Strategic Plan

Sustaining Ranching Communities in Hawaii

November 2007

This document represents many hours of discussions and contributions by the various beef industry action groups and members of the Hawaii beef cattle industry. Final approval of this strategic plan was on November 2, 2007 at the annual Hawaii Cattlemen's Council, Inc. Convention, Waikoloa, Hawaii.

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* Number in parenthesis refer to the Attachment number.

INTRODUCTION

Na Makana …

It all began as a gift (*makana*) in 1793 as seven cows and two seasick bulls set their hooves on the island of Hawai'i. For more than two centuries, the Hawaii beef cattle industry have contributed to the culture and traditions of the islands and sustained the challenges of food production longer than any other agricultural enterprise in this subtropical land. Generations of visionary stewards have guided the Hawaii beef cattle industry through the transition from a kingdom with a thriving food production and land system to our current state where our dependency on imported foods for our citizens continue to increase at unprecedented levels. In our modern Hawaiian society, food is taken for granted. There is a lack of knowledge or "disconnect" about the where our food comes from. As the population increases, the connection to our source of food will continue to widen. Our insular nature and fragile island ecosystems sets all of us at a very precarious position when we consider our sources and supply of food for tomorrow.

Why Agriculture? The Importance of Agriculture in Hawaii

Mark S. Thorne, Ph.D. State Range Extension Specialist

"*Finally, there seem to be but three ways for a nation to acquire wealth. The first is by war as the Romans did in plundering their conquered neighbors. This is robbery. The second by commerce, which is generally cheating. The third by agriculture the only honest way; wherein man receives a real increase of the seed thrown into the ground, in a kind of continual miracle wrought by the hand of God in his favor, as a reward for his innocent life, and virtuous industry*". Benjamin Franklin

The importance of agriculture in building stable and secure communities and nations has been understood for centuries. As the above quote implies, our own founding fathers regarded agriculture as the noblest venture and well understood that as a nation we could not survive without strong agricultural policies that encourage, support and protect the production of food and fiber for our nation. As important as agriculture is as a nation builder, it is acutely more critical to economic stability at the State and community levels. Agriculture is not just a business venture; a "nine-to-five" occupation, but life for families, a purpose for communities, and a foundation for the economic output of the state.

The value of Hawaii's agricultural production in 2005 was $438 million. However, the value added contribution was estimated to be at 3.1% ($1.8 billion; Statistics of Hawaii Agriculture 2005, USDA-NASS) of the $54 billion of the State's Gross Domestic Product (U.S. Department of Commerce – Bureau of Economic Analysis: Services and Goods Sectors Contribute to Strong Growth in Gross Domestic Product (GDP by State in 2005, October 26, 2006). However, while the value of agricultural production and its contribution to the State's GDP remains steady, net farm income (a measure of the farm operators' share of income from the sector's production values) has sharply declined over the past few years from a high of $141 million in 2003 to $103

million in 2005 due primarily to equally sharp increases in the price of manufactured and other purchased farm inputs and a decrease in the total value of farm acreage (Statistics of Hawaii Agriculture 2005, USDA-NASS). The decrease in the total value of farm acreage is due to a net decline in farm acreage rather than in a decrease in the dollar value of an acre. Between 2001 and 2005 there has been a net loss of 50,000 acres of agricultural land.

The economic viability of agricultural within the State is closely linked to the productivity, availability, and financial equity of the land base. The development of highly productive land for enterprises other than agriculture reduces the availability and the financial equity of the remaining land. While development is desirable and necessary for the growth of a State's economy; unregulated growth and development almost always leads to disproportionate losses in the most productive agricultural lands. The remaining land; usually less productive than that which was developed, is increasingly pressured to produce more food and fiber at ever increasing costs in labor and production inputs. This results in losses in agricultural profitability, productivity, and economic activity within the state.

The development of agricultural land usually increases the value of the remaining land disproportionately to the value of the agricultural productivity of the land. This puts increasing pressure on landowners to sell or develop their property and discourages new producers from engaging in agricultural enterprises. Land held for future development purposes is almost never leased back to producers at rate equal to its production potential. This is primarily because those managing these lands possess little appreciation for production agriculture or land ethic. The result is that the land may be leased back for agricultural purposes (to maintain an agricultural status), but with rates and terms that cannot be realistically sustained for any length of time. In Hawaii this situation has resulted in large amounts of acreage remaining out of production though they have a tremendous potential for agricultural production.

People are the primary asset in agriculture. It is well documented that within the United States today there is less than 2% of the population involved directly in agriculture (this figure does not include those in processing, wholesale, retail, transportation etc.). This figure is striking when compared to the 36% of the remaining world's population that are involved in agricultural production. The discrepancy between our agricultural labor force and the rest of the worlds' is largely the result of our efficient high output production practices. It is perhaps paradoxical, but the low number of people dedicated to production agriculture in the United States is the sign of a relatively healthy and stable national economy. This is not to say that there is no shortage of skilled agricultural workers in the U.S., because there is; and it is not to say that we do not need to increase the amount of people and acreage in agricultural production, because we do; but it is still significant to realize that 98% of our population can be employed in other economic sectors because they are kept well fed and clothed by just 2% of the population. However, this can only be sustained so long as agricultural production remains sufficiently high to meet the demands for food and fiber. Factors that cause downward pressure on agricultural output; rising input costs, loss of land, increasing land values, rising insurance and tax rates, drought, crop failures, etc., tend to destabilize the economy.

Hawaii's agriculture production employs approximately 3.8% of the State's labor force and when other distribution margins are considered the figure increases to 5% (Statistics of Hawaii

Agriculture 2005, USDA-NASS). While these figures are promising, they actually represent the culmination in a steady decline in the agricultural work force over the past 10 years. There is an unmet need for workers in almost all of Hawaii's agricultural sectors. Factors contributing to the lack of agricultural workers include competing wages from other industries, lack of adequate agricultural training and education programs, and decreasing opportunities for new (young) agricultural entrepreneurs. One startling indicator of the State's failure in supporting agricultural education is found in the fact that the number agricultural education courses including the availability of Future Farmers Of America (FFA) programs in the State's high schools have slowly been eliminated from the curriculums (Hawaii State Department of Education, Authorized Courses and Code Numbers (ACCN) – 2006-2010). Without programs that educate and encourage our youth to pursue careers in production agriculture the ability of Hawaii's agricultural sectors to draw new entrepreneurs and/or hire skilled labor in the future is not promising.

Executive and legislative support for production agriculture in Hawaii is desperately needed today. State agricultural policies and practices (to include promulgated rules and unwritten procedures) that control the transportation, sale, slaughter, processing, and marketing of crops and livestock, whether locally or abroad, greatly influence the value of agriculture lands through their impact on farm and ranch profitability. Government support programs that have proven lasting and sustainable in the long-term, result from the adoption of policies and practices that respect and recognize the economic, social, and ecological importance of agriculture to the State. Where government subsidy programs fail, new policies and practices that enhance the profitability of the agricultural enterprise succeed in protecting agricultural land from development, encourage entrepreneurialism within various agricultural sectors, and help sustain agricultural production. Hawaii's state government can, and should, begin to adopt new policies and practices that are more favorable and supportive of agriculture in general, and livestock production in particular, within all departments and agencies that directly or indirectly regulate agriculture in the state (this would include commerce, taxation, labor, DLNR, DHOA, etc.).

THE PROCESS

Appreciative Inquiry: A New Model for the Strategic Planning Process

Dr. Donna Ching, Extension Specialist in Agriculture Leadership

In the past, the College of Tropical Agriculture and Human Resources (CTAHR) used a process call the Industry Analysis to develop a prioritized list of issues that needed to be addressed in order for growers to be more successful. The last Beef Industry Analysis was undertaken in 1988. This process was limited in several ways:

1. Frequently, the most significant issues were very difficult for the college or industry to solve on their own (e.g. water availability, affordable land, transportation, etc.) so less complex or more concrete issues were selected.
2. This process focused on problems rather than strengths and opportunities that the industry could take advantage of to move forward.
3. Problems were discussed in a vacuum and not in the context of what the industry ultimately wanted to achieve (i.e. their vision). Also, the relationship between issues was not always clear so people didn't know if addressing one issue might have an impact upon another.

The organizers of the current beef industry planning effort recognized the limitations of the Industry Analysis process. In preparation for organizing this effort, they created a visual representation of their industry's current internal and external forces, figure 1. This visual representation helped to reinforce the point that:

1. there were many issues in play and that the situation was very complex.
2. it would be difficult to understand how each element or force affects the others.
3. many of the elements or forces looked like problems, but the most important problem was not obvious.
4. by solving one problem the impact on the other problems was not known.

In an attempt to deal with these challenges, a strategic planning process was designed for the beef industry using an approach called "Appreciative Inquiry" (AI). This approach is strength-based and, in an interview with one other person, participants talk about successes or high points they have experienced in their work with the beef industry. Dyads move into small groups where common themes (often they are strengths) from personal experiences are identified. The underlying assumption is that, later in the process, the most common strengths can be utilized to build new or redesign current structures so that future success is more possible. That is, future success can be built on past and present strengths that can be integrated purposefully into organizational structure.

The AI interview also includes an opportunity for participants to talk about their vision for the industry. Visions are also shared in the small groups and common themes are identified. The final step in this part of the process is the development of a presentation that illustrates the collective vision of the small group. Small groups also articulate what opportunities were taken and challenges overcome to achieve the vision that was illustrated.

The entire first part of the process helps create a context for the action planning that occurs next. The group brainstorms goals, objectives and actions that will enable them to achieve the common elements in the vision presentations. In other words, planning is done in the context of achieving a collective vision. Problems will be solved, challenges addressed and opportunities will be taken, but in the context of achieving what the industry ultimately desires.

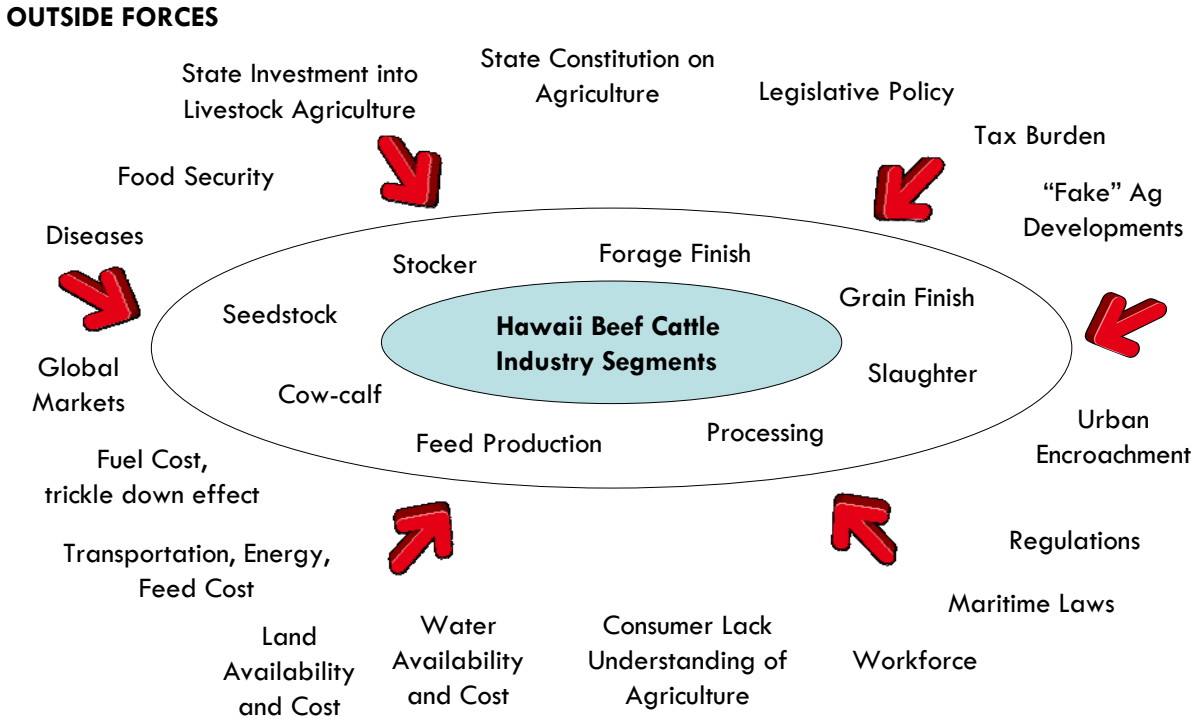

Figure 1. Hawaii beef cattle industry segments and outside forces affecting the industry.

