

# **SCR122/SR85**

## **Testimony**



Hawaii's Agricultural Partnership

SENATE COMMITTEE ON AGRICULTURE & SENATE COMMITTEE ON WATER &  
LAND

**SCR122/SR 85**

*REQUESTING THE DEPARTMENT OF AGRICULTURE TO IMPLEMENT A  
SCHEDULE OF REDUCED IRRIGATION WATER TOLL RATES AND CHARGES FOR  
THE ISLAND OF HAWAII ... IRRIGATION WATER.*

Chair Nishihara, Chair Solomon, Vice Chairs and Members of the Committees:

**4 Ag Hawaii strongly supports SCR 122/SR 85**

Hawaii's cattle industry faces a number of challenges – escalating fuel costs – increasing feed costs - limited & aging processing facilities and ongoing drought which one rancher declared “of biblical proportions”. This negatively affects the marketing of local high quality beef and is not consistent with the goals for food security and self-sufficiency as laid out in the recent Hawaii Island Study. However, the growing demand by restaurants and local consumers for local grown grass fed beef presents a golden opportunity for Hawaii beef cattle industry provided conditions in Hawaii are optimal for raising consistent, high quality grass fed beef. In certain locations throughout the State where irrigation systems developed by the sugar industry remain in place, the production of high quality grass finished beef can be increased.

Currently, the water rates are set so high that the majority of water from many State water systems is unused and wasted. The Hamakua District Water system is a prime example, because so much of its water goes unused. Lowering the cost of water from the Hamakua Water System for pasture irrigation purposes will in fact raise revenues for the water system and the State by selling water which now goes unused.

4 Ag Hawaii is a non-profit 501[c] [3] corporation established as a public-private partnership focused on goals that include: promoting the agricultural economic welfare of Hawai'i and its counties; conducting agricultural economic; educational & media programs, and fostering statewide interest for responsible agricultural economic development of our islands.

Thank you for the opportunity to provide testimony on this matter.

[www.4AgHawaii.org](http://www.4AgHawaii.org)

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SCR122

Submitted on: 3/26/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Alex Franco	Hawaii Cattlemen's Council	Support	No

Comments: Irrigation is Key to expand Agriculture production of food in our state and we need to do all we can to make it affordable for farmers and ranchers. Land without water and water without land are not useful Agricultural resources, connecting these two creates a useable resource that will produce food for all to benefit. Thank You

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SCR122

Submitted on: 3/25/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Weidenbach	Hawaii Aquaculture and Aquaponics Association	Support	No

Comments: The HAAA strong supports SCR 122. The essence of this resolution, in a "nutshell", is captured in the following wording from the resolution: "on the Island of Hawaii, the high cost of water delivery is causing a hardship on farmers growing and desiring to grow agricultural crops and poultry, ranchers engaged in the production of livestock, and others desiring to develop aquaculture and aquaponics, thereby making it difficult to continue or undertake a sustainable agricultural business and adversely affecting the Island of Hawaii's agricultural productivity." The HAAA urges your passage of this important resolution. Thank you for the opportunity to testify.

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SENATE COMMITTEES ON AGRICULTURE/WATER & LAND  
March 28, 2013 — 3:05 p.m. — Room 229

**Ulupono Initiative Supports SCR 122/SR 85, Requesting the Department of Agriculture to Implement a Schedule of Reduced Irrigation Water Toll Rates and Charges for the Island of Hawai'i That Differentiates Among Different Irrigation System Areas and Agricultural Users to Promote the Development and Expansion of Hawai'i Grown Agricultural Commodities Through Increased Use of Irrigation Water**

Chairs Nishihara and Baker, Vice Chairs and Members of the Committees:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono supports SCR 122/SR 85, requesting the Department of Agriculture to implement a schedule of reduced irrigation water toll rates and charges for the Island of Hawai'i that differentiates among different irrigation system areas and agricultural users to promote the development and expansion of Hawai'i grown agricultural commodities through increase us of irrigations water.

