

SB 2956

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

LATE

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND HAWAIIAN AFFAIRS
JANUARY 31, 2008
2:45 P.M.

SB2956
RELATING TO MILK

Chairperson Tokuda and Members of the Committee:

Thank you for the opportunity to provide testimony on Senate Bill No. 2956, relating to milk, which is an Administration Bill. The Milk Control Act regulates the assignment of milk quota and the minimum price paid to the local milk producers. A Class I price is paid to a producer by the State's only milk processor when milk is utilized for fluid consumption. The lower Class II price is paid when milk is utilized by the processor for other non-fluid dairy products, such as yogurt and cottage cheese. The Class II price is approximately 2/3rds of the price paid for Class I milk. The department strongly supports this bill.

Currently, there is no control over the amount or source of milk utilized for Class I or Class II milk by the processor and no alternative processor in the State. In 2007, locally produced milk represented approximately 18% of the total milk and milk products consumed in the State and the other 82% came from imports into the State. The majority of the imported milk is pasteurized on the mainland, transported in insulated rather than mechanically refrigerated, bulk containers and re-pasteurized before being packaged by the local processor. Imported milk may have been in transit from the farm for close to two weeks and will have traveled over 3,000 miles before arriving in Hawaii stores.

This amendment will help to ensure that 100% of the local producers' milk produced within their quota will be used for fluid consumption rather than for the lower compensated Class II purposes. It will also mean that Hawaii's consumers will obtain fresher milk and will contribute to the continued operation of the two remaining Hawaii dairies.

Thank you for the opportunity to testify in support of Hawaii's dairy industry.



Hawaii Agriculture Research Center

99-193 Aiea Heights Drive, Suite 300

Aiea, Hawaii 96701

Ph: 808-487-5561/Fax: 808-486-5020

TESTIMONY BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND HAWAIIAN AFFAIRS

SENATE BILL 2956

RELATING TO MILK

January 31, 2008

Chairman Tokuda and Members of the Committee:

My name is Stephanie Whalen. I am President and Research Director of the Hawaii Agriculture Research Center (HARC). I am testifying today on behalf of the center, our research and support staff, and our members and clients.

HARC supports Senate Bill 2956 Relating to Milk

It is unfortunate that Hawaii has lost so many of its production dairies at a time when 'buy local' is finally entering the community's radar. It is also unfortunate that the intent of the state's regulation meant to support local farm production can so easily be circumvented.

Hopefully the changes being proposed by this legislation will ensure that the remaining local state dairies will be paid the class 1 price for all their milk delivered to the processors. Imported milk can be used to make up the difference needed for fluid milk and for all the class 2 products.

The 30 to 35% difference between the price for class 1 and class 2 is obviously very significant and certainly a contributor to the dairy bottom line.

We urge you to **support Senate Bill 2956** to help maintain the state's remaining dairies.

Thank you for the opportunity to testify.



Date: January 30, 2008

To: Sen. Jill Tokuda, Chair Senate Committee on Agriculture and Hawaiian Affairs

From: Ernest Tottori, HPC Foods Ltd.

LATE

Ref. SB 2956 Relating to milk and fair payment.

I am a farmer and a consumer all my life. When I was growing up, there were many dairies in Hawaii. Soon there will be none on Oahu. Already there are no more dairies on Kauai and Maui. When my wife and I purchase milk to drink, the doctor said it would be good for our bones, we often run into spoiled milk.

I support the changes addressed in SB 2956. I see tankers and tankers of imported milk pass my office daily. Hawaii is in a milk shortage since we are importing. For farming to exist, farmer should also be paid a fair and decent price. Local fresh milk should first be used for fluid purposes versus for processed. Milk is a highly perishable product; so the freshest should be paid a premium. The freshest product should be made available for our children.

Milk is an important food item. What would happen if there is transportation disruption? We can have dairies in Hawaii. Most of what the cows consume can be grown here e.g. corn silage. Hopefully, when we can provide a decent price for the farmers, we can have local milk for all of us. Thank you.

Respectfully submitted

Ernest Tottori
Ernest Tottori

COMMITTEE ON AGRICULTURE AND HAWAIIAN AFFAIRS

Senator Jill N. Tokuda, Chair
Senator J. Kalani English, Vice Chair

From Animal Rights Hawai'i
re; SB2956
Milk support
Hearing: January 31, 2008, 2:45 PM
Conference Room 224

Chair Tokuda and Members of the Committee:

Animal Rights Hawai'i opposes any government support to prop up the obviously dying dairy industry. Last session, \$3 million was appropriated to shore up local dairy and eggs. Now that O'ahu's last dairy is closing, is it not time to admit that this industry cannot succeed and will continue to be a drain on the already overburdened taxpayers.