Sustaining Ranching Communities: Industry Strategic Planning Retreat
Glen Fukumoto, County Extension Agent

The last Hawaii beef cattle industry analysis was conducted nearly two decades ago. Due significant changes over that period, in both internal and outside forces which affects the ranching community, the Hawaii Cattlemen's Council, its membership and other members of the industry believed that a comprehensive industry planning meeting was needed and important to carry out. In addition to the industry's need, other stimulus included the Senate and House Concurrent Resolution (SCR 192, HCR 170) generated from the 2007 Hawaii State Legislature regular session and the 2007 CTAHR Industry Analysis Priority for beef programs. The Hawaii Beef Industry together with partnering state and federal agencies participated in an important strategic planning retreat on July 31 to August 1, 2007 to develop a strategic future for the

sustaining ranching communities in Hawaii. In attendance were 33 industry representatives and 34 other participants representing state and federal partners.

The two-day commitment by the ranching industry and allied partners generated tremendous levels of dialog about the industries values, strengths, aspirations, opportunities and visions of the future. (See appendix for group memory notes). The final outcome of the process resulted in these three main focal strategies and priorities. Action groups were formed to initiate planning and implementation of these strategies.

The three focal strategies emerged from the strategic planning retreat were:

1. Public policy related to agricultural lands,
2. Production and marketing, and
3. Education

Participants (alphabetical order) in the two-day retreat included:

1. Luana Beck, Beck Ranch
2. Edward Boteilho, Jr., Boteilho Hawaii Enterprise
3. Franklin Boteilho, Hualalai Ranch
4. Corky Bryan, Parker Ranch
5. Brent Buckley, CTAHR, UH-Manoa
6. James Carpenter, CTAHR, UH-Manoa
7. Russell Chin, Matson Navigation Co.
8. Donna Ching, Facilitator Coordinator
9. Lincoln Ching, CTAHR, UH-Manoa
10. Kim Coffee-Isaak, Facilitator
11. Linda Cox, CTAHR, UH-Manoa
12. Dwayne Cypriano, DTB Ranch
13. Stephen DeLuz, E. DeLuz Ranch
14. Lily Domingo, Facilitator
15. Michael DuPonte, CTAHR, UH-Manoa
16. Keri Fehrenbach, Facilitator
17. Robert Ferreira, Olumau Ranch
18. Alex Franco, Kaupo Ranch & Maui Cattle Co.
19. Bob Freitas, Dept.of Hawaiian Home Lands
20. Greg Friel, Haleakala Ranch
21. David Fuertes, DC Fuertes Enterprise
22. Glen Fukumoto, CTAHR, UH-Manoa
23. Michelle Galimba, Kuahiwi Ranch
24. Alfred Galimba, Kuahiwi Ranch
25. Jimmy Gomes, Ulupalakua Ranch
26. Alan Gottlieb, Ponoholo Ranch
27. James Greenwill, Palani Ranch Co.
28. Andrew Hashimoto, CTAHR, UH-Manoa
29. Gregg Hendrickson, Hokukano Ranch
30. Wang Heng, CTAHR, UH-Manoa
31. Jan Javinar, Facilitator
32. Raechele Joyo, Facilitator
33. Jeri Kahana, Hawaii Dept. of Agriculture
34. Chris Kanazawa, Parker Ranch
35. Harold Keyser, CTAHR, UH-Manoa
36. Glen Krebs, Kapapala Ranch
37. Pat Lau, Lau Ranch
38. Anne Lo-Shimazu, Hawaii Dept. of Agric.
39. Todd Low, Hawaii Department of Agriculture
40. Ryan Lum, North Shore Cattle Co.
41. Tim McGaffic, Hokukano Ranch
42. Jason Moniz, KK Ranch
43. Spencer Nagata, Hui of Ranchers
44. Wayne Nishijima, CTAHR, UH-Manoa
45. Lani Petrie, Kapapala Ranch
46. Betsy Polhemus, Facilitator
47. Larry Rawson, USDA, APHIS
48. Monty Richards, Kahua Ranch
49. Tim Richards, Kahua Ranch
50. John Ryan, Hawaii Dept of Agriculture
51. Glenn Sako, CTAHR, UH-Manoa
52. Betty Spence, Hawaii Cattle Producers Cooperative Association (HCPCA)
53. Earl Spence, HCPCA
54. Robert Sporleder, Kukaiau Ranch
55. Amber Starr, Hana Ranch
56. Nicole Sullivan, CTAHR, UH-Manoa
57. Glenn Teves, CTAHR, UH-Manoa
58. Brian Thomas, Ka'ea'ola Ranch
59. Mark Thorne, CTAHR, UH-Manoa
60. Doug Vincent, CTAHR, UH-Manoa
61. Keoki Wood, Parker Ranch & Hawaii Cattlemen's Council, Inc.
62. Jana Wolff, Facilitator
63. Larry Yamamoto, Hawaii Dept of Agriculture
64. Larry Yamamoto, USDA Natural Resources Conservation Service
65. Aileen Yeh, Wung Ranch
66. Baoping Zhao, CTAHR, UH-Manoa
67. Li Zicong, CTAHR, UH-Manoa

HAWAII RANCHING COMMUNITY VISION STATEMENT AND STRATEGIES

Vision:

Hawaii's beef cattle industry will continue to play a vital role in sustaining Hawaii's agricultural and economic resource bases and the ecosystem service values which make Hawaii so unique.

In order to ensure that our vision remains viable, the following strategies must be implemented.

Strategies:

1. ***Advocate public policies which support economic sustainability of grazing and other compatible managed open spaces uses.***

2. ***Ensure both local and out-of-state markets and production opportunities with economically viable transportation alternatives.***

3. ***Educate the general public (including our children), policy makers and stakeholders on issues critical for the survival of the Beef Industry in Hawaii.***

STRATEGY 1: POLICY MAKING

"advocate public policies which support economic sustainability of grazing and other compatible managed open spaces uses."

Goal: Get key stakeholders on the same page with respect to policies on agricultural land use (key stakeholders include: producer, landowner, community)

Objective 1: Develop industry-wide policy position, articulate the activities and action goals needed to achieve objective.

Action 1: Compelling case regarding agricultural land use policy and practice..
Committee: Jimmy Greenwell
Attachment 1. See document entitled (in this section): *Hawaii Cattlemen's Council White Paper, Regarding Agricultural Land Use Policy and Practices*

Action 2: Ranchers need to speak as a group on their issue to policy-makers

Action 3: Articulate the message from the livestock industry

Action 4: Have separate cases for state land holders and private landowners

Action 5: Have exploratory conversation with allies and stakeholders
Committee: Jimmy Greenwell, Alan Gottlieb, Gregg Hendrickson, HCC

Meet w/HFBF, LURF and ranchers to get on same page
Engage landowner in discussion
Identify large landowner ideas, concerns and thoughts on ways to keep land in agriculture
Result: Map all the potential allies and "resource" holders to meet, discuss coalition building
Have exploratory conversations with stakeholders
Participate in ongoing discussion groups of stakeholders

Action 6: Compelling case reviewed by Executive Committee of HCC.
Committee: Jimmy Greenwell

Action 7: Compelling case approved by Executive Committee of HCC and disseminated.
Committee: Jimmy Greenwell, Keoki Wood

Objective 2: Work with coalition for policy change

Action 1: Help steer policy change by attending to these items
Committee: HCC

Determine who "leads" the coalition
Communication methods
Schedule meetings with key groups

Identify early victories
Identify champion(s) for change
Identify representatives for industry to make the call on policy-makers
Engage in policy development at legislature
Consider bills for policies
Evaluate effectiveness

Obstacle Consideration:

Common ground among lessor/ lessee ranchers may be challenging to find
Need separate cases for private and public landholders–especially differing perspectives for private landholders
Lack of time and apathy
Difficult to conceptualize
Reaching consensus with Farm Bureau

Evaluation

Legislature recognizes value of livestock industry to the State
Policy is adopted that reflects the policy we advance
Participation with strong broad-based coalition
Ability to continue working with the coalition in the future
Arriving at a clear policy and agreement
Protection of private property rights of landowners

Attachment 1.

HAWAII CATTLEMEN'S COUNCIL WHITE PAPER
REGARDING AGRICULTURAL LAND USE POLICY AND PRACTICES
(As approved at the Annual Hawaii Cattlemen's Council, Inc. Convention 11/3/07)

HCC VISION: ***An attractive, productive and well managed landscape across our state which maintains current grazing capacities and which nurtures our resources while perpetuating our quality of life and culture.***

CHALLENGE STATEMENT: ***Since Hawaii's cattle producers under optimum conditions are unable to return sufficient income to the land to successfully compete with higher value uses of agricultural land and particularly real estate values, Hawaii's cattle industry is threatened by the loss of sufficient carrying capacity to support the critical mass necessary to sustain the infrastructure, services and markets upon which the industry is vitally dependent.***

STRATEGIC GOAL: ***To create the compelling case which causes each of the three stakeholder groups (Producers, Landowners, and the Community/Public) to recognize the critical need to work together to provide sufficient incentives to the owners of grazing lands and open space to cause them to continue to maintain the same for the mutual long-term success and well-being of all stakeholders.***

A. Background Perspective Issues: To understand the problem and in turn its possible solution requires an understanding of the issue from more than just the perspective of the cattle producer. It is necessary to understand the perspective of all three primary stakeholder interests which include;

1. From the Cattle Producer's Perspective

(a) Ranchers are good land stewards. Our State's natural resources (land and water) and ecosystems must be enhanced with proper management and financial resources and these practices are consistent with prudent ranch management;
(b) Good grazing land is increasingly scarce. While over 1 million acres of the State's 4.2 million acres total are in some sort of "grazing" use according to Real Property tax records, being able to secure reasonable quality pasture on reasonable terms and tenure is increasingly difficult;
(c) Critical mass is a critical issue. Hawaii's cattle industry needs a core of larger producers to survive to preserve the necessary critical mass that benefits all producers and keeps the operation of the industry's infrastructure (transportation, packing houses, market opportunities, etc) viable.
(d) Grazing land generates very modest income/rent. For comparative purposes, average quality pasture (assume one animal unit per 7 acres with infrastructure) can support an annual rent of approximately $30 per animal unit which translates to about $4.28 in rent/return per acre to the landowner/lessor annually. This is among the lowest returns per acre of any agricultural commodity which makes it difficult for a cattle producer to compete for land based on price alone.
(e) Preserving a lifestyle has real value but is not an economic benefit. Cattle producers do value their lifestyle and perpetuating "the ranching life" and that value does, to some degree, mitigate the economic hardships of the cattle business; however "lifestyle value"

is neither a legally recognized benefit by which a fiduciary's performance is measured by its beneficiaries or the courts nor is it of any economic value to the landowner.

