUREAU OF PLANT INDUSTRY

The Bureau of Plant Industry was established under the Mississippi Plant Act, Sections 69-25-1 through 69-25-47, Mississippi Code 1972, to protect the agricultural and horticultural interests of the state from the introduction and spread of injurious insects and plant diseases. The Bureau is the Plant Protection and Quarantine Division of the Mississippi Department of Agriculture and Commerce. It is responsible for a wide range of regulatory programs pertaining to plant pests, pesticides, honey bees, seed, fertilizer, lime, plant and soil amendments, animal feed, agricultural consulting and regulation of professional services pertaining to the control of pests.

Its headquarters are located in the MDAC-BPI-State Seed Testing Laboratory building at Mississippi State University. State and district staff are responsible for carrying out the programs of the Bureau.

Plant Pest Regulatory – In 1998, the Bureau conducted several inspection, certification and plant quarantine programs for nursery stock, sweet potatoes, various plants, crops, machinery and others carriers responsible for the spread of pests and disease. No infestations of such pests were detected.

Plant Pest Survey – In 1998, personnel from the Bureau and USDA began a trapping program throughout Mississippi to determine if Japanese beetles, a highly destructive plant pest, was present. A significant number of beetles was detected in the traps.

Regulation of Professional Services – In 1998, the Bureau revised the landscape gardening examination to expand testing to include knowledge of plant material and correct plant placement in residential plans. Revisions were also made in regulations concerning control of termites and other wood-infesting insects.

Pesticide Regulatory – The Mississippi Pesticide Law was amended in 1997 to allow prosecutors the option of a felony charge for pesticide use causing undue, widespread harm. In 1998, the Bureau investigated a case involving illegal use of an agricultural pesticide in an urban setting. The misuse occurred after the amendment of the state pesticide law. The Bureau has referred the case to the district attorney in the jurisdiction where the offense occurred. The district attorney is weighing the facts of the case against the option to prosecute under the felony statute. The penalty per offense under the felony statute is a fine up to \$25,000 and a jail term of up to 20 years in the state penitentiary.

Boll Weevil Eradication – In 1998, the Bureau collected \$6.5 million in assessment fees from cotton growers in the eastern half of the state participating in the Mississippi Boll Weevil Eradication Spray Program. In late 1998, growers in the western half of the state approved a referendum to participate in the program. The Bureau has begun the procedure for collecting assessment fees these growers will pay for participation.

Waste Pesticide Collection – In 1998, the Bureau conducted eight waste pesticide disposal events. More than 214,000 pounds of waste pesticides were collected at these events and then transported out-of-state by a hazardous waste contractor for incineration.

Seed Inspection – In 1998, more than 2,900 official regulatory seed samples were collected by Bureau district personnel for laboratory check tests at the State Seed Testing Laboratory. Of the samples, just over 7 percent were found to violate proper labeling standards required by the Mississippi Seed Law.

Feed, Fertilizer, Lime Inspections – In 1998, the Bureau collected more than 4,800 feed, 900 fertilizer and 65 lime samples for analysis at the Mississippi State Chemical Laboratory. The program also issued more than 900 product deficiency penalties and assessed/collected more than \$39,000 in deficiency fines.



AGRICULTURE AND FORESTRY MUSEUM

The museum's mission is to provide safe, family-oriented, recreational opportunities in a scenic and peaceful environment. In doing so, we enrich the quality of life for all Mississippians, while promoting the state's tourism industry. In 1998 we streamlined operations, stepped up marketing efforts and placed our museum café under private management. The results were something we are all proud of:

- \$605,495 in admissions, rentals, catering, special events, and retail sales
- Net proceed from café **up 14%**

As good as the past year has been, 1999 looks even better. Coordination of efforts with other area attractions began in 1998 toward the goal of improving services and awareness of the museum so that we could take advantage of major upcoming tourist events. Other goals are:

- Form a "Friends of the Museum" type organization
- Co-promote the museum with other area attractions
- Complete major renovation projects

Based upon several major events already booked at the museum, we feel these goals for 1999 should be achieved.



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