

Fall 2007

Sponsored by the Hawaii Business Roundtable and Pacific Resource Partnership.
Research Conducted by OmniTrak Group Inc.

| Right or Wrong Direction | | | |
|--------------------------|-------------|-----------------|-----------------------|
| | WRONG TRACK | RIGHT DIRECTION | Dif. Right - Wrong |
| Quality of Life | 40% | 51% | +11 |
| The Environment | 45% | 48% | +3 |
| Economic Development | 46% | 43% | -3 |
| Public Education | 52% | 39% | -13 |
| Housing | 70% | 23% | -47 |
| Traffic | 74% | 18% | -56 |

Question: In terms of ___ do you think that the State of Hawai'i is going in the right direction or do you think things have gotten off on the wrong track?

STATE GOING IN WRONG DIRECTION ON TRAFFIC, HOUSING & EDUCATION

Resident attitudes with the way the State of Hawai'i is handling issues affecting our communities leans dissatisfied according to results of the Fall 2007 survey of The People's Pulse. On 3 out of 6 issues probed, residents who feel the Islands are moving in the wrong direction outnumber those who feel we're on the right track. Meanwhile, residents are split on two issues and satisfied on the state's direction on one.

The biggest gap is evident on traffic where disapproval ratings exceed approval ratings by 56 percentage points. On the issue of housing, the dissatisfied outpace the satisfied by 47 points or 3 to 1. While the gap is smaller, disapproval ratings on public education are greater than approval ratings by 13 points.

Ratings are split on the economy and the environment despite the recovery and low rate of unemployment, virtually equal number of residents perceive the State to be moving in the right direction as the wrong one on economic development and the environment. While Islanders lean dissatisfied (-3 points) on economic development, they lean satisfied on the environment (+3 points).

On the other hand, residents tend to approve of Hawai'i's overall quality of life. Approval vs. disapproval ratings are 11 points higher on this issue.

On housing, disapproval ratings are highest among Hawaiians at just under 80%. Segment ratings on public education are somewhat surprising: Lower income residents have the highest approval rating for public education (43%), while almost 2 in 3 higher income residents disapprove (64%). Among Filipinos, 58% feel public education is moving in the right direction.

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EDUCATION, DRUG ABUSE & JOBS PERCEIVED AS MOST IMPORTANT SUSTAINABILITY ISSUES

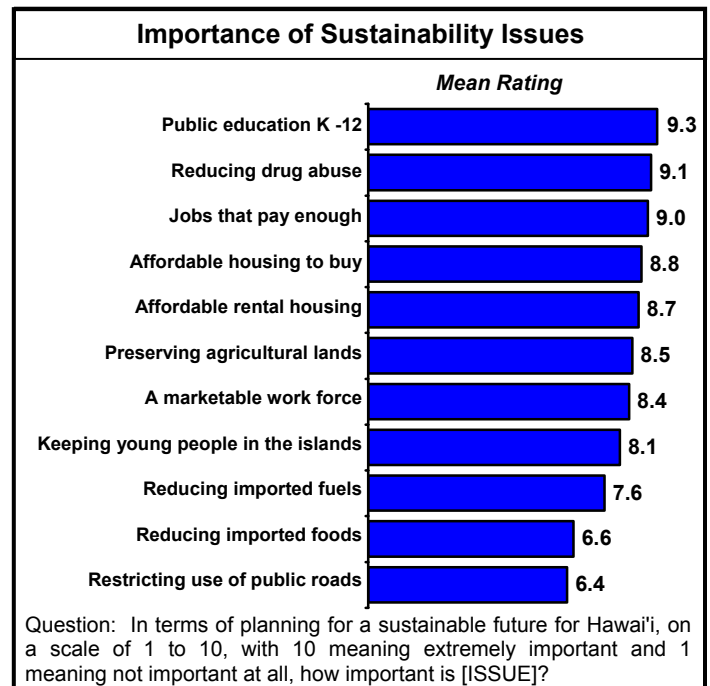
To contribute to the discussion of sustainability, The People's Pulse in January 2007 asked a series of broad, open ended questions to gain insight on how residents across the State define sustainability. To the surprise of many, unaided responses focused on the ability of families to continue to live here, good jobs that would keep their children here, and maintaining the unique Island lifestyle. This issue of The People's Pulse drills down on the diverse issues that are associated with sustainability. Using a 10-point scale of importance, with 10 being extremely important and 1 being not important at all, residents across the State perceive three issues to be most important. As shown in the graph below, public education, reducing drug abuse and jobs with sustainable family incomes rate, on average, 9.0 or higher on the 10-point scale. These importance ratings are significantly higher than for the other eight issues.