(f) Most of Hawaii's larger cattle producers are also major landowners. Accordingly they share both the perspective of the producer and the private landowner which sometimes appear to be in conflict.

2. From the Landowner's Perspective

(a) Private Landowner

(1) Ranching alone is increasingly difficult for a fiduciary to justify. Fiduciaries (representatives of owners or beneficiaries) have a legal obligation to maximize the return on their assets. They therefore are challenged to justify keeping land in low return uses such as pasture. To do so they need sound business justification to preserve their agricultural land in agricultural use as they are otherwise under pressure to sell it or convert its use for the greater financial benefit of owners and beneficiaries.

(2) The fair market value of much pasture land is relatively high. The true *real estate* value of land in grazing use varies substantially. For comparative purposes, assume grazing land has a fair market value range from $750 to over $10,000/acre. Assuming a landowner's desired yield rate of 6% on asset value, this translates to a reasonable target return for a landowner of between $45 to $600 per acre return annually. Pasture returns clearly fall far short of this mark. (See A.1.(d) above)

(3) Other needed revenue opportunities exist which are complimentary to grazing, however they require supportive public policy. These could include, for example but are not limited to, renewable energy farms, eco/ag-tourism, agro-forestry, and managed access and recreational activities. Probably the greatest potential complimentary use is selective real estate development of a scale and density not inconsistent with predominantly grazing and open space use ("conservation real estate"). There is also the emerging prospect of compensating landowners for the value of the ecosystem services attributable to their land (See A.3. below).

(4) The risk of land value loss due to the imposition of additional land use regulations is also a major concern. To many landowners, ranching is an acceptable land use, provided the political risk from over regulation, land-use reclassification, down zoning and/or the public expectation that open landscapes will provide unrecompensed ecosystem services (e.g., clean air, clean water, storm water control, species protection), is minimized. When the risk of increased land use regulation is high or the loss of value appears immanent, the fiduciary is compelled to seek to monetize the land value, generally through conversion to non-agricultural/non-open space uses. Allowing for some combination of density transfers, density sales and/or partial use of existing permitted densities in the face of a regulatory down zoning (such as IAL designation) is one possible mitigation tool.

(5) The carrot works better than the stick. As fiduciaries and property rights advocates, landowners will react more positively to incentives and policies which respect property rights than they will to further regulation and the loss of property rights which they perceive as the taking of value. They will more willingly support continued open space and grazing uses if they are given the opportunity to benefit from these complimentary additional revenue sources rather than by their lands being further regulated by more restrictive land use policy.

(b) Public Landowner/State

(1) Public agencies have a basic conflict. On one hand public agencies have a "public trust" obligation to maximize rental income off public assets (i.e. State land) while on the other hand they have a responsibility to preserve uses and practices of economic and ecosystem service significance which are of broader value to the community including grazing uses but which return fewer rental dollars to the State.

(2) Overriding combined public benefits can outweigh purely economic return. Given supportive public policy, the State could justify, more easily than private landowners with fiduciary responsibilities, setting aside certain government lands for lower value returns such as pasture leases where there is a clear overriding public benefit from doing the same.

3. From the Community's/Public's Perspective –

(a) The public tends to take for granted all the value which Hawaii's open space represents, much of which is in pasture use. Grazing land has high ecosystem service value. This includes its value for aesthetics and scenic vistas, water catchment and infiltration, carbon sequestration, oxygen production, habitat enhancement and preservation, fire suppression and fuel load management, soil conservation, preservation of cultural values, potential for additional access and recreational opportunities, etc. These collectively are increasingly referred to as Eco-system services.

(b) The Community/Public does not truly compensate Landowners for the value of these ecosystem services nor for the opportunity costs which the landowners must accept as the price of maintaining these open spaces which provide these community benefits. However initiatives such as the Natural Capital Project (a partnership of Stanford University, The Nature Conservancy, and The World Wildlife Fund) are making meaningful progress in Hawaii as well as globally to address this inequity.

B. HCC Policy Positions to Implement this Strategic Concept –
Given the above considerations and the inter-relationship between the needs of our cattle producers and the broader issues of the landowners and the community with which we must be partners, HCC finds it appropriate to adopt the following policies relative to land;

1. To better educate the public, including policy makers, about the total contribution of our industry to the broader community in terms of the value of
(a) the economic impact of a healthy cattle industry and
(b) the value of the eco-system services attributable to land under the stewardship of ranchers.

2. To work to preserve public grazing lands with a "no net loss of State grazing land" policy by restricting the leasing of public lands which have historically been used for grazing leases to only qualified ranchers and on lease terms appropriate to encourage responsible pasture use and management.

3. To work toward supportive government policies which not only allow but effectively provide incentives to Landowners to invest in:

(a) diversified income opportunities on agricultural land not inconsistent with predominately grazing use and open space and
(b) activities that have the potential to maintain or enhance ecosystem service values including rural or "conservation real estate" characterized by significantly reduced densities and coupled with substantial commitments to surrounding agricultural and open space uses.

4. To support legislation which
   (a) protects or grandfathers the rights of owners of existing properties in the agriculture district from regulatory loss of value. This should cover situations where existing parcels were subdivided or entitled with the intent of allowing for the construction of a residence of a rural character in the agriculture district without a proven nexus to farming or other "ag use";
   (b) provides incentives to preserve and protect important mauka lands; and
   (c) determines what is to become of non-IAL lands including pasture and grazing lands ***prior to*** triggering the Important Agriculture Land designation process.

5. To inventory and quantify suitable grazing lands State-wide and determine the ecosystem service value of the same.

6. With respect to the ongoing efforts to designate "Important Ag Land" Statewide;

   (a) To maintain the position that grazing lands generally do not fit the Constitutional intent of IAL based solely on their low agricultural productivity value per acre. If, however such lands also have other characteristics of soil, water/rainfall, access and infrastructure, or uniqueness that distinguish them for IAL consideration, then any IAL designation decision should be based on that criteria; and
   (b) To recognize that IAL designation of lands currently being grazed could result in a conversion of those lands to other, more profitable, agricultural uses, with a concurrent loss of many of the eco-system services provided by grazing land and not provided by land used for more intensive agricultural production.

7. To support and promote best management practices of our State's grazing lands and open spaces so as to conserve and maximize the benefit of the natural resources thereon including but not limited to management practices which:
   (a) minimize the fuel loads and the risk of wildfires which also threaten our forests, natural areas and even improved properties;
   (b) control the introduction and spread of invasive species;
   (c) conserve our soil and habitat resources;
   (d) conserve our water resources to maximize the watershed value of grazing lands while minimizing potential down-slope adverse impacts to land and near shore resources

CONCLUSION: ***This paper and these policies are adopted with the specific intent of assisting in the development of public policies which support the economic sustainability of predominantly grazing and other managed open space uses. This is vital not only to the survival of Hawaii's cattle industry but to sustaining Hawaii's agricultural resource base and the ecosystem service values which make Hawaii so unique.***

STRATEGY 2: PRODUCTION AND MARKETING

"ensure both local and out-of-state markets and production opportunities with economically viable transportation alternatives."

Goal: Determine economic viability of industry.

Objective 1: Economic Analysis. Determine the economic health of industry as a whole as well as producers to determine the status of the industry viability

Action 1: Develop a standardized production cost measurement, determine best tool
Committee: Betty Spence, Lani Petrie, Glen Fukumoto, Linda Cox

Action 2: Gather ranch data from a minimum of 15 herds of various herd sizes and run economic analysis tool. (Herd size categories: Operations w/0-250 head (n=5), Operations w/251-1,000 head (n=5), Operations w/1,001+ head (n=5)
Committee: Alan Gottlieb, Dwayne Cypriano, Jason Moniz

Attachment 2. See document entitled (in this section): *Economic Analyses*

Objective 2: Resource Analysis

Action 1: Examine existing resources and ID who has what data
Committee: Earl Spence, Lorie Metz, Mark Thorne

Attachment 3. See document entitled (in this section): *The Grazing Land Inventory Project*

Objective 3: Market Analysis

Action 1: Committee meets to define scope of the economic/market analysis study
Committee: Chris Kanazawa, Betty Spence, Tim McGaffic, Linda Cox, Glen Fukumoto

Describe components of the economic/resource analysis, such as:
Industry segments, Production cost (eg. determine the cost of production compared to other markets to have better insight in terms of marketing), Return to ranch on a 4-weight calf and/or up to a finished product, Examine operation size, animal units, Analyze land and inventory, Evaluate nfrastructure (eg. determining capacity of existing resources to fill different markets), How much. can we movet (eg. access market demand).

Action2: Seek funding

Action 3: Find credible, professional agency/business to design and implement

Attachment 4. See document entitled (in this section): *Market Feasibility Study to Increase Value of Hawaiian Beef Products*

Attachment 2.

ECONOMIC ANALYSES

Alan Gottlieb, Betty Spence, Jason Moniz, Dwayne Cypriano, Lani Petrie,
Linda Cox and Glen Fukumoto

According to Cox and Bredhoff, 2003, more information is needed about the cost of producing beef in Hawaii so that various production and marketing alternatives can be examined. At the same time, a wide range of management styles, particularly depending on the size of the operation, exists in Hawaii. This means that small operation may not be able to take advantage of various economies of scale that are available to larger ones.

The College of Tropical Agriculture and Human Resources (CTAHR) has developed a cost of production calculator that runs on Microsoft Excel and uses information supplied by ranchers to compute the ranch's cost or producing a calf. Calf-XL was released in 2006 and can be downloaded from CTAHR's website at www.ctahr.hawaii.edu/freepubs and is located in the Livestock Management category. Much of the cost information that is used by Calf-XL can be copied from the rancher's income tax statements. While another tool, Beef-XL is being developed to assist in analyzing marketing options that include retained ownership through finishing. Cox and Bredhoff, 2003, concluded the large ranchers generally tend to retain ownership through finishing.

Survey methods

A survey of ranchers was completed in September 2007 in order to determine the cost of producing a calf. The sample used was representative across three different herd sizes of 0-250 head, 251-1000 head and over 1000 head. The response rate was low with four responses in the 1-250 category, two in the 251-1000 category and three in the over 1000 category.

Calf-XL calculates costs using three different methods. They include cash costs, cash costs with depreciation and economic returns. Cash costs represent a summary of the out-of-pocket cash expenses for the year as reported by the user. If an income tax statement is used to identify their costs, then the implicate assumption is that the user has a cash accounting system, rather than an accrual system. If the income tax information is based on an accrual system, then the estimated costs will be accrual costs. Cash with depreciation simply adds in depreciation, a non-cash expense, with the cash expenses. This total would be the profit or loss that is consistent with the operator's income tax statement. Economic costs include an estimate for the cost of all unpaid labor the operation may have and a return for the owner's investment. Economists consider these types of costs to be opportunity costs that account for the fact that everyone providing labor that was not a paid employee could have worked somewhere else and the owner could have invested in someone else's business.

Results

A weighted average for cash costs with depreciation for producing a pound of calf was calculated by multiplying the cost for each ranch by the herd size, adding across all ranches and dividing by the total hard size across all ranches. The weighted average for producing of pound of calves is $1.03 and the range across all ranches is $.59 to $1.87.

A wide variation in the cost to produce a pound of calves exists. Small ranches are not as profitable as medium or large ranches. Medium sized ranches appear to realize some economies of scale, while large

ranches do not appear to be as face additional costs as compared to medium sized ranches. This may be because large ranches appear to have very few unpaid employees and paying labor out-of-pocket increased cash expenses.