How many more millions of dollars do you intend to squander- money that could be used for education, health care for keiki, infrastructure...just to keep a few cattlemen in business. This is not about fresh milk- it is about subsidizing a rural lifestyle for a few.

Please do not throw good money after bad- no more tax dollars to be wasted on milk!

Cathy Goeggel
Director, Research and Investigations
Animal Rights Hawai'i
PO Box 10845
Honolulu, HI 96816
tel: 808.721.4211
fax: 866.508.2997
www.animalrightshawaii.com
selkie@hawaii.rr.com

From Animal Advocate, Inc.
Regarding SB 2956
Milk support

Committee on Agriculture and Hawaiian Affairs
Hearing: January 31, 2008, 2:45 PM
Conference Room 224

Chair Tokuda and Members of the Committee:

In June of last year, the following letter (written by Pamela Davis) to the editor was printed in the Honolulu Weekly. I believe it sums up our concerns regarding government subsidies of the dairy industry here in Hawaii.

Essentially, this bill is ill-conceived for the following reasons: Milk is seriously detrimental to human health and is implicated in various dread diseases; livestock is one of our least sustainable activities and contributes to global warming, among others; it causes environmental damage (soil, water pollution, etc.)

Please take our concerns seriously. We are unhappy that our tax dollars are being spent on propping up this industry, when clearly, it's "time has come."

Pamela Davis
Animal Advocate, Inc.
<http://www.animaladvocateinc.org/index.htm>

HONOLULU WEEKLY
June 20 - 26, 2007

³Whitewashing the Truth²

I like Pritchett¹'s cartoon of a dairy cow leaving Oahu, ³moo-hu-hu-ing² as she carries her suitcases (6/6).

Media accounts indicate that Oahu's last two remaining dairies will close by the end of summer, and all milk must then be shipped in. The demise is blamed on rising costs for feed, shipping, and land, environmental regulations, and low sales. Yes, even though the State set price controls on milk, and lawmakers just passed a bill creating a \$3 million/year program to subsidize feed costs for livestock producers, milk sales are down, big-time.

Milk producers tell us milk builds strong bones in children and prevents osteoporosis in adults. However, Physician's Committee for Responsible Medicine tells us we should seek a second opinion. A comprehensive review article published in the journal

Pediatrics in 2005 revealed that consumption of dairy products contributes to obesity, heart disease, ear infections, respiratory problems, osteoporosis (ironic, considering the ad campaign), type 1 diabetes, and certain types of cancers. It turns out that milk contains synthetic hormones, antibiotics, pesticides, and even some pus (from mastitis) thrown in for good measure. Doesn't that sound delicious?

There's a recent quote in the media from Senator Clayton Hee saying, ³If Mountain View (a Waianae dairy that is closing) is the way of the future, then sustainability certainly will not include livestock production.² I am puzzled by the senator's use of the word ³sustainability.² I believe livestock production is one of humanity's least sustainable activities. A recent United Nations report states that almost one-fifth of global warming emissions come from livestock. In addition to greenhouse gases, livestock production results in ecosystem damage, aquifer depletion, heavy metal contamination of soil, and soil erosion. Wow, health problems, environmental damage, and even global warming -- what's so sustainable about that?

Some are whining that we will be more dependent on imports. Well, not if we substitute calcium-rich, locally grown produce for the unhealthy dairy products! The good news is that there is plenty of calcium in leafy greens, beans, soymilk, and other healthy and tasty foods including our locally-produced tofu. And, consuming locally-grown produce is good for our health, and better for our environment.

So, what are you feeding your family?

To: Sen. Jill Tokuda, Chair Senate Committee on Agriculture and Hawaiian Affairs

From: CN Lee as a private individual

A handwritten signature in black ink, appearing to read 'CN Lee', with a long horizontal flourish extending to the right.

Ref. SB 2956 Relating to milk and fair payment.

I work with dairy producers in the state but am submitting this testimony as private individual. I support the changes SB 2956 seeks. I understand that this is an administrative bill seeking ensure fair pricing for our local livestock industry in an attempt to stop the decline of dairies in Hawaii.

Even as recently as the past 5 months, dairy producers were paid Class II prices for some to the milk they produced. Class II is milk used for soft processing purposes. Meanwhile, we import huge quantities of fluid milk for fluid purposes.

I have included here some data that I have collected over time with the collaboration of the previous Milk Division manager (now retired). The information speaks for itself. Producers here cannot be producing milk and have large volumes of it used for Class II purposes and paid lower prices.

Fluid milk is a necessity food item for a certain sector of the population, the children and the elderly. All states have price support system to ensure fluid milk produced meet the local demand for fluid milk needs first. Some states even go further to ensure the quality of freshness for her consumers. This bill is a step in the right direction to ensure priority utilization and appropriate payment for an important food item. Thank you.