Comparing Oahu with the Neighbor Islands, differences are evident in the following areas:

- Drug abuse is a significantly higher concern on the Neighbor Islands than Oahu, and this impacts total importance ratings.
- While the top three issues do not change, their ranking does.

In contrast to Oahu, Neighbor Island public opinion places highest importance on reducing drug abuse rather than public education (9.4 vs. 9.2). Residents of the Big Island and Maui share a consensus that reduction of illegal drug usage is the #1 issue. Public education ranks first on Oahu and Kauai but second on the Neighbor Islands overall. Neighbor Islanders rate jobs that pay enough for families to live on third in importance, as on Oahu.

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| Sustainability Issue Importance by Island | | | | |
|---|------|------------|------|-------|
| | OAHU | BIG ISLAND | MAUI | KAUAI |
| Education | 9.4 | 9.0 | 9.1 | 9.6 |
| Reducing drug abuse | 9.0 | 9.3 | 9.5 | 9.4 |
| Jobs that pay enough | 9.0 | 9.2 | 9.0 | 9.2 |
| Affordable housing (buy) | 8.8 | 8.9 | 8.7 | 9.3 |
| Affordable rental housing | 8.7 | 8.4 | 8.5 | 9.2 |
| Preserving ag lands | 8.4 | 8.8 | 9.0 | 9.3 |

• Also scoring 9.0 out of 10 in importance on the Neighbor Islands is the preservation of agricultural lands. Importance is highest on Kauai at 9.3, followed by Maui at 9.0.

In addition to the preservation of agricultural lands, opinion on Oahu and the Neighbor Islands is differentiated on a related issue --- reducing imported foods to the State. While Neighbor Island residents rate this 7.0 in importance, it scores 6.4 on Oahu. The inter-relationship of these two issues is shown by responses to why preserving agricultural lands is important. Almost 2 in 3 (63%) say they rated ag land preservation high in importance because it is important for Hawai'i to become self sufficient in food. A fraction of that number cites either open space (17%) or jobs (14%).

Within the Neighbor Islands, the Big Island (8.7) and Kauai (8.8) residents are significantly more concerned about a marketable work force than Maui (7.8). The Garden Isle also places highest importance across all islands on keeping young people here (8.7 Kauai, 8.3 Neighbor Islands, and 8.0 Oahu).

Tax Hikes to Resolve Issue

Among residents who rated an issue 7 to 10 in importance, a follow-up question was asked: How much would you favor or oppose a tax increase so that Hawai'i can pay for [Issue]. Across all issues, none garner a majority of respondents who strongly favor a tax increase. As shown in the table below, only two issues have significantly more supporters than opponents.

- When the difference is calculated between those favoring a tax increase and those opposing it, public education derives net support of +21 points and reducing drug abuse +16.
- The public is virtually split on tax increases for preserving agricultural lands easing traffic by restricting use of public roads developing sustainable family income jobs, and affordable housing. On the road access issue, however, the base is small because only 46% rated it 7 to 10 in importance.

| Favor or Oppose Tax Increase to Resolve Issue | | | |
|---|--------|-------|------|
| | OPPOSE | FAVOR | DIF. |
| Public education K-12 | 30% | 51% | +21 |
| Reducing drug abuse | 34 | 50 | +16 |
| Preserving agricultural lands | 38 | 42 | +4 |
| Restricting use of public roads | 39 | 41 | +2 |
| Jobs that pay enough | 40 | 39 | -1 |
| Affordable housing to buy | 41 | 39 | -2 |
| Reducing imported fuels | 46 | 38 | -8 |
| Affordable rental housing | 46 | 38 | -8 |
| Keeping young people in the islands | 44 | 34 | -10 |
| A marketable work force | 49 | 33 | -16 |
| Reducing imported foods | 53 | 33 | -20 |

*Does not sum to 100% due to Don't Knows.
 Base: Residents who rate issue 7-10 in importance.
 Question: Using a scale of 1 to 10 with 10 meaning completely favor a tax increase and 1 meaning completely oppose a tax increase, please tell me how much you would favor or oppose a tax increase so that Hawai'i can pay for ___?

