



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE

Rep. Mark J. Hashem, Chair

Rep. Amy A. Perruso, Vice Chair

HB872

Adding new sources of revenue generated by the State Veterinary Laboratory and Animal Disease Control Branch that can be deposited into the animal Industry Special Fund.

DATE: Wednesday, February 10, 2021

TIME: 10:00 a.m.

PLACE: VIA VIDEO CONFERENCE

Chair Hashem, Vice Chair Perruso, and Members of the Committee on Agriculture,

The Hawaii Cattlemen's Council **offers comments on HB872** which adds new sources of revenue generated by the State Veterinary Laboratory and Animal Disease Control Branch that can be deposited into the animal Industry Special Fund. We understand the importance of ensuring there is revenue to continue providing services by the animal industry division veterinary laboratory and animal disease control branch, but we caution that this bill could have implications in the future that add expenses to livestock producers.

Thank you for the opportunity to offer comments on this issue.

Nicole Galase

Hawaii Cattlemen's Council

Managing Director



Hawaii Cattlemen's Council

Position Statement on Local Beef Production

One of the core strengths of any society lies in its ability to be self-sufficient, to feed itself. Hawaii's beef producers are committed to providing wholesome food for its community that is safe, secure and sustainable.

For most of its existence, Hawaii's beef industry has followed a conventional model with production, harvest and processing occurring within state. In the early 1990's, a combination of rising costs and inefficiencies led Hawaii producers to shift to an export calf model which remains dominant today. However, with increasing consumer demand for locally sourced food, there is renewed focus on expanding local beef production. Several private labels have emerged over the last 10 years, raising the flavor and tenderness profile for local beef, further driving demand. The groundwork for expansion has been set.

In recent years, Hawaii Cattlemen's Council (HCC) and the Hawaii Department of Agriculture (HDOA) recognized limited harvest capacities as one of the primary constraints for expanding local beef production. It has been HCC's position that each island should have access to a full complement of harvest and processing facilities. The economic benefit of efficiencies achieved with consolidation should be balanced with the unique challenges Hawaii's beef industry faces. These include;

- the vulnerability of interisland transportation of perishable goods and/or live animals as it relates to;
 - food security and safety, animal welfare, affordable shipping rates, labor disputes and equipment failure
- the need to develop and maintain a diversified economic base and skilled labor force on outer islands
- limited competitive markets
- quasi-public responsibility of state-owned food processing facilities

Among other things previously identified (see attached, "A Livestock Harvest Facility for Hawaii"), the ideal model should address;

- Flexible marketing – direct sale vs retained ownership
- Increased capacity/access for all producers to harvest, process and market
- Growth of market share through "coopetition" vs direct competition
- Compliance with regulatory planning concepts and concerns, especially as related to environmental issues
- Preservation of the integrity of locally labeled beef
- Opportunity to expand locally branded products

Our producers continue to provide high-quality grass-fed beef year-round, which serves a loyal, sustainability-minded customer base that increasingly want to know where their food comes

from. HCC supports a business model that facilitates infrastructure that allows each island to maintain autonomy over its beef production from gate to plate.

A Livestock Harvest Facility for the State of Hawaii Hawaii Cattlemen's Council



Senate Bill 1257 provides \$1.5M for the planning and design of a livestock harvest facility within the state of Hawaii. This is an ambitious initiative that represents our strong belief in the future of our industry and our commitment to building infrastructure that will help grow and expand our local markets.

Our critical need for this project is based on the following;

- a. increased consumer demand for local beef
- b. increased market demand created by expanding programs, such as our schools' Aina Pono initiative
- c. availability for producers' strategic culling programs
- d. security for animal welfare in the face of disease or drought

The Request for Proposal (RFP) for planning and design should include the following key components and deliverables from firms who will respond;

1. An analysis of a viable business/feasibility plan that addresses expected throughput, revenues, expenses and return on investment related to the operation of a new facility. Our initial recommendation for Hawaii Island is for a 5,000 head capacity that can be expanded to 10,000 head/year. This will be varied island by island. We see this information as critical to attracting capital to our state and industry.
2. Schematics and drawings of the layout of a new facility that can be adapted to meet different environmental conditions for each island and can scale up or down to meet production needs.
3. Analysis and review of technologies to support the remote locations and sensitive environments in which this facility will operate.

4. Review of the following key features of the facility itself. These features will ensure that the proposed model will meet our goal of creating a facility that serves the sustainability needs of our industry addressed through these economic, social and environmental considerations.

Economic	<ul style="list-style-type: none"> • Capacity (target steady state, initial, and ramp up) • Scalable/modular • Marketing partner • Added value/processing • Certification for specialty markets – i.e. export, BRC, GFSI • Management expertise • Transportation costs • Flexible marketing – direct sale vs retained ownership • Innovation and technology • Useful life • Potential for multi-species use • Scope of facility—slaughter, processing, and further processing capabilities • Value Added Products and Processing
Social	<ul style="list-style-type: none"> • Food safety • Worker safety • Animal well-being • Employee engagement • Central location • Affordable housing
Environmental	<ul style="list-style-type: none"> • Renewable energy • Waste disposal - bio digester • Water resources and requirements • Critical path for permits • Environmental Impact Statement • Air emissions/odor • Proximity to existing infrastructure and need for establishment of new connections to electrical, water, wastewater, and roadways.

HCC believes our industry and agriculture as a whole are at a critical crossroads. There is a great deal to be optimistic about including consumer demand for more locally sourced food, public officials who have declared a commitment to improve Hawaii’s food security, an advocate in our HDOA administration who believe in the need for Hawaii’s agriculture to thrive and people within the ranching community with the will to move our industry forward. These things combine to create powerful synergy to keep our industry and agriculture a vibrant and relevant part of our state’s economy and landscape. This project is the result of that synergy and a real, tangible move forward for the beef industry.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

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**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE OF REPRESENTATIVES COMMITTEE ON AGRICULTURE

**FEBRUARY 10, 2021
10:00 A.M.
VIA VIDEOCONFERENCE**

**HOUSE BILL NO. 872
RELATING TO THE ANIMAL INDUSTRY SPECIAL FUND**

Chairperson Hashem and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill 872, relating to the Animal Industry Special Fund. House Bill 872 proposes to amend section 142-3.6, Hawaii Revised Statutes, to allow the animal industry division to deposit fees generated by the veterinary laboratory and animal disease control into the fund to assist with its operations.

The animal industry special fund was established to receive moneys from the use or rental of under-utilized animal industry division property to assist with division operation expenditures. The relocation of OCCC to the animal quarantine station in Halawa will eliminate the original funding mechanism for the special fund.

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The state veterinary laboratory is in the animal industry division of the department of agriculture. The veterinary laboratory provides laboratory services, diagnostic support and disease surveillance projects in poultry, swine, dairy, other livestock and aquaculture industries. The state veterinary laboratory assists these industries, practicing veterinarians, the state animal quarantine branch and other governmental animal health agencies by providing a variety of testing services,



including pathology, histopathology, parasitology, and serology. The division intends to continue expanding veterinary laboratory capabilities and services.

House Bill 872 provides resources to support the state veterinary laboratory by providing stakeholders veterinary diagnostic services in-state, reducing delays in obtaining results from veterinary laboratories located outside of Hawaii, and eventually generating revenue to fund the operations of the animal industry division.

Thank you for the opportunity to testify on this measure.

HB-872

Submitted on: 2/9/2021 3:44:43 PM

Testimony for AGR on 2/10/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
isaac maeda	Individual	Comments	No

Comments:

Available for comments