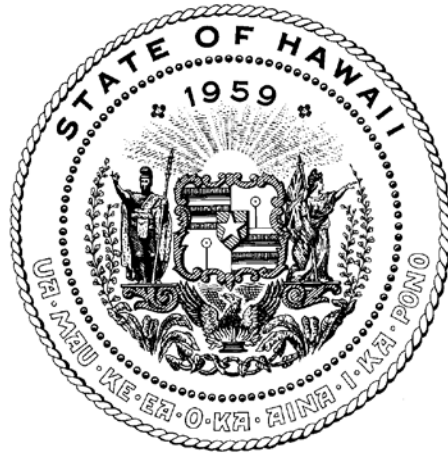


REPORT TO THE TWENTY-SEVENTH LEGISLATURE
STATE OF HAWAII
2014 REGULAR SESSION

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

November 2013

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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 National Oceanic and Atmospheric Administration's (NOAA) Office of Aquaculture has continued to define its priority areas which include regulation and policy, science and research, outreach and education, and international activities. Each priority area is explained below.

Regulation and Policy

The purpose of this effort is to enable domestic aquaculture production within the context of NOAA's marine stewardship responsibilities, which include the protection of the marine environment while balancing multiple uses of coastal and ocean waters. NOAA's role in aquaculture regulation include:

- consultations with the U.S. Army Corps of Engineers on permitting
- consultations with the Environmental Protection Agency on endangered species, fish habitat, and marine mammal protection
- issuing permits under the Magnuson-Stevens Fishery Conservation and Management Act
- developing guidance and working with regional Fishery Management Councils on a regulatory framework for aquaculture in federal waters.

Science and Research

The goal of the research initiatives is to provide science knowledge for the agency's regulatory and resource management decisions and foster innovative and sustainable approaches to aquaculture.

The program's current research initiatives focus on:

- strengthening aquaculture research capabilities at the agency's regional Fisheries Science Centers;
- in-house research focused on genetics, alternative feeds for marine fish, restoration of threatened and endangered species, and stock enhancement; and
- research and development through the 2012 Sea Grant Aquaculture Research Program, the NOAA Small Business Innovation Research Program, and other competitive grants programs

Outreach and Education

Outreach and education activities include disseminating scientific and general aquaculture information and NOAA research at public meetings and conferences, through the Sea Grant and USDA Aquaculture Extension networks, and through the web and social media.

The program's primary audiences for this information are coastal communities, research scientists, the aquaculture and seafood industries, commercial and recreational fishermen, fishery management councils and commissions, other government agencies, academia, and interested non-governmental organizations.

International Activities

The NOAA Aquaculture Program is involved in a variety of international bilateral research exchanges, including a Living Marine Resources Exchange with China, an ongoing scientific exchange program with Korea, and the U.S.-Japanese

Cooperative Program in Natural Resources (UJNR). The program also works with policymakers and researchers from France, Norway, and Canada on an ongoing basis.

3.0 Hawaii Activities

3.1 Commercial Development Progress

3.1.1 Hukilau Food, LLC

Hukilau Foods has emerged from bankruptcy proceedings and is currently looking for an entity to assume the existing offshore lease.

3.1.2 Keahole Point Fish

Keahole Point Fish continued to develop and modernize its Kona-based mariculture business in 2013 with new offshore net pens and work vessel upgrades. The Company successfully produced multiple cohorts of Hawaiian Kampachi (*Seriola rivoliana*) in 2013 and stocked them into its offshore net pens. Harvest volumes steadily increased in 2013 with growth coming primarily in Hawai'i and international markets.

3.1.3 Hawaii Oceanic Technology, Inc.

Hawaii Oceanic Technology has made significant progress in completing all necessary steps to moving the business forward. In February 2013, the company's ocean lease, approved in October 2010 with DLNR, was signed by the DLNR Chair. On April 26, 2013, the BLNR approved the company's extension request to move the deadline to begin construction to October 2015. On August 1, 2013, the company's final permit required by the U.S. Army Corp of Engineers, submitted in December 2009 was signed by the ACE District Engineer.

Tuna larval rearing efforts have reached a key milestone. The yellow fin tuna broodstock has had two successful captive spawns since July 2013.

The spawns make Hawaii Oceanic Technology the only commercial operation in the world to spawn yellow fin tuna in captivity. Work is continuing on larval rearing protocols.

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 2012 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.