As shown in the table below, attitudes toward tax increases differ by Island. For Oahu and Kauai, more residents favor a tax increase for public education than any other issue. On the Big Island, residents support a tax hike to reduce drug abuse (7.2) and develop affordable housing to buy (6.5) more than to raise the quality of public education (6.9). Similarly on Maui, reducing drug abuse (6.2) receives the highest support in terms of a tax increase.

Among residents who said they completely favored a tax increase on more than one issue, a follow-up question validated the importance of education and drug abuse. When these residents were asked to choose the one issue in which they would most favor a tax increase, 44% named public education, 16% reducing drug abuse, and 12% affordable housing to buy. All other issues were chosen by 6% of residents or less.

| Attitudes Toward Tax Increase (Mean Rating) | | | | | |
|---|-------|------|------------|------|-------|
| | Total | Oahu | Big Island | Maui | Kauai |
| Public education K-12 | 6.9 | 7.0 | 6.9 | 6.0 | 6.4 |
| Reducing drug abuse | 6.5 | 6.6 | 7.2 | 6.2 | 5.7 |
| Preserving ag lands | 5.9 | 6.0 | 5.9 | 5.8 | 5.3 |
| Affordable housing (buy) | 5.7 | 5.8 | 6.5 | 4.7 | 5.2 |
| Jobs that pay enough | 5.6 | 5.6 | 5.8 | 4.7 | 5.2 |
| Restricting use of public roads | 5.6 | 5.8 | 4.5 | 5.1 | 5.8 |
| Affordable rental housing | 5.5 | 5.7 | 4.8 | 4.6 | 4.9 |
| Keeping young people in the islands | 5.5 | 5.5 | 5.9 | 5.3 | 5.1 |
| Reducing imported fuels | 5.3 | 5.5 | 5.0 | 4.3 | 5.5 |
| A marketable work force | 5.1 | 5.2 | 5.3 | 4.8 | 4.6 |
| Reducing imported foods | 5.0 | 5.1 | 4.8 | 4.1 | 5.2 |

ENVIRONMENTAL PROTECTION FOCUSES ON OCEANS, BEACHES, LAND & FORESTS

Although "environmental protection," is a phrase heard almost daily, The People's Pulse asked Hawai'i residents what it means to them and what most needs to be protected.

- On a statewide basis, residents perceive that Hawai'i's ocean, beaches, and waterways most need to be protected.
- A close second is land overall and, specifically, forests and rainforests.
- Close thirds are Hawai'i's fauna including indigenous species, fish, birds, etc. and drinking water.
- Finally 1 in 8 of residents each mention recreational areas, particularly parks, and air quality.

| What Most Needs Environmental Protection? | |
|---|-----|
| Ocean/ Beaches | 29% |
| Land/ Forests | 27% |
| Flora & Fauna | 20% |
| Drinking water | 18% |
| Recreational areas | 13% |
| Air | 13% |
| Natural Resources | 10% |
| Other | 8% |

Question: When you hear the term "environmental protection" what specifically does that mean to you? [PROBE] What most needs protection?

Open-ended comments add insight into the quantitative responses.