While the profit margins calculated using Calf-XL are not reported here, the profit margins for cow-calf operators are very tight and the majority of the ranchers surveyed did not make enough to cover the opportunity costs. However, if additional value added beef products can be found that increase revenues, the situation can be greatly improved.

At the same time, ranchers face significant costs for acquiring the use of pastures, both in out-of-pocket costs and in opportunity costs, and any reduction in these costs would increase profitability. Transportation expenses, including gas, and vet expenses are also large out-of-pocket expenses for ranchers. While it may be challenging to reduce these, possibilities may exist.

A word of caution is needed in examining these results. The sample size is small and a large sample size is needed if a totally accurate picture of the cost for producing a pound of calves is desired.

Attachment 3.

THE GRAZING LAND INVENTORY PROJECT

Loretta J. Metz, Earl Spence, Mark Thorne, October 23, 2007

Phase I -- Inventory

1. Location and amount (acres) of lands ***currently*** being used for beef cattle production:
    a. Utilize NRCS spatial datasets for numbers and locations
    b. Utilize HI agricultural statistics datasets for numbers
    c. Utilize the Hawaii publication, "A Detailed Land Classification of the Island of Hawaii" to assist in determining this on the Big Island

2. Location and amount (acres) of additional lands with the ***potential***[1] to be used for beef cattle production:
    a. Utilize NRCS spatial datasets for numbers and locations
    b. Utilize NRCS ecological site descriptions and soil surveys to determine suitable areas and vegetation types for grazing. Consider conserving other important lands not currently in grazing for conservation of T&E species, native forest/shrub lands, or for other uses not compatible with grazing.
    c. Focus on lands within specific annual precipitation zones
    d. Focus on former sugarcane and pineapple lands
    e. Utilize NRCS land capability classification to assist
    f. Combine the NRCS land capability classification system with the Hawaii land classification system described in, "A Detailed Land Classification of the Island of Hawaii" to assist in determining this for the Big Island

3. Estimate the average annual production of the ***potential*** grazing lands:
    a. Utilize NRCS soil yield and ecological site description data in conjunction with industry representatives

4. Proposed Budget to complete the Phase I of the Inventory:
    a. Hire one GIS specialist to work with Grazing Land Inventory partners in the development of the Inventory (fulfill Phase I, described above).
    b. Estimated wage costs = $65.00/hour x 600 hours = $39,000
    c. Estimated map product costs = $3200.
    d. Estimated total out-of-pocket costs = $42,200.
    e. Estimated timeline for completion = 8 months from "start date" determined by the Legislature

Phase II – Infrastructure Analysis of Potential Lands

5. Assessment of infrastructure required on potential grazing lands to implement a grazing management system (eg, fence, pipeline, catchment, troughs, tanks, weed control, brush management, pasture planting, etc)

6. Estimate of costs ($/acre) to create the needed infrastructure on the *potential* grazing lands

7. Proposed Budget to complete Phase II, Infrastructure Analysis:

a. Hire one economist to work with Grazing Land Inventory partners in the development of the Infrastructure Analysis (fulfill Phase II).
b. Estimated wage costs = $75.00/hour x 160 hours = $12,000
c. Estimated timeline for completion = 3 months after the completion of Phase I.

Phase III – Administration Changes Needed for Success

8. Implementation of *managed* grazing leases on public lands not currently being grazed (eg, DHHL, DLNR, state lands, etc).

9. Work toward the development of public policy that will encourage managed grazing on privately held lands currently not in, but suitable for livestock production. This may include tax incentives, cost share on conservation practices, and other favorable policies that support agricultural production on these lands.

10. Recommend the implementation of a payment system whereby the State of Hawaii compensates ranchers who perform a vegetation management service (eg, weed/brush control) using their livestock. This will require a well-written contract between the State of Hawaii and the individual rancher, with oversight provided by the State of Hawaii (Dept of Ag?) through qualified rangeland management specialists (see #11).

11. Explore the opportunity and potential for the State of Hawaii (and other landowners who lease their lands for grazing) to hire at least one rangeland management specialist per island (or island group). They would manage grazing leases, assist in development of grazing land conservation plans and prescribed grazing management plans, conduct annual monitoring of State grazing land resources, issue payment to ranchers for grazing systems that provide vegetation management services, etc). This will allow increased management oversight on grazing lands throughout Hawaii.

Phase IV – Building Partnerships and Completing the Recommendations

12. Develop a list of partners who should participate in the Grazing Land Inventory, assessments and cost estimates. Also (eg, HCC, GLCI, NRCS, Cooperative Extension, private ranchers, landowners, leasees, DHHL, DLNR, Hawaii Department of Agriculture, etc).

13. Develop a completion timeline for final recommendations to the Legislature from the Task Force: Phase I within 8 months after approval by Legislature; Phase II within 3 months of Phase I completion.

14. Recommend that the University of Hawaii, Cooperative Extension Service leads this effort and develops the final report to the Legislature.

Footnotes:
[1]Potential grazing lands to be separated into three categories:
High Potential; Medium Potential; Low Potential.

High potential grazing lands include those with low infrastructure cost, state-owned lands with some infrastructure present, precipitation ≥50"/year, livestock forage base already on site, and minimal weed/brush concerns.

Medium potential grazing lands include those with moderate infrastructure costs, precipitation between 25-50”/year, existing water sources lacking but with potential to develop more, and moderate weed/brush management concerns (eg, Humuula area of Big Island).

Low potential grazing lands include those with very high infrastructure costs, located in the low and high desert areas, receive <25” of precipitation/year, water sources are not in place, and/or Department of Defense may limit activities and management intensity (eg, Pohakuloa Training Area, low deserts of Big Island).

Attachment 4.

MARKET FEASIBILITY STUDY TO INCREASE VALUE OF HAWAIIAN BEEF PRODUCTS
Sponsored by: Hawaii Cattle Producers Cooperative Association
Utilizing USDA Value-Added Grant Funds

This study is designed to utilize federal grant resources to assist in increasing the value of Hawaiian Beef Products. In the past two decades ranchers in the state have encountered challenging economic circumstances that hindered their ability to compete in the now global commodity beef market. The advantage the beef industry in Hawaii once had in producing fresh, grain-finished beef for consumption locally has been eroded by the advent of meat vacuum packing which extends shelf life of boxed beef shipped into the State from large-scaled concentrated feeding and processing operations in the U.S. In addition, the high cost of importing grain for finishing cattle in the State further precludes Hawaii ranchers from competing in this global beef commodity market. Also, Hawaii, in relation to the Mainland U.S. receives a disproportionate share of imported beef from New Zealand and Australia because of its proximity to these large beef producing countries. However, recent consumer health, environmental and food safety concerns are driving consumer preference towards beef produced naturally with lower grain and additive levels or completely on grass. This consumer base is growing and are willing to pay beef producers more for their extra cost to produce these products and beef ranchers in Hawaii now find themselves in the unique position of being able to produce beef on grass, naturally, in their isolated, biosecure environment.

The study will continue into its next step entitled "*A Strategic Production and Marketing Plan for the Hawaii Beef Industry.*" The Hawaii Cattle Producers Cooperative Association (HCPCA) and its project partners (Hawaii Cattlemen's Council, Hawaii Department of Agriculture, University of Hawaii, College of Tropical Agriculture and Human Resources) are focusing on the production and marketing of (1) a natural beef produced from Hawaii cattle and finished on the US Mainland on predominately grass and a short finish low grain by-product ration, (2) a grass-fed/forage finished beef produced locally on Hawaii pasture or forage, and (3) a Hawaiian born—US Mainland finished. With the development of these value added products, beef producers in Hawaii can move themselves from their competitive disadvantage to an advantageous position in these growing beef niche markets.

This strategy allows the Hawaii cattle industry to take advantage of a prevailing trend for increasing demand for natural beef and grass finished beef on the US Mainland, in the Orient and to introduce and increase the development of this product in the local marketplace. In addition, an educational component of this project will be to promote a higher level of consumer awareness of the principles for sustainable resource stewardship, animal health and welfare adhered to by the ranchers committed to produce this natural and grass-fed beef and on the nutritional qualities of natural and grass-fed/forage finished beef on the islands.

Hawaii Cattle Producers Cooperative Association (HCPCA) was formed in 1984 as a Rancher Co-Operative in good standing under state law to assist its members in marketing their Cattle. Membership has grown four times over its original 10 members and now represents 46 member Ranches from Kauai, Oahu, Molokai, Maui and Hawaii. The 46 Rancher Members that comprise HCPCA today own approximately 60% of the State's beef cows and bred heifers and operate 508,197 acres.

From 1993 through 2006, HCPCA has transported 123,417 heads of cattle to the West Coast and has implemented a program to manage cattle on the Mainland. Through the Wilson Cattle Co. and the Beef Northwest Feeders hired to grow and finish cattle; Hawaiian Ranchers have been able to retain ownership of their livestock as far as the packinghouse if they so chose. Today, HCPCA oversees the growing and finishing of approximately 6,000 to 8,000 head per year in California and the Pacific Northwest. HCPCA has accumulated performance data for the years 1997 to 2006 on 47,957 heads of cattle.

The Hawaii Cattlemen's Council Inc. (HCC) is the Statewide umbrella organization comprised of five county level Cattlemen's Associations that represents some 130 ranchers, owning over 60,000 head of beef cows. More than two-third of its members have less than 100 head of cattle, and represent more than 75% of all the beef cows in the state. HCPCA members (33) account for 27% of HCC's statewide membership.

The table below reflects the participation level of HCPCA within the State of Hawaii.
HCPCA Cows and Acres

Island	Members		HCPCA Cows	%	Dept of Ag	%	HCPCA Acres	Dept of Ag	%
Hawaii	32	69.6%	37,714	81.1%	71,300	52.9%	411,975	Statistics not available by individual island	
Maui	8	17.4%	7,467	16.1%	12,400	60.2%	67,722		
Kauai	4	8.7%	1,120	2.4%	5,900	19.0%	25,500		
Molokai	1	2.2%	190	0.4%	1,000	19.0%	3,000		
Oahu	1	2.2%							
Total	46	100.0%	46,491	100.0%	90,600	51.3%	508,197	972,415	52.3%

Sources: HCPCA & Hawaii Department of Agriculture

A Strategic Production and Marketing Plan for the Hawaii Beef Industry

The Hawaii beef industry has declined gradually since the 1970s with lower cattle inventory and market share of the local beef market. In the mid-1980s, there were an estimated 207,000 cattle and calves statewide (excluding milk cows) and Hawaii's market share of the local beef market was estimated at about 30 percent. By 2000, the inventory count had declined to 151,000 cattle and calves statewide and Hawaii's market share of the local beef market had declined to about 10 percent. The number of ranchers, feedlots, slaughterhouses and processing facilities also decreased during the same time period.

In the 1990s, Hawaii's ability to finish grain-fed beef faced a significant economic challenge with the advent of Cry-O-Vac ® packaging which allowed Mainland U.S. and Foreign beef to achieve shelf lives equal to those of beef produced locally. In addition, with no grain or significant feed by-products to finish cattle in Hawaii, the high cost of transporting grain for finishing cattle in Hawaii, combined to contribute to the closure of the major feed yards in Hawaii. Along with the closure of feedlots followed by the slaughterhouses, it became necessary to ship calves to the US Mainland for finishing and slaughter. It should be noted that the local beef market was not always dependent on imported grain-fed beef. Prior to the 1960s, Hawaii produced beef was the major source of beef in the local market. This

beef was close to 100 percent range-fed beef. However, range-fed beef because of their slower growth rate (due to lower energy from grass) tend to be older and less consistent in flavor and tenderness compared to grain-fed beef. On the other hand, grain-fed beef, because of the higher energy contained in the feed grain resulted in faster growth and younger and more consistent beef with marbling. Over time, local grass-fed beef was perceived to be of lower quality and this perception was reinforced by national meat grading standards (prime, choice and select), which was developed for grain-fed beef.

