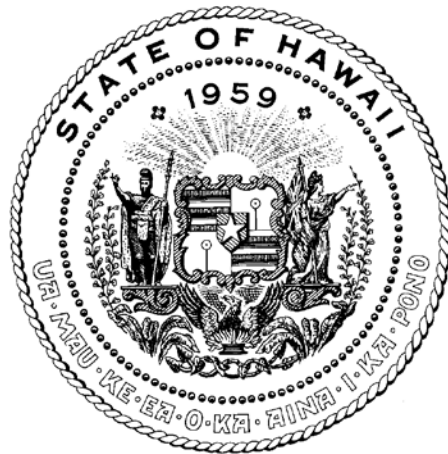


REPORT TO THE TWENTY-SEVENTH LEGISLATURE
STATE OF HAWAII
2013 REGULAR SESSION

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



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

December 2012

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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

Since the publication by the United States (U.S) Department of Commerce and the National Oceanic and Atmospheric Administration (NOAA) of respective aquaculture policies last year, the NOAA Office of Aquaculture has incorporated several initiatives to foster the development of offshore aquaculture in this country. These include shellfish, genetics, alternative feeds and technology transfer. In particular, the shellfish initiative assists by providing grants and technical assistance to states interested in shellfish aquaculture.

There are now NOAA Aquaculture Coordinators in five out of the six NOAA Regional Offices (including the Pacific Islands Region). The Western Pacific Regional Fishery Management Council who manages the fisheries in the U.S. Pacific Islands is moving forward with an amendment to their Hawaii Archipelagic Fishery Ecosystem Plan, designed to establish a regulatory structure to permit offshore aquaculture operations in federal waters.

3.0 Hawaii Activities

3.1 Commercial Development Progress

3.1.1 Hukilau Food, LLC

Hukilau Foods remains in Chapter 11 bankruptcy. The Hatchery located in Campbell Industrial Park on Oahu, is currently at the end of the City and County permit review process. All offshore activities have ceased. The four cages have been removed and operations are underway to clear the site of debris, anchors and cage ballast weights.

3.1.2 Keahole Point Fish Co.

Keahole Point Fish Co. continued to upgrade the equipment and business practices at the offshore mariculture site located near Kona in 2012. The Company successfully produced multiple cohorts of Hawaiian Kampachi (*Seriola rivoliana*) in 2012 and stocked them into offshore net pens.

Keahole Point Fish Co. has steadily increased harvest amounts through 2012 and is now exporting Hawaiian Kampachi to the mainland U.S. and Australia in addition to its local Hawaii sales.

3.1.3 Hawaii Oceanic Technology, Inc.

Hawaii Oceanic Technology continues to pursue its goal of being the first deep-ocean egg-to-plate tuna farm in the world. The patent application submitted September 2007 for the Company's Oceansphere or "Automated Positioning and Submersible Open Ocean Platform," was granted by the United States Patent and Trademark Office (USPTO) October 4, 2011. The extensive time it takes for required permits to be processed by the responsible government agencies, continues to be the biggest challenge to being able to execute the company's business plan.

Tuna larval rearing research continues. Broodstock holding tank protocols have proven to be effective and the tuna broodstock have reached sexual maturity.

3.2 Other Activities and Major Developments

4.0 Conclusions

The continued expansion by Keahole Point Fish Co. is a promising sign for the offshore sector. Hawaii must find at least two more sustainable operations to establish a sustainable industry that will generate significant tax revenue and protein production.

5.0 Recommendations

As stated in the 2011 legislative report, 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.