OCEANS & BEACHES

- *Our ocean because our ocean is around us and it can sustain our livelihood. As long as we can fish we always have food.*
- *The ocean and the ahupua'a system...(and) the stream flow that goes to the ocean. Limiting (the number) of cruise ships because of the sewage.*
- *A lot of rivers that went into the ocean have diminished. We need to protect whatever is left and keep it clean.*
- *Our beaches need the most protection. They're a mess!*
- *There's less beaches for locals. Less coast lines. Our beaches need to be protected from over-development of (accommodations) for tourists.*
- *Save the beaches and enforce the right of entry to the beaches. Everyone should have equal access to the beaches with no guards stopping us.*

LAND

- *Don't cut down so much forests or we won't have forests.*
- *The land everywhere in Hawai'i needs to be protected. If we don't respect the land (and) over-develop it, it will not be here... I am a carpenter.*
- *I want us to protect the land and quit dumping crap on it. Recycle to reduce landfills.*
- *The land has to be protected from pesticides or we'll get cancers.*
- *We need to keep the land viable so it can be utilized over and over.*
- *Protect our farmlands. Instead of all the buildings, we need more greenery.*

FLORA & FAUNA

- *We have Hawaiian hawks and owls, and we have native birds. If there is over-development, we will lose our trees, rare plants and native forests and animals.*
- *The plants and animals of the native Hawaiian Islands.*
- *Watch out for invasive species coming into Hawai'i.*

DRINKING WATER

- *We need to take care of our living conditions, especially the water that we drink.*
- *Preserving the quality of our drinking water is high priority.*

RECREATIONAL AREAS

- *We need parks and places for the kids to go. We need to get them open spaces where they feel comfortable.*
- *The parks and beaches are important for everybody.*

AIR QUALITY

- *I don't want the environment contaminated by chemicals and pollutions in the air.*
- *Have a sensible approach to preserve the natural beauty of the Islands including the clear skies.*

Although the question focused on environmental protection, about 6% of residents mentioned the need to protect locals from out-of-state residents who move here or live here part-time. Comments like the following are growing and reveal emerging signs of “us” and “them”:

- *Progress is a good thing, but development that doesn't cover the local people is not good. It's not the local people buying homes, it's people coming from California and other places. Now young people go to the Mainland because they can't afford to buy homes and have families here unless they build on to Mom and Dad's house.*
- *(The State) wants to hold land for protection but in the long run, rich people from elsewhere will end up buying the land.*
- *It means protecting our own local way of life.*

FEELING OF COMMUNITY MOST IMPORTANT TO MOST RESIDENTS' QUALITY OF LIFE

On an unaided basis, The People's Pulse asked respondents to identify what is most important in terms of their quality of life in Hawaii. A follow-up question queried residents on what aspect of their lifestyle they felt was most at risk.

As shown below, more than 4 in 10 residents consider the feeling of community and ohana as most important to the quality of life they and their families enjoy in Hawai'i. And one third of residents fear that this is at risk and is the most important quality of life issue we have to work to preserve. Except for Caucasian residents, this concern cuts across all demographic segments.

By a ratio of 2:1, more Caucasians (64%) mention a beautiful environment or good weather than the sense of community (34%) as most important in their quality of life here.

Statewide, one third of residents mention the environment or an affordable cost of living. By +9 points, however, more feel that affordability more than the environment is at risk in Hawai'i. Just over one fourth (26%) define quality of life as their personal happiness or fulfillment.

| | Most important to your quality of life? | What about quality of life is at risk? |
|--|---|--|
| Feeling of community or Ohana / Inclusive lifestyle (Risk is ohana being eroded by in-migration) | 42% | 32% |
| A good environment | 35% | 20% |
| Affordability / can afford cost of living | 34% | 29% |
| Personal happiness/ fulfillment | 26% | 5% |
| Education | 8% | 11% |
| Recreational activities | 4% | 2% |
| Reducing crime and drugs | 3% | 9% |

STATE GOING IN WRONG DIRECTION (From Page 1)