Currently, with growing consumer awareness for food safety, nutrition, environmental concerns and animal welfare, there is an emerging interest for "natural" beef or meats produced without, high levels of concentrates, added hormones or routine use of antibiotics. "Natural" beef and "Grass-fed" and Forage finished beef are re-emerging as a healthy alternate to commodity grain-fed beef. Credible nutritional analyses have linked grass-fed beef with far lower levels of saturated fat and high levels of both omega-3 fatty acids and the newest darling of the nutritional world – CLA (conjugated linoleic acid), polyunsaturated fat that may help prevent cancer. At the next level, a study entitled "Comparison of muscle fatty acid profiles and cholesterol concentrations of bison, cattle, elk and chicken," published in the Journal of Animal Science, 2002, 80:1202-11, reported meat from pasture-fed cow has a comparable level of fats as the chicken breast but much more omega-3 fatty acids and CLA, and less cholesterol. These benefits, along with higher levels of antioxidants are apparent "winners" in grass-fed beef.

These new developments have renewed interest in the Hawaii cattle industry. Ranchers across the state are looking at these growing niche market opportunities. The project focus on the production and marketing of a natural beef produced from Hawaii cattle finished on the Mainland Northwest on predominately grass and a short finish low concentrate by-product ration and a grass-fed/forage finished beef produced locally on Hawaii pasture or forage allows us to take advantage of a prevailing trend for increasing demand for natural beef and grass finished beef on the US Mainland, in the Orient and to introduce and increase the development of this market in Hawaii. A component of this project will be to promote a higher level of consumer awareness of the principles for sustainable resource stewardship, animal health and welfare adhered to by the ranchers committed to produce this natural and grass-fed beef and on the nutritional qualities of natural and grass-fed/forage finished beef on the islands.

The project will also research in depth the limited slaughter capacity and chill space available to Hawaii producers that presently restricts local market growth. Significantly more should be added to this section on other bottlenecks the industry faces……

Nature of the Proposed Venture

Increasing consumer demand for food safety and better nutrition is providing Hawaii "natural" beef and grass-fed/forage finished beef new market opportunities in local, domestic and foreign markets. Hawaii's geographic isolation and pristine environment are also proving to be desirable features to producing "quality" beef. This project proposal aims to revitalize the Hawaii beef industry by reviewing production and capacity for delivering value-added products, identifying niche segments and expanding demand through innovative marketing techniques. Current consumer trends on beef and market value at peak levels suggest Hawaii now has a window of opportunity to succeed in the cattle industry and improve the economic well being for all producers in the state. Most of Hawaii's cattle producers are limited resource ranchers and require assistance to capture current market opportunities.

The proposed project would optimize returns for Hawaii producers and simultaneously spread production, financial and marketing risks. A successful conclusion to this proposed project would spearhead prosperity to some 150 plus producers statewide, expand job opportunities in ranches and support business, and help maintain a vibrant way of life in rural communities. Introducing new industries to promote economic development in rural Hawaii is no easy task. Strengthening an existing industry by seizing new market opportunities is an easier option. This project proposal satisfies that role.

Hawaii Ranchers Natural Beef and Branded Beef Natural Beef -- The focus is on assessing production of high quality, value-added Hawaii Ranchers Natural Beef by establishing a Hawaiian brand to calves born in Hawaii already planned for export to feed lots and processing facilities on the U.S. Mainland. By using the mainland infrastructure in place it allows the economies of scale while sales and distribution grow to a critical mass. The project will evaluate consistency in beef production and explore target markets in Hawaii, US Mainland, and Japan including hotels, restaurants, institutions, specialty retail stores and high-end natural food markets.

Ranch identity will follow these animals from the time they leave Hawaii to the packinghouse. Animals in this program will spend approximately 8 to 10 months grazing in Hawaiian pastures, 7 months grazing in California, Oregon or Washington, and will finish the program in specified pens at Beef Northwest Feeders Feedlot in Boardman, Oregon for a 90-day finishing period. Carcass data recorded by the USDA grader will be collected and sent back to the rancher. The rancher can then use the data to manage his breeding program.

The end-users of this product will be the type that appreciates stability in the pricing of the beef meat products since the prices will be set for 12-month periods on the products sold by HCPCA. The end-users will also be looking for source verified natural meat that is hormone and anti-biotic free that is good tasting and safe having originated from the most remote islands in the world. These end-users will be located on the Mainland in the major metropolitan cities, Japan and on the Hawaiian Islands in the form of tourists who want to taste local products and are willing to pay more for them. The end-users also will be health food chains that are looking at offering this type of product to its customers.

Marketing Hawaii Grown Beef -- In this segment, the primary focus is on marketing beef products with origin from Hawaii. The goal here is to expand the local market share of Hawaii-grown beef from the existing 10 percent to 30 percent. Hawaii-grown beef includes grass-fed/forage finished beef and also the Hawaii Ranchers Natural Beef, finished on the U.S. Mainland. Action items here include the gathering of information about the market for Hawaii-grown beef, including retail trends and an assessment of consumer preference. Thereafter, innovative educational programs and creative marketing strategies could be developed to merchandise Hawaii-grown beef. It is envisioned that Hawaii's leading chefs would have an important role in this process. Finally, there must also be a systematic effort to identify new market niches and recommendations to develop them in an appropriate manner.

STRATEGY 3. EDUCATION

"educate the general public (including our children), policy makers and stakeholders on issues critical for the survival of the Beef Industry in Hawaii."

Goal: Educate policy-makers and consumers on the importance of livestock in Hawaii

Objective 1: Educate policy-makers
Committee: Todd Low, Betsy Polhemus, Alan Gottlieb, Jimmy Greenwell

Action 1. Identify current educational efforts and occurrence.
- Ag Day @ Capitol
- Ag in the City (Honolulu only)
- Ag Advisory Councils (Mayor, Farm Bureau, etc.) to discuss ag issues/topics on

Action 2. Identify gaps based on anticipated results

Action 3. Develop plans to fill gaps

Action 4. Identify results for consumer group

Action 5. Educating policy-makers has to include economics ($), short-term successes
- Identify over-all message–what does the industry need the message to be?
- Message should include green space aspect of ranching
- Dollars, tourism and available green space
- Identify target groups, message/group

Obstacle Consideration:
- Coordination of group
- County vs. State issues
- Legislative timeline
- Understanding between government agencies (state and federal)
- Defining anticipated results

Evaluation

What method(s) of evaluation will you utilized to determine the success of your activities and the progress you are making toward the achievement of your goals?

How will you evaluate the success of your action plan(s)?

Objective 2: Educate consumers
Committee: Michelle Galimba, Russell Chin, Brent Buckley, Mike DuPonte, Wayne Nishijima

Attachment 5. See document entitled (in this section): Consumer *Education*
Attachment 6. See document entitled (in this section): *Beef Consumer Survey*

Action 1. Identify current educational efforts and occurrence.
- Youth

FFA/HS ag programs (limited)
Youth through Universities (Manoa and Hilo)
Ag in the Classroom (HFBF) @ elementary level (national program)
Some community colleges (ag programs, not livestock specific)

Retail Industry
Get national information
Effort by Derek Kurisu–educate retailers (Hawaii Food Industry Association)
Meat companies (i.e. Kulana) do some education programs

Other businesses associated w/livestock industry
May need a task force to talk w/businesses
Currently problem-based discussions; more education needed on both sides

Consuming public and military and retailers
In-state: permanent residents, people who cater to tourists, tourists (who eventually return home (out-of-state)
Branding on a company level
Taste of Hawaii, Ulupalakua Thing, events, Farm Fairs, lodging and hospitality show
Chefs use local products
Need to include open space aspect to education efforts (not just food production)
Health aspect of grass-fed beef

Ranchers
Mealani Field Day
HCC Annual Convention–island association meetings
Cooperative Extension Service
Hawaii Farm Bureau Federation
HDOA, other government agencies (not coordinated)

All other resources

Action 2. Identify gaps based on anticipated results

Action 3. Develop plans to fill gaps

Action 4. Identify results for consumer group
Who Responsible: Michelle, Russell and Brent

When – Deadlines: By the end of 2007 – for next HCC meeting on Nov. 1st

Resources Required: Derek Kurisu (KTA)

Obstacle Consideration:
Funding
Broad audience
Vegetarians (other groups)

Diet trends that exclude beef
Defining anticipated results

Evaluation

What method(s) of evaluation will you utilized to determine the success of your activities and the progress you are making toward the achievement of your goals?

How will you evaluate the success of your action plan(s)?

Attachment 5.

CONSUMER EDUCATION
Michelle Galimba

The Hawaii cattle industry makes the following major contributions to the economy, culture and environment of our state: (Notes)

Stewards of the land
- Ranchers actively participate in conservation programs (NRCS, Soil & Water)
- Ranchers partner with conservation groups
  - Ranches provide open-space habitat
  - Cattle keep fire-fuel under control on large parcels of land
- Cattle make economic use for marginal lands

Food Production
- Provides quality cattle to the highly efficient national market
  - Various ranches have branded or house lines of beef sold directly or through wholesale/retail (Maui Cattle Company, NSCC, Kahua, Parker, others
- Local products (Portuguese sausage, tripe, etc.)
  - Potential to increase the local, grass-finished, natural and other niche markets

Economic and cultural resource for rural communities
- Paniolo identity
- Character-building/educational resource for youth
  - Local cattle sales and home consumption are economic resource in rural communities
- support rodeo traditions

Contributing to the "Hawaii experience"
- Paniolo culture has tourism value (see recent articles in in-flight magazines)
- Open vistas has social value
- Agri-tourism and eco-tourism (horse-back and ATV tours)

In the context of these contributions, the cattle industry has the following sustainability issues:

Economic incentives/support for ecosystem services, environmental restoration, land, water and soil management

Transportation (Jones Act, costs, routes, etc)

Local market infrastructure

Costs of production (taxes, etc)

Attachment 6.

Beef Consumer Survey

The Taste of the Hawaiian Range, September 2007

This survey is to help develop a specific marketing protocol for locally produced beef. All of your answers on this survey will be tabulated and kept confidential. Thank you.

