REPORT TO THE TWENTY-SIXTH LEGISLATURE
STATE OF HAWAII
2012 REGULAR SESSION

IMPLEMENTATION OF CHAPTER 190D, HAWAII REVISED STATUTES OCEAN AND SUBMERGED LANDS LEASING

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DEPARTMENT OF AGRICULTURE
AND
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IN RESPONSE TO SECTION 12 OF ACT 176, SESSION LAWS OF HAWAII 1999

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1.0 Introduction

Act 176, Session Laws of Hawaii 1999, went into effect on July 1, 1999, allowing greater use of Hawaii's ocean resources for research and commercial development of open ocean aquaculture. In addition the law requires the Department of Land and Natural Resources (DLNR) in cooperation with the Department of Agriculture (DOA), to submit a report to the Legislature prior to each regular legislative session. This report, the thirteenth in the series, highlights related national activities and addresses the progress in implementing ocean leasing for open ocean aquaculture during 2011.

2.0 The National Scene

The United States (U.S) Department of Commerce and the National Oceanic and Atmospheric Administration (NOAA) published respective aquaculture policies in June 2011. The policies were a result of extensive review and incorporated feedback from a series of national listening sessions. In particular, the NOAA Marine Aquaculture Policy is relevant for Hawaii as NOAA has a significant presence in the Pacific region and also supports the Western Pacific Regional Fishery Management Council who manages the fisheries in the U.S. Pacific Islands. The ability to locate offshore aquaculture operations in federal waters would give Hawaii with a distinct advantage over any other states due to the access to and abundance of farmable waters.

In terms of consumption, six of the top 10 species of fish Americans like to eat are at least partially farmed. That list includes farmed shrimp, farmed salmon, catfish, tilapia, pangasius and clams. The global impact of aquaculture is even more dramatic. Aquaculture remains the fastest-growing segment of agriculture and it will continue to affect the amount of seafood and its price available on the market.

3.0 Hawaii Activities

3.1 Commercial Development Progress

3.1.1 Hukilau Food, LLC

Hukilau Foods remains in Chapter 11 bankruptcy. A new hatchery located in Campbell Industrial Park on Oahu is progressing through the City and County permit review process. All offshore activities are in a maintenance mode until financing is secured to complete the Campbell hatchery to produce fingerlings to stock the cages. Out of the four existing offshore fish cages, only two cages will be operational by years end. Two cages will be taken out of service due to age of structure and structural deficiencies.

3.1.2 Kona Blue Water Farm / Keahole Fish

In December 2010, Keahole Point Fish LLC acquired the onshore hatchery operations of Kona Blue Water Farm on the Island of Hawaii and has since made significant capital improvements in the facility located at Natural Energy Laboratory of Hawaii Authority (NELHA). Keahole Point Fish continues to upgrade equipment and business practices at the offshore mariculture site to improve operational efficiency.

Keahole Point Fish stocked the first cohort of fish completely developed by the Company in April 2011 and expects to begin harvesting in January 2012. The Company plans to continue production of Hawaiian Kampachi™ at the farm site.

3.1.3 Hawaii Oceanic Technology, Inc.

In October 2011, Hawaii Oceanic Technology, Inc. was awarded a patent for its Oceansphere - automated self positioning submersible platform for open ocean fish farming. The Company expects to execute its lease with the State before the end of the year. Once final federal permits are granted, the Company is prepared to undertake the deployment in 2012 of its first demonstration Oceansphere. Research into captive spawning of tuna and fingerling grow-out is continuing with excellent progress.

3.2 Other Activities and Major Developments

Local opposition to open ocean fish farming continued to have a legislative voice in 2011. Similar to 2010, House Bill 221 proposed a moratorium on any new permits for open water commercial mariculture operations and the expansion or transfer of any existing operations. The bill was not heard by the Legislature.

4.0 Conclusions

The publishing of a marine aquaculture policy by NOAA provides a policy framework for expansion of aquaculture into federal waters. A permitting framework is being considered today which will give prospective operations the means to move forward towards deployment. The State and Federal permitting programs should complement each other as there is overlap in jurisdiction and administration.

5.0 Recommendations

As stated in previous legislative reports, the proper infrastructure must be established to balance environmental concerns with opportunities for development. Areas for focus are governance, environmental impact and health management. Governance is crucial because there is a current lack of clear

federal responsibility and jurisdiction in governing the open ocean space and a lack of standards to protect the marine environment. Funding needs to be secured to support research and the implementation of protocols to identify and mitigate environmental and health risks for aquaculture products. Additionally, a system to disseminate authoritative information needs to be implemented to offset the misinformation about the industry that is too easily found today.