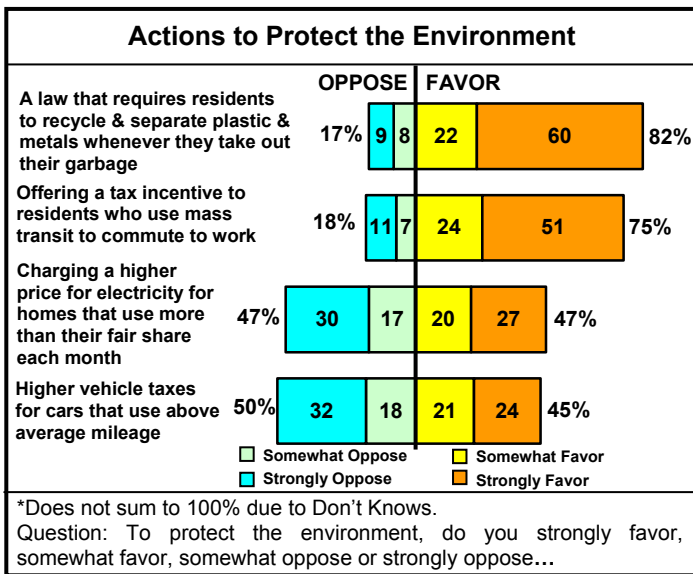
Oahu and the Neighbor Islands are clearly differentiated on economic development. While a plurality of 47% of Oahu residents are satisfied on this issue, 58% of residents of the Neighbor Islands feel we are moving in the wrong direction. Disapproval ratings are highest on Kauai (67%) with the Big Island and Maui holding comparable perspectives (57% and 55% disapproval respectively). Other segments dissatisfied with the direction of the economy are Japanese (54%) and the middle aged (35 to 54 year olds, 54% of whom disapprove).

Large majorities on all islands are dissatisfied with traffic. The problem is especially pronounced on Kauai where almost 9 in 10 (87%) disapprove. On Oahu, the satisfaction gap ranges from -48 to -58 points depending on area.

Of potential long term concern is the fact that native Hawaiians indicate the highest level of dissatisfaction among all ethnic groups on all issues, except economic development. This suggests the issue is not simply dissatisfaction but rather a bigger issue of disenfranchisement.

| | Traffic Right Direction | Traffic Wrong Track | Dif. (Pts) |
|-------------------|-------------------------|---------------------|------------|
| TOTAL | 18% | 74% | -55 |
| Oahu | 20% | 72% | -52 |
| Honolulu | 20% | 70% | -50 |
| Windward | 18% | 72% | -54 |
| N. Shore | 15% | 70% | -56 |
| Waianae | 15% | 73% | -58 |
| Ewa/Leeward | 24% | 72% | -48 |
| Big Island | 10% | 80% | -70 |
| Maui | 22% | 75% | -53 |
| Kauai | 12% | 87% | -75 |

**RECYCLING & MASS TRANSIT TAX INCENTIVE
GARNER STRONG RESIDENTIAL SUPPORT**

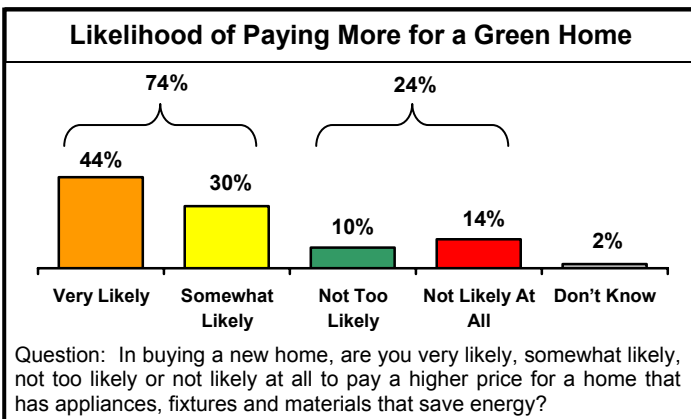


Over the past few years, the Legislature has heard a wide range of proposals to protect the environment. The People's Pulse tested reaction to four recent suggestions --- Mandatory recycling, tax incentives for mass transit users, and penalties for above average energy consumption whether for the household or for cars. Overall, residents consider mandatory recycling a "must have," and tend to prefer tax incentives rather than penalties for behavior involving energy consumption.

By a margin of 4:1, residents favor (82%) a law that requires them to recycle and separate plastic, metals, etc. whenever they take out their garbage. Support for such a measure is even stronger on Kauai, where 95% favor the proposal, 73% strongly. Further, Japanese and Filipino residents are stauncher supporters of this measure than those of Hawaiian or "other" ethnicities.