Demographics ***Please circle appropriate:***

1 .Sex: Male or Female

2. Age in years
18 to24
25 to 34
35 to 44
45 to 54
55 to 64
65 and above

3. Household income
under $24,999
$25,000 to $49,999
$50,000 to $74,999
$75,000 to $99,999
$100,000 to $149,999
$150,000 and above

4. On average, how many days per week do you consume beef? 0 1 2 3 4 5 6 7

5. How important are the following in selecting the beef you purchase? ***Rate on a scale of I to 5 with 1 being not important and 5 being extremely important. Circle appropriate***

	Not Important			Extremely Important		Not Familiar
Food Safety	1	2	3	4	5	X
USDA Inspected	1	2	3	4	5	X
Tenderness	1	2	3	4	5	X
Juiciness	1	2	3	4	5	X
Farm Fresh Taste	1	2	3	4	5	X
Price	1	2	3	4	5	X
Raised Humanely	1	2	3	4	5	X
Locally Grown	1	2	3	4	5	X
Grain fed	1	2	3	4	5	X
Grass fed	1	2	3	4	5	X
Natural	1	2	3	4	5	X
Organic	1	2	3	4	5	X
Ease of Preparation	1	2	3	4	5	X
Local of Regional branded	1	2	3	4	5	X

Direct Marketing

6. What would influence you to purchase a locally grown organic and/or all natural beef product? *Rate on a scale of 1to 5 with I being not important and 5 being extremely important. Circle appropriate.*

	Not Important				Extremely Important	Not Familiar
Availability in store	1	2	3	4	5	X
Know more about product	1	2	3	4	5	X
Taste better -	1	2	3	4	5	X
Support local ranchers	1	2	3	4	5	X
Healthier	1	2	3	4	5	X
Product identification	1	2	3	4	5	X
Price	1	2	3	4	5	X
Fresher	1	2	3	4	5	X
More advertising of product	1	2	3	4	5	X
Less Chemical, hormones, antibiotics	1	2	3	4	5	X

I. If natural beef was available, what is the most you are willing to pay for locally grown beef products? In relation to the typical retail price for item. *Circle one*
   Less than
   Equal to
   10% above
   25% above
   Greater than 25%

8. Have you ever purchased beef directly from a rancher or farmers market?
   Circle one Yes No

9. If given the opportunity would you purchase beef directly from a rancher?
   Circle one Yes No Don't know

10. Rate the beef at table #23 Sansei Seafood Restaurant ----*Rate on the .scale of I to 5 where 1 is not good and **5** being excellent. Circle one*

    1 2 3 4 5

When finished please return to box on survey table #24
Thank you for participating in this survey.

FUTURE FOCAL AREAS

Other strategic items and areas with potential future focus which are important to the industry, however is not selected in this current phase of the strategic action plan include:

Jones Act (Limited Exemption for Hawaii)

Attachment 7. See document entitled (in this section): *Resolution by the Hawaii Cattlemen's Council, Inc. in support of a Limited Exemption to the Jones Act.*

More access to competitive markets

Improve/develop national and international marketing alliances

Improve and increase local marketing and processing infrastructure

Consumer producer interaction plan

See industry be part of food security plan-statewide

Unified by common goal – all different segments of the industry

Create multiple financing options for new and existing operations

Identify and strengthen and diversify the industry leadership

Identify resources that could be tapped to pull together a task force to work on different pieces

Update current and adopt new technologies for infrastructure

More efficient transportation system

Strengthen or "create" all segments of the industry and improve infrastructure associated with that

Improve the forages and the pastures

Articulate compelling case for industry to communicate to producer-landowner-community

Attachment 7.

RESOLUTION BY THE HAWAII CATTLEMEN'S COUNCIL, INC. IN SUPPORT OF A LIMITED EXEMPTION TO THE JONES ACT

WHEREAS The Hawaii Cattlemen's Council, Inc (HCC) represents more that 100 cattle producers on all islands of Hawaii and graze over 25% of the lands of the islands;

WHEREAS the structure and mechanics of today's beef industry dictate that the Hawaii beef industry's primary market and optimum opportunities require the surface shipment of the majority of Hawaii cattle to seasonal pastures, finishing, and marketing programs in the continental U. S.;

WHEREAS due to the "Jones Act", the only direct surface shipment option for Hawaii cattle to these U. S. mainland markets is via Matson container ships;

WHEREAS the Hawaii cattle production cycle predictably fluctuates within each calendar year with the greatest cattle shipping demand coinciding with Matson's high freight demand season in the Fall resulting in severely inadequate container shipping capacity when most needed by Hawaii's cattle producers;

WHEREAS shipping entities have endeavored over the years to work with Matson as its exclusive container shipping option and while acknowledging substantial accommodations on both sides, Matson's current and planned shipping schedules, inability to guarantee shipping commitments and projected capacity for cattle shipments will fall substantially short of the industry's needs which include the demands of HCC's members;

WHEREAS foreign cattle ships can be scheduled to fill at least these unsatisfied seasonal demands as well as offer Hawaii shippers greater flexibility in terms of being able to handle a wider range of cattle by age, weight and height;

WHEREAS the shipment of some Hawaii cattle by container ships has and will continue to be a satisfactory and preferred alternative for some of Hawaii's ranchers, particularly those that ship smaller lots of cattle;

NOW THEREFORE BE IT RESOLVED that HCC believes a combination of cattle shipping options direct from Hawaii to select U.S. West Coast ports consisting of both

(a) efficient container ship service which is mutually agreeable, reasonably certain and advantageous to both Matson and the shippers in terms of schedule and capacity, coupled with
(b) limited foreign livestock vessel service would be a positive change and optimum balance of service and need benefiting both Matson and the local beef industry; and

BE IT THEREFORE FURTHER RESOLVED that HCC strongly supports a limited exception to the "Jones Act" such that foreign livestock ships could augment available U. S. lines to the extent necessary to fully service the capacity requirements of Hawaii's livestock industry between Hawaii and select U. S. West Coast ports.

SUMMARIES

Focal and critical areas need addressing; in the context of the ranching community strategies on Public Policy (related to agricultural land), Production and Marketing, and Education.

What the industry is doing, can and need do in the future

Attachment 8. See document entitled (in this section): *Report Addressing Legislative Resolution*

What is CTAHR doing, should be doing, can do in future

What is the Legislature doing, should be doing, can do in the future

Attachment 8.

Report Addressing Legislative Resolution relating to the Hawaii Livestock Industry.
BEEF CATTLE INDUSTRY SECTOR
Dr. Jason Moniz, Hawaii Department of Agriculture.

"Establish a task force to discuss and develop long term solutions to effectively protect the livestock industry in Hawaii."

In response to Legislative Resolution HCR 170 SD1 and a CTAHR priority to help industry develop a strategic plan, representatives and stakeholders of The Hawaii Beef Cattle Industry met on July 31 and August 1, 2007 for a Strategic Planning Retreat. Thirty three (33) industry representatives and 34 other participants representing State, Federal and private partners were in attendance.

After much discussion and examining a multitude of issues, 3 overall action areas were organized which industry members felt could help the industry move forward. These are:

- Land Use Policy
- Economic and Marketing Analysis, and
- Education

Subsequent to the retreat, committees dealing with these action areas developed the following Draft Vision Statement:

> ***Hawaii's beef cattle industry plays a vital role in sustaining Hawaii's agricultural resource base and the ecosystem service values which make Hawaii so unique; however the industry's survival is heavily dependent upon***
>
> ***(a) adopting public policies which support the economic sustainability of predominantly grazing and other open space uses, and***
>
> ***(b) maintaining a variety of marketing options for Hawaii's beef producers including both local and mainland production and marketing opportunities together with the necessary transportation alternatives to keep the same viable.***
>
> ***(c) educating the general public (including our children), policy makers and stakeholders on issues critical for the survival of the Beef Cattle Industry in Hawaii***

(1) Examine current policies, procedures, and operations of livestock farms in Hawaii.

Beef cattle production has a long and valuable history in Hawaii. Unlike other agricultural commodities beef cattle production has consistently and significantly contributed to Hawaii's economy for more than 175 years. The first organized beef cattle ranch in Hawaii had its beginnings over 175 years ago in Princeville, Kauai in 1831. There are currently about 158,000 head of beef cattle in the State being grazed on approximately 900,000 acres of range and pasture land. Lands supporting beef cattle production in the State are made up of owner operated fee simple land, leases from private land owners and leased government lands.

Over the past 35 years there has been a steady decline in the total inventory of beef cattle in the State and the acreage in production. The decline in total beef cattle inventory can be explained by a large shift in marketing strategies in the mid-1980's, when Hawaii shifted from predominantly keeping all of their calves in Hawaii for finishing and processing and sale, to one now where most of the calves are shipped out of State after weaning. The decline of acreage in beef cattle production is largely attributed to fee and government lands being taken out of production to satisfy owner and trust recipient returns and the removal of lands which retained native flora and fauna for conservation purposes. Lands taken out of sugar cane production in the 1990s and quickly converted to beef cattle production partially offset the loss of private and government lands that were removed from beef cattle production over the past 20 years.

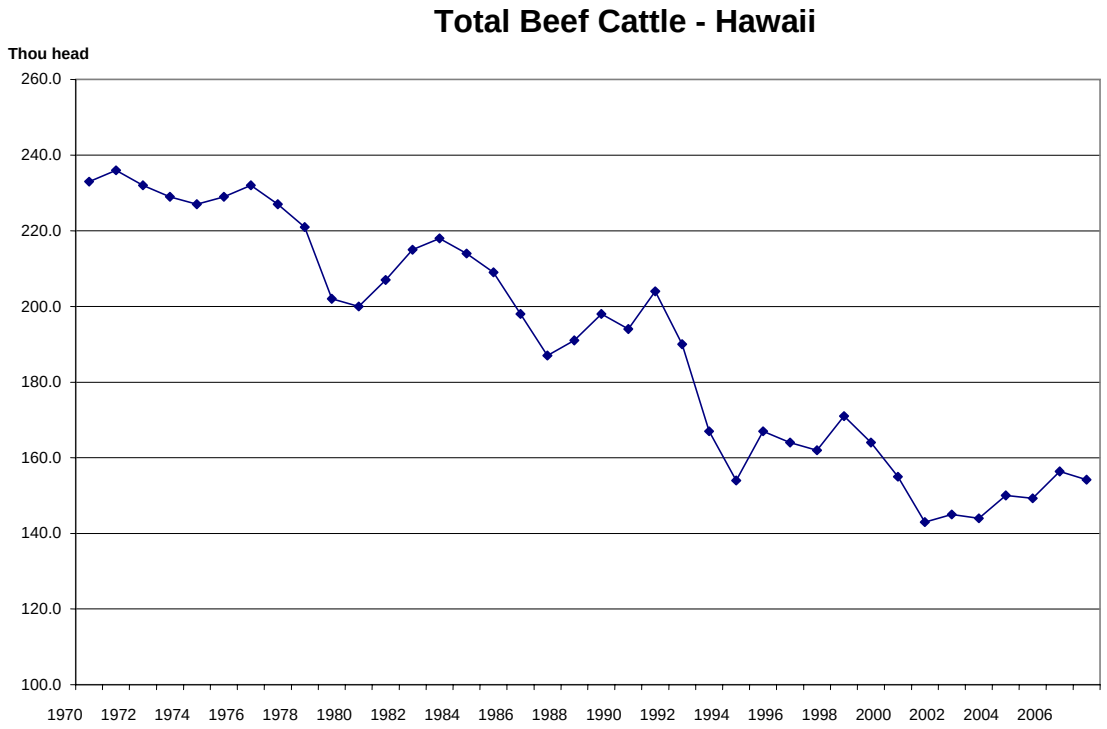

Figure 1. Inventory of all classes of cattle in Hawaii from 1970 through 2007.