This would encourage the Board of Agriculture and Department of Agriculture staff to implement differentiated water rates for the Island of Hawai'i. This administrative action could start the process for the most important action the Board of Agriculture can take to help ranchers address the severe drought condition AND bring statewide water systems back to economic health.

Under HRS 167, 168 and 267, the Board of Agriculture is statutorily empowered to develop water rates as it finds necessary to help keep the Irrigation system revolving fund under HRS 167-22 solvent. There is absolutely no requirement to charge the same rate on all systems, or the same rate to all users. The Board of Agriculture increased rates to all users to \$0.50/per 1,000 gallons, and on July 1, 2011 promulgated its own regulations to limit rate movements from this very high rate to no more than \$0.02/per 1,000 gallons. The Board of Agriculture also promulgated regulations allowing third parties to subsidize the rates for a fixed period of time, but this does not solve the underlying problem.

By analogy, if an airline only sold first-class seats, it would find most of the plane was empty. If that airline did not raise enough revenue to pay its operating costs, and continued to raise the price of plane tickets, it would find more empty seats on the plane. Freezing the rates at first-class ticket prices does very little to help bring new customers onto the system. In fact, what it does is reserve those seats only for first-class customers.

As a result of its very high rates, the statewide irrigation system revolving fund does not sell enough water to cover its costs even when water is available during drought conditions that have severely limited water across the state. The entire system costs about \$1 million to operate annually but revenues have ranged between \$800,000-900,000, mostly from seed corn companies that can afford such rates because of their economies of scale.

Ranchers and farmers can afford rates between \$0.15 - \$0.25/gallon for irrigated agriculture of pasture and/or the crops can practically be grown on Hawai'i Island. Therefore, this would benefit all users in the entire state, since it avoids the need to continue to raise water rates to cover the deficit, which has been the historical pricing approach by Board of Agriculture.

More importantly, affordable water would allow the ranching industry to shift to a homegrown grass-fed cattle industry where the cattle stay in Hawai'i from birth to plate. That would represent a significant shift away from an industry that ships most calves off to mature on the Mainland, providing significantly more local food, and a tremendous number of jobs.

Legislative action is needed because no action has been taken on this option except continued rate increases, despite five years of discussions farmers, ranchers, and landowners.

We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta  
General Partner

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SCR122

Submitted on: 3/25/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
David S De Luz Jr	Kukaiiau Ranch LLC	Support	No

Comments: SENATE COMMITTEE ON AGRICULTURE SENATE COMMITTEE ON WATER & LAND Thursday March 28, 2013 3:05 p.m. Room 229 SCR122/SR 85 REQUESTING THE DEPARTMENT OF AGRICULTURE TO IMPLEMENT A SCHEDULE OF REDUCED IRRIGATION WATER TOLL RATES AND CHARGES FOR THE ISLAND OF HAWAII THAT DIFFERENTIATES AMONG DIFFERENT IRRIGATION SYSTEM AREAS AND AGRICULTURAL USERS TO PROMOTE THE DEVELOPMENT AND EXPANSION OF HAWAII-GROWN AGRICULTURAL COMMODITIES THROUGH INCREASED USE OF IRRIGATION WATER. Chair Nishihara, Chair Solomon, Vice Chairs and Members of the Committees: My name is David S. De Luz, Jr. and I represent Kukaiiau Ranch located in the district of Hamakua on the Big Island and I STRONGLY SUPPORT SCR 122/SR 85. Ranchers are the stewards of approximately 25% of the State's total land mass. Hawaii's cattle industry faces a number of challenges, including high fuel and transportation costs, the rising costs of livestock feed, limited and aging processing facilities, and ongoing drought conditions that disrupt cattle weight gains and interrupt the marketing of consistent high quality beef. However, the growing demand by restaurants and local consumers for local grown grass fed beef presents a golden opportunity for Hawaii beef cattle industry provided conditions in Hawaii are optimal for raising consistent, high quality grass fed beef. Despite this opportunity, beef cattle producers face production challenges. One of the significant challenges is finding or producing consistent high quality pasture to get cattle ready for market. Due to inconsistent rainfall, unavailable irrigation systems, and, in those places where irrigation is available, unaffordable water rates, getting cattle to optimum weight for slaughter on a grass diet in Hawaii is currently limited to a few exceptional geographic locations that have year round consistent rainfall. For these reasons currently only ten per cent of the cattle produced in the State annually is being brought up to optimum weight for slaughter on grass in the State. Other agricultural commodities face or faced the same limitations due to water shortages, including sugar cane and vegetable crops. However with irrigation of these lands, high productivity is achievable. In certain locations throughout the State where irrigation systems developed by the sugar industry remain in place, the production of high quality grass finished beef can be increased. Currently, the water rates are set so high that the majority of water from