Three in four residents also strongly or somewhat favor offering tax incentives to residents who use mass transit to commute to or from work. Support appears solid on Oahu and Maui where a majority of 54% and 57% "strongly favor" this as a means to protect the environment, compared with just over one third on the Big Island and Kauai. It is also encouraging that younger residents between the age of 18 and 34 (82%) are significantly more likely to support this than the 55+ (69%).

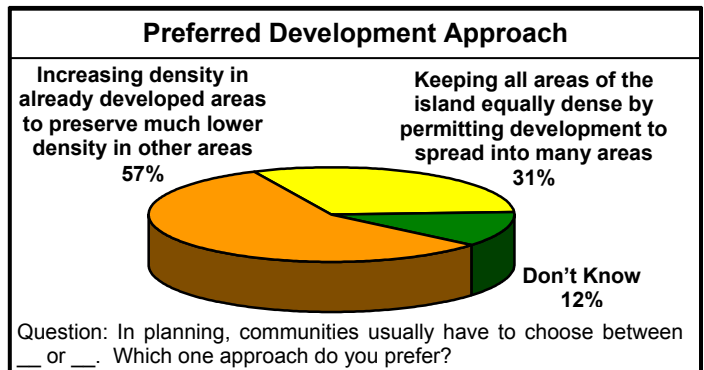
Punitive measures to protect the environment do not fare as well. Residents are split right down the middle (47% favor vs. 47% opposed) on charging a higher price for electricity for homes that use more than their fair share each month. In addition, slightly more oppose (50%) than support (45%) higher vehicle taxes on cars that use above average mileage.



Both dis-incentives are more favored by residents who live on Oahu and are of either Caucasian or Japanese ancestry. Further, more than 3 in 5 Hawaiians (64%) oppose the higher auto tax, and just over half (53%) the higher price for electricity.

Another building industry strategy for environmental protection is construction of "green homes." Three in four residents (74%) say they are likely to pay a higher price for a home if it has appliances, fixtures and materials that save energy. Of that, 44% are very likely. On Kauai, which is significantly differentiated than other Islands, likelihood increases to just under 90% (87%). Middle aged and middle income residents also show more support for green houses than other age and income cohorts.

Because, development is an issue related to environmental protection, The People's Pulse also queried residents about whether they prefer concentrated or dispersed densities on their Island. When presented with a forced choice --- Increasing density in already developed areas to preserve much lower density in other areas OR Keeping all areas of the Island equally dense by permitting development to spread into many areas --- residents choose more development in already urbanized areas by a margin of 26 percentage points (57% to 31%), with 12% undecided. Underlying this is a feeling that some areas on each Island should remain as "country" or undeveloped open space.



NO COMPELLING ISSUE FOR CONCON TO UNDERTAKE

With a Constitutional Convention possible in 2008, The People's Pulse asked residents what issues they would like to see ConCon address. More than one third statewide (35%) had no suggestions, implying a level of ambivalence regarding holding a Constitutional Convention. Those who did not have a response increased to 47% on Maui and 39% on Kauai. Fewer on the Big Island (24% and Oahu (34%) had no issues to recommend.

Among the remaining two thirds who had suggestions, issues are fragmented. One in 6 (17%) said they would like to see ConCon discuss ways to improve the quality of education received by students in public schools. After education, the environment and infrastructure ranked second in terms of the percentage of residents suggesting the topic. Each was mentioned by 12% of Islanders. And receiving mentions by only slightly fewer residents were affordable housing, traffic and social welfare, each mentioned by 10%.

THE PEOPLE'S PULSE

This Fall 2007 issue of The People's Pulse is based on statewide telephone interviews among a random sample of 700 adult citizens (400 Oahu, 100 each on Hawai'i, Maui, and Kauai), September 10-23, 2007. Results are weighted by island. At a 95% confidence level the sampling error overall is +/-3.7%. Call OmniTrak Group Inc. at 528-4050 for information on specifics. For more copies of this issue, please go to the following websites: www.prp-hawaii.com & www.omnitrakgroup.com.