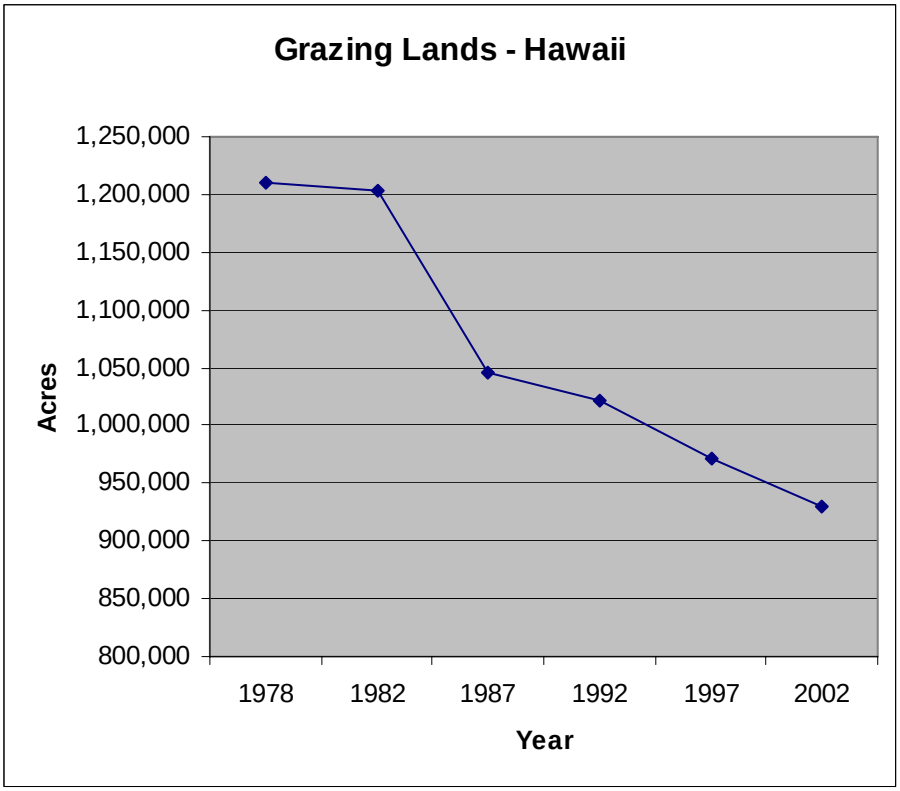

Figure 2. Total acreage of range and pasture land being grazed in Hawaii from 1970 through 2005

The current beef cattle industry in Hawaii is predominately made up of "cow-calf" operations. These operations maintain cow herds that produce calves that are raised on pasture for 6-10 months. At 6 to 10 months of age the calves are then weaned and either sold to mainland buyers or are retained by the owner producer and shipped to the mainland for further growing and finishing under the producer's ownership. Between 40,000 and 50,000 head of weaned calves are exported from the State annually. Another 5,000 to 6,000 head are finished locally on grass and some limited local pineapple by-product. In addition 5,000 to 12,000 head of older cull cows and bulls are processed and marketed in the State annually. Other than some sugar cane molasses and pineapple by-product Hawaii has never developed by-product or livestock feed in sufficient quantity to support the finishing of its beef cattle locally.

Hawaii's beef industry discontinued feeding and finishing cattle in local feedlots in the early 1990s when the cost of imported feed for finishing the cattle along with the high cost of slaughter and processing became prohibitive and non-competitive with imported beef that is fed, processed and vacuum packed on the mainland. At that point the industry had to quickly adapt and began shipping calves to the Mainland for finishing and processing and has continued this marketing method over the past 17 years. The transporting of cattle to feeding areas for finishing is not unique to Hawaii as 80% of the feeding and processing of beef takes place in the high plains States (NE, CO, KS, OK, TX) necessitating other beef producing states to ship cattle there. What is unique to Hawaii's beef cattle producers is the distance and method of transportation, both of which result in significant higher expense than paid by mainland producers.

So while, the total number of cattle in Hawaii have declined (as the calves produced are now raised outside the State), the actual breeding cow numbers have stayed fairly constant since 1961 as shown in Figure 3.

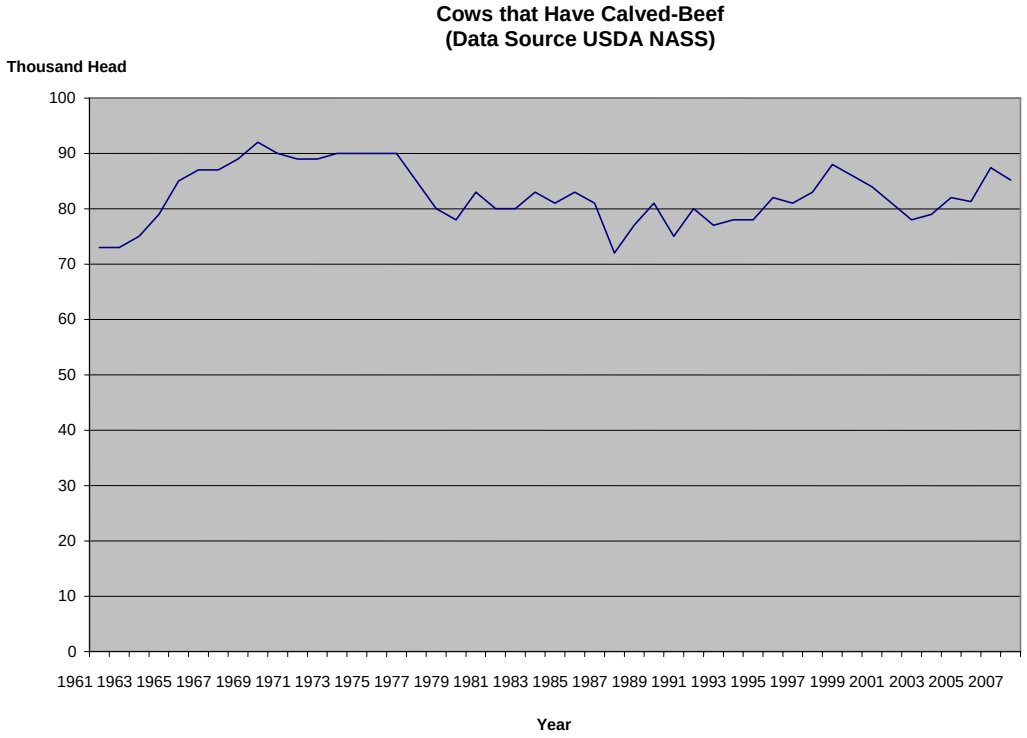

Figure 3. Beef cows that have calved inventory State of Hawaii 1961 to present

For a more in depth understanding of the circumstances for the current industry policies and procedures, please refer to the CES September 2003 publication: "Hawaii Beef Industry: Situation and Outlook Update", by Linda J. Cox and Soot Bredhoff. Much of the information summarized in 2003 in this publication remains true today. (available at http://www.ctahr.hawaii.edu/oc/freepubs/pdf/LM-8.pdf)

A quick economic analysis using a model develop by CTAHR concluded that Hawaii beef cattle producers, on average, realized negative returns when opportunity costs are accounted for and are marginal at best if opportunity costs are excluded. Given the time constraints to respond to this resolution the sample size was small (9 ranches). While the larger ranches realized some economics of scale, nearly all the ranches in the analysis were not economically viable. The overall results are troubling given that commodity beef prices are presently near record high levels.

(2) Explore and identify best practices to develop long term solutions to effectively protect the livestock industries in Hawaii.

The task force recognizes some very basic requirements for the survival and sustainability of the beef cattle industry in Hawaii:

LAND

The task Force recognizes that the survival of the Beef Cattle Industry in Hawaii is heavily dependent on the adoption of public policies which support the economic sustainability of predominantly grazing and other open space uses

Grazing lands and water must remain available to maintain a critical industry mass for cow calf operations and also to finish cattle in the State

A viable economic return must be realized by beef cattle producers and the owners of grazing lands

Practices to conserve and improve grazing lands must remain in place and be strengthened

- Develop with the input of this task force, government policies which not only allow but effectively provide incentives to private Landowners to invest in
  (a) diversified income opportunities on agricultural land not inconsistent with predominately grazing use and open space and
  (b) activities that have the potential to maintain or enhance ecosystem service values including rural or "conservation real estate".

- Enact legislation which
  (a) protects the rights of owners of existing properties that were subdivided or entitled with the intent of allowing for the construction of a residence in the AG district without a proven nexus to farming or other "agriculture use",
  (b) provides incentives to preserve and protect important mauka lands, and
  (c) determines what is to become of non-IAL lands including pasture and grazing lands ***prior to*** triggering the Important Ag Land designation process.

- Transfer pastoral lease from DLNR to DOA

- Preserve public grazing lands with a "no net loss of State grazing land" policy by restricting use of historical grazing leases to qualified ranchers and charge rents accordingly. Towards this goal it is recommended that pastoral lease lands currently under the management of the DLNR be transferred to the management of HDOA where agriculture expertise and the importance of the agriculture mission are well understood.

- With respect to the ongoing efforts to designate "Important Ag land" Statewide;

  (a) To maintain the position that grazing lands generally do not fit the Constitutional intent of IAL based solely on their low agriculture productivity value per acre. If, however such lands also have other characteristics of soil, water/rainfall, access and infrastructure, or uniqueness that distinguish them for IAL consideration, then any IAL designation decision should be based on that criteria; and
  (b) To recognize that IAL designation of lands currently being grazed could result in a conversion of those lands to other, more profitable, agricultural uses, with a concurrent loss of many of the Eco-system services provided by grazing land and not provided by land used for more intensive agricultural production.

- To provide funding for the inventory and quantify suitable grazing lands State-wide for cow-calf and grass finishing beef cattle and to also determine the ecosystem service value of the same.

- To support and promote best management practices of our State's grazing lands and open spaces so as to conserve and maximize the benefit of the natural resources thereon including but not limited to management practices which -
  (a) minimize the fuel loads and the risk of wildfires which also threaten our forests, natural areas and even improved properties;
  (b) control the introduction and spread of invasive species;
  (c) conserve our soil and habitat resources;
  (d) conserve our water resources to maximize the watershed value of grazing lands while minimizing potential down-slope adverse impacts to land and near shore resources

- Improve education of the public, including policy makers, about the total contribution the beef cattle industry provides to the broader community in terms of the value of
  (a) the economic impact of a healthy cattle industry and
  (b) the value of the eco-system services attributable to land under the stewardship of ranchers.

*(For more in depth understanding of land issues and their affect on the Beef Cattle Industry see **Attachment 1** entitled "Hawaii Cattlemen's Council Position Paper on Agriculture Land Use Policy and Practices)*

ECONOMICS/MARKETING/RESOURCE

The task force recognizes that maintaining a variety of marketing options for Hawaii's beef producers including both local and mainland production and marketing opportunities together with the necessary transportation alternatives to keep the same viable and is necessary for the survival and sustainability of the industry.

A viable economic return must be realized by beef cattle producers and the owners of grazing lands

Cost effective, efficacious and efficient transportation means are required to move live cattle, beef, feed and supplies into and out of the State.

Multiple marketing options are needed for live cattle and beef especially those that can return better than commodity beef prices

Develop and promote locally produced value-added products and structure returns on these products that provide a fair share return to producers

Infrastructure to process and market beef in the State must remain in place and be upgraded to insure product quality and consumer safety

Production costs controls must be in place for the industry to be competitive and economically viable.

- Any changes to the current market channels will take several years to develop, however cost reductions/containment and improvements to the shipping of livestock and ranch production supplies must take place now to protect the primary market for beef cattle as over 90% of the calves raised in the State are currently exported.
    - secure a limited exemption to the Jones Act for shipping cattle to the Mainland U.S. aboard specially designed livestock vessels to improve animal health and welfare and move cattle during the peak transportation seasons in the fall and spring (see Resolution attached)
    - Containerized movement of livestock require priority treatment and best agricultural rates
    - Direct port to port shipments are required to insure health and welfare of the livestock moving in and out of the State
    - Feed and supply transportation cost need to be reduced to their lowest agriculture rate

- Feed and water need to be available and affordable in order to improve economic returns to sustainable levels for the cow-calf sector and to expand the local finished beef sector
- A grazing resource inventory, analysis, implementation of policy changes required and agency/entity partnerships are required to promote the economic success of the beef cattle industry

  *(See task force action plan and funding requirements to implement this finding, **Attachment 3**)*

- Market and product development needed to take place to improve returns for beef cattle producers in Hawaii.
    - Develop:
        - Natural beef programs
        - Grass finish beef
        - Value-added products
        - Organic
        - Branded

  *(For an example of an in-depth market development study and proposal see **Attachment 4**)*

- Local markets need to be captured
    - "Buy local" programs developed and implemented
    - School and institutional markets need to be captured
    - A share of the Military market should be captured
    - Local markets need to be captured
- Foreign beef quotas need to be regulated so dumping does not occur in Hawaii which is closest to beef exporters in NZ and Australia.
- Economic evaluation tools need to be refined and used on an ongoing basis to measure producer economic returns, determine the sustainability of the industry and to implement changes including emergency protective measures to insure the beef cattle industry's sustainability.