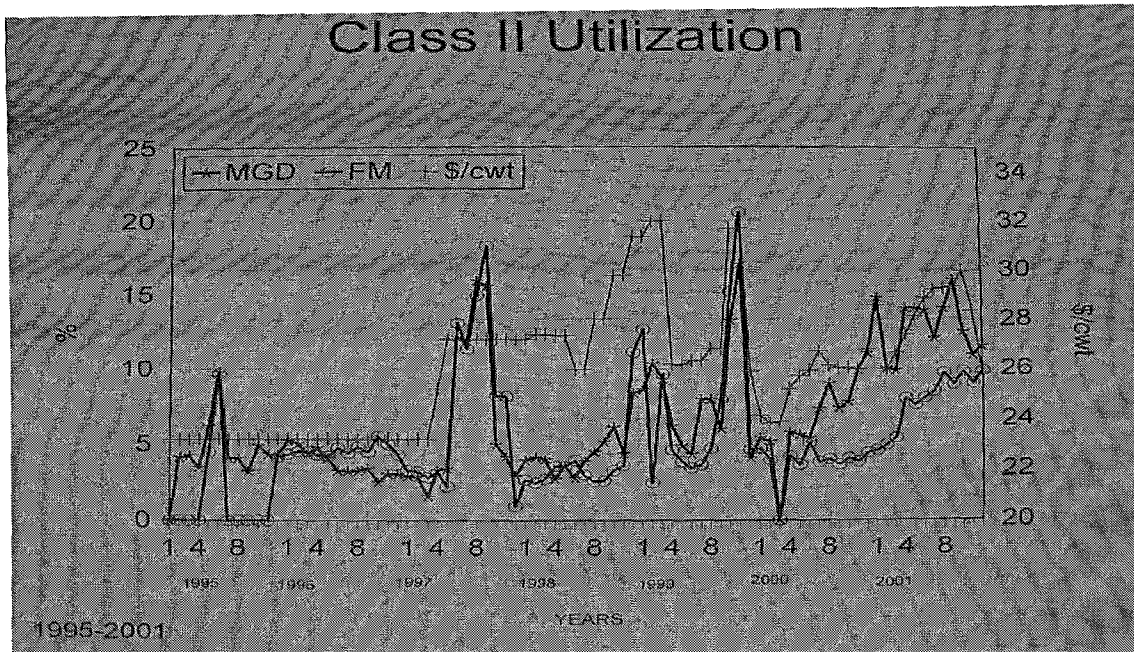


Figure 1. Class II Utilization on the Oahu milk shed. Data from the Dept. of Ag. HI. MGD = Meadow Gold Dairy, HI.; FM=Foremost Dairy Hawaii; \$/cwt = price per 100 pounds of milk.

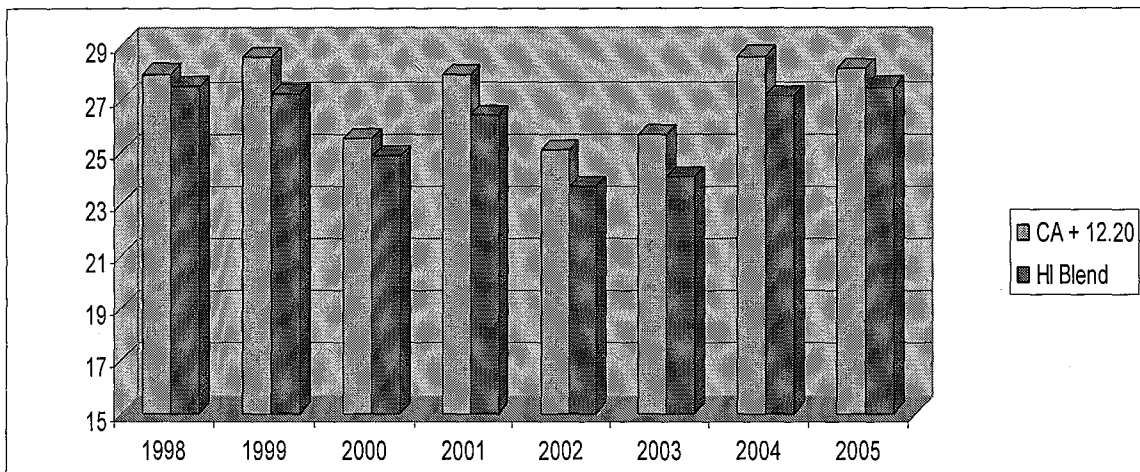


Figure 2. Average blend prices of milk under the previous pricing system. Farmers are paid a blend price based on utilization. Meanwhile, we have imported milk used for fluid purposes.