many State water systems is unused and wasted. The Hamakua District Water system is a prime example, because so much of its water goes unused. Lowering the cost of water from the Hamakua Water System for pasture irrigation purposes will in fact raise revenues for the water system and the State by selling water which now goes unused. Such a measure would encourage ranchers to set up pastures which would have access to the Hamakua Irrigation system to raise calves which are otherwise now being shipped out of State for finishing on the Mainland. This would be consistent with your goals for food security, sustainability, and the Governors New Day Plan. I appreciate this opportunity to provide testimony on this VERY important matter and thank for your consideration and support.

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SCR122

Submitted on: 3/26/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Harry von Holt	Ponoholo Ranch, Ltd	Support	No

Comments:

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SCR122

Submitted on: 3/26/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
James Gomes	Ulupalakua Ranch	Support	No

Comments:

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SCR122

Submitted on: 3/27/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Frances Kama-Silva	Barbed S Ranch	Support	No

Comments: Please pass this bill which supports and promotes availability of locally produced food for our citizens. Affordable water must be made available to ranchers/farmers to make this happen.

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SCR122

Submitted on: 3/26/2013

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Submitted By	Organization	Testifier Position	Present at Hearing
Michael Bryan	Individual	Support	No

Comments:

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SCR122

Submitted on: 3/25/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Erin Mc Iver	Individual	Support	No

Comments: As a rancher in Hawaii, the number one concern has and will always be is there going to be enough water to keep my grass green and grown and keep my animals healthy. There is so much water that is being wasted here in Hawaii and I feel that water use and rates should not be about trying to make money but give a fair chance to people like the ranchers who would benefit from this. Please support it.

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SCR122

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Submitted By	Organization	Testifier Position	Present at Hearing
Kristin Mack	Individual	Support	No

Comments:

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SCR122

Submitted on: 3/25/2013

Testimony for AGL/WTL on Mar 28, 2013 15:05PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Jill J Mattos	Individual	Support	No

Comments: We have been faced with a true challenge by mother nature these pass 6 years, drought has hurt the cattle industry to the point of shipping more cattle to the mainland. We need your help. In raising grass fed cattle one of the key elements is consist gaining of weight for the cattle, how do you get this by feeding them grass of high nutritonal value, how do you get this, well if mother nature helps she gives us rain, but it doesn't work that way all the time. So what would help? We have a ditch system in the Hamakua area that is ideal for solving this problem, but the rates are so high that we cannot afford to use this ditch water. We have spent millions of dollars in this ditch system, we need to pay back some of the cost but if you make the rates so high that we cannot aford to use the water for irrigating then all is lost. Please help lower the cost its a no brainer the more we use it the more the state benefits,its income to the state which they never had, its better then wasting the water.

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SCR122

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Submitted By	Organization	Testifier Position	Present at Hearing
Herbert M Richards III DVM	Kahua Ranch Ltd	Support	No

Comments:

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