The CTAHR economic evaluation model used to evaluate the current economic status of Hawaii's beef cattle producer is available at http://www.ctahr.hawaii.edu/oc/freepubs/pdf/LM-12.pdf

EDUCATION

Educating the general public (including our children), policy makers and stakeholders on issues critical for the survival of the Beef Cattle Industry in Hawaii

Consumers, producers, the public and government need to receive information and education regarding the beef cattle industry and recognize the importance of its survival to Hawaii's diversified economy, open vista, food security, environment and to the culture of the people of Hawaii

Educational resources must remain in place and be strengthened to train the current and next generation of producers.

The Hawaii Cattle Industry has a compelling message to deliver on why it is important to the well being of this State, including the land and environmental issues mentioned above, and its importance to the State's economy and bio-security. Its issues will not be a priority to the residents of this state unless it does a good job of educating these residents as to why their industry is important to their everyday way of life, and it will not be a priority to policy makers if residents do not hold it as a priority

- Develop, refine, and deliver "the story" of the cattle industry's contributions to the economy, culture, and environment of Hawaii.
- Present cattle industry's sustainability issues in the context of its contributions, positive goals and strategies.
- Continue and expand beef cattle industry participation and support for trade shows, culinary festivals, and community outreach events.
- Develop a lead position to coordinate education and outreach events, as well as liaise with legislature, government, and media.
- Provide support for and coordinate with private local marketing efforts so as to maximize the educational impact on the public for both industry and private companies.
- Develop strong positive relationships with other agricultural, livestock, food, and environmental organizations so as to deliver beef industry's message in as many venues as possible, and to keep industry abreast of larger social context.

(3) Explore any other options available to the task force to develop long term solutions to assist Hawaii's livestock industries.

Given the current economic status found following the economic evaluation of Hawaii beef cattle producers using the CTAHR model, incentives or relief may be required, at least short term, to insure the survival of the beef cattle industry as strategic initiatives are developed and implemented. The task

force finds multiple reasons as to why the survival and sustainability of the beef cattle industry is important to the State of Hawaii including providing for the State's food production security.

- Proposed IAL incentives should be expanded to include bonafide beef cattle producers
- Explore reduction in utility and fuel rates including fuel and utility tax exemptions
- Explore reducing water rates from all source to meet agriculture water rates
- Provide an ongoing tax incentive programs to off set water development, pollution control and environmental improvement projects undertaken by producers
- Develop State cost share programs to implement environmental compliance requirements
- Provide emergency tax relief programs to insure sustainability while long term economic rejuvenating strategic plans are put in place
    - Income
    - Excise
    - Land
    - Fuel
    - Transportation
    - Death
- Place existing grazing lands, harvest and processing facilities in Enterprise Zone classification

(4) Establish findings, and identify and recommend solutions to issues involving satisfying livestock feed requirements, including the transportation cost of feed.

- Research and develop local sources of feed to finish cattle in the State
- Make agriculture water available and cost effective to irrigate former sugar/pineapple lands that have the potential to grow and finish beef cattle
- Research the availability and cost of bulk commodity vessels to import feed for all livestock

APPENDIX

1. Summary of Legislative Resolution
2. State Constitution

REFERENCES

1. Cox, Linda and Soot Bredhoff. 2003. The Hawaii Beef Industry: Situation and Outlook Update, CTAHR, University of Hawaii at Manoa, LM-8. (available at http://www.ctahr.hawaii.edu/oc/freepubs/pdf/LM-8.pdf)

2. Cox, L., et.al. 2006. Commercial Cow-Calf Management Decisions: Calculating Your Cost of Production with Calf-XL-2006. CTAHR, University of Hawaii at Manoa, LM- 12. (available at http://www.ctahr.hawaii.edu/oc/freepubs/pdf/LM-12.pdf)

3. Strategic Plan Group Memory (not attached)

SUMMARY: Resolution request HDOA to establish a task force to develop long term solutions and promote the livestock industry in Hawaii.

SCR 192, SR 122, HCR 170*

LIVESTOCK INDUSTRY, PROTECTION OF. Requests the Department of Agriculture to establish a task force that includes:

(1) The Chairperson of the Board of Agriculture or the Chairperson's designee;
(2) The Dean of the College of Tropical Agriculture and Human Resources at the University of Hawaii or the Dean's designee;
(3) The President of the Hawaii Farm Bureau Federation or the President's designee; and
(4) Members representing the various sectors of Hawaii's livestock industry, including but not limited to dairy, beef, eggs, poultry, and pork.

Resolves that the task force:

(1) Examine the current policies, procedures, and operations of livestock farms in Hawaii;
(2) Explore and identify best practices to develop long term solutions to effectively protect the livestock industry in Hawaii;
(3) Explore any other options available to the task force to develop long term solutions to assist Hawaii's livestock industry; and
(4) Establish findings, and identify and recommend solutions to issues involving satisfying livestock feed requirements, including the transportation costs of feed.

Further resolves that the Department submit a written report to the Legislature of the task force's findings and recommendations, including any proposed legislation, no later than twenty days prior to the convening of the Regular Session of 2008.

*HCR 170 Includes members representing the various sectors of Hawaii's transportation industry, including but not limited to trucking, ocean carriers, inter-island carriers, barges, air cargo, and freight forwarders in the task force.

(SSCR 1429, HSCR 2082)

SCR 193, SD1, SR 123, SD1

LIVESTOCK FEED, REDUCTION IN SHIPPING AND TRANSPORTATION COSTS. Requests Hawaii's Congressional Delegation to the United States Congress to assist in the longevity of a diversified livestock industry in Hawaii by legislating a reduction in federally regulated shipping or transportation fees for livestock feed or an exemption from federal statutes relating to livestock feed shipping and transportation costs from the mainland to Hawaii.

(SSCR 1758, HSCR 2122)

THE CONSTITUTION OF THE STATE OF HAWAII

As Amended and in Force January 1, 1993

The Hawaii Constitution was framed by a Constitutional Convention under Act 334, Session Laws of Hawaii 1949. It was adopted by the people at the election held on November 7, 1950, and was deemed amended when three propositions submitted to the people in accordance with the Act of Congress approved March 18, 1959, 73 Stat 4, Public Law 86-3, were adopted by the people at the election held on June 27, 1959. As so amended, it was accepted, ratified, and confirmed by Congress by the Act of March 18, 1959. It went into effect on August 21, 1959, upon the issuance of a presidential proclamation admitting the state of Hawaii into the Union.

The Constitution has since been amended a number of times in accordance with proposals adopted by the legislature or by constitutional convention and ratified by the people. The source of these amendments is indicated in the source notes immediately following the text of the amended or new section.

Revision Note

On November 7, 1978, amendments to the Constitution proposed by the Constitutional Convention of 1978 were presented to the electorate for its approval. The Lieutenant Governor's computer report showed that all of the proposed amendments passed by the necessary constitutional margin. However, the Supreme Court of Hawaii in Kahalekai v. Doi, 60 H. 324, 590 P.2d 543 (1979), held that a number of the proposed amendments were not validly ratified. The revisor has deleted from the Constitution these invalid amendments and added explanatory notes to the sections concerned. This deletion has been done under the authority of Resolution No. 29 of the 1978 Constitutional Convention authorizing the revisor "to effect such necessary rearrangement, renumbering and technical changes of the sections within the articles of the State Constitution, as may be affected, for proper form and arrangement and proper order in the State Constitution in the event that any or some of the amendments to the State Constitution proposed by the Constitutional Convention of Hawaii of 1978 are not ratified by the electorate."

In addition to the abovementioned amendments, removed from the text of the Constitution, there appear to be other proposed amendments that may have failed of ratification. A number of unspecified amendments, involving technical, stylistic, and incidental changes, were submitted for approval by the electorate under Question 34. As to these, the Court stated:

The question of whether any amendment submitted for approval by Question No. 34 was in fact approved ... dependents on its effect upon substantive law. If the amendment is purely stylistic and technical in nature, and does not alter the sense, meaning or effect of any provision of the Constitution, it was approved by the electorate and has become a part of the revised Constitution. On the other hand, if the amendment alters the sense, meaning or effect of any provision of the Constitution, it was not ratified and is not effective to change the language of the Constitution. Obviously, we are not now in a position to make these line by line determinations.

The revisor does not consider that the authority granted under Resolution No. 29 embraces the elimination of proposed amendments as having failed of ratification where the issue has not been adjudicated. Thus the text of the Constitution includes all the proposed amendments submitted for

ratification under Question 34. As an aid to the readers, however, an attempt has been made to identify all such amendments--except those obviously purely technical and stylistic and clearly nonsubstantive (which have been ratified)--and explanatory notes have been appended thereto.

Preamble
Federal Constitution Adopted

AGRICULTURAL LANDS

Section 3. The State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands. The legislature shall provide standards and criteria to accomplish the foregoing.

Lands identified by the State as important agricultural lands needed to fulfill the purposes above shall not be reclassified by the State or rezoned by its political subdivisions without meeting the standards and criteria established by the legislature and approved by a two-thirds vote of the body responsible for the reclassification or rezoning action. [Add Const Con 1978 and election Nov 7, 1978]

Law Journals and Reviews

Maha'ulepu v. Land Use Commission: A Symbol of Change; Hawaii's Land Use Law Allows Golf Course Development on Prime Agricultural Land by Special Use Permit. 13 UH L. Rev. 205.
Is Agricultural Land in Hawai‘i "Ripe" for a Takings Analysis? 24 UH L. Rev. 121.
"Urban Type Residential Communities in the Guise of Agricultural Subdivisions:" Addressing an Impermissible Use of Hawai‘i's Agricultural District. 25 UH L. Rev. 199.
Avoiding the Next Hokuli‘a: The Debate over Hawai‘i's Agricultural Subdivisions. 27 UH L. Rev. 441.

Case Notes

Unconstitutional if applied to deny importation of out-of-state goods for no reason other than goods traveled in interstate commerce. 590 F. Supp. 778.
This section requires legislative action to become operative; the nature of the required legislative action, at the least, is the adoption of standards and criteria; because this section is not "complete in itself", it requires implementing legislation. 102 H. 465, 78 P.3d 1.
Until standards and criteria for the preservation of agricultural lands are adopted by the legislature, this section is legally inoperative; thus, developer's lands could be rezoned without a two-thirds majority vote of the city council; trial court correctly ruled that passage of council rezoning bill by simple majority did not violate this section. 102 H. 465, 78 P.3d 1.

This is cooperative partnership project between

Hawaii Cattlemen's Council, Inc.
other members of the Hawaii Beef Cattle Industry
Hawaii Department of Agriculture
Hawaii Farm Bureau Federation
CTAHR Beef Initiative Program Team,
College of Tropical Agriculture and Human Resources,
University of Hawaii Manoa