



**Resource Community Formation and Change**

# **A Case Study of Paihia**

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**TAYLOR BAINES**

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## INTRODUCTION

This paper reports the findings of a case study of Paihia, within the Bay of Islands. It is one of a series of case studies of tourism communities in New Zealand that are part of a project entitled “Resource Community Formation and Change” that has been funded by the Foundation for Research, Science and Technology (FRST)<sup>1</sup>. The other case studies in this series are Te Anau (WP 27) and Methven (WP 28).

The case study primarily focuses on Paihia since the early 1980's, and places the information within a discussion of the wider Bay of Islands. The economies of these adjacent Bay of Islands communities intersect with that of Paihia. The case study uses a variety of information sources including census statistics, published and unpublished documents, local residents, local tourism operators, local, regional and central government officials, representatives of key tourism organisations and other stakeholders. Two researchers spent five days in the Bay of Islands area collecting information from the people listed above (by way of interviews) and collecting together relevant documentation about local history, and social and economic activities and trends<sup>2</sup>.

## TOURISM IN THE BAY OF ISLANDS

The Bay of Islands has been a popular tourist destination for more than a hundred years, particularly for people living in the upper half of the North Island. Holiday makers during the early stage of tourism development probably valued the area in much the same way as present holiday makers. Recent research (Kearsley, *et al.*, 1998) shows New Zealand and overseas people's image of the area comprises sea, sand, beaches, scenic beauty, sunny weather, fishing and boats. A few New Zealanders also include historical aspects in their image.

Tourism development in the Bay of Islands has tended to go hand in hand with improvements in the transport infrastructure, making places more accessible, and the development of public amenities. Boese (1977:12) describes the early development of Paihia as a holiday destination with the opening of the Whangarei-Russell road in the 1930's. Holiday motorists were punted across the harbour from Russell - and visited Paihia, Waimate North and other areas in the north. A concrete ramp, completed by 1932, further aided the development of tourism by making the embarking and landing of cars from the transport ferry easier. More direct access to the Bay of Islands was possible with the opening to the public of an Army-built road from Tamarere in 1944. As access improved, and the numbers of visitors increased, a fledgling tourism infrastructure began to evolve, mainly based around camping grounds.

The development of public amenities also enabled tourism development, as tourism trends in Paihia show. In 1959, for instance, while there were camping grounds, there were no motels and only four shops in Paihia. Growth in tourism was helped greatly by the 1969 completion of Paihia's reticulated water supply, with water pumped from the Waitangi River. Between the mid 1960's and the mid 1970's Paihia experienced both rapid growth in tourist numbers and growth in the tourism infrastructure, especially motel units (Table 1). The Waitangi Hotel also doubled its capacity. Over that period, the numbers of beds available in the town more than tripled from 260 in 1964 to 910 in 1975. However, growth stalled in the late 1970's, given the town's lack of an adequate sewerage system (Boese, 1977:19).

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<sup>1</sup> Contract TBA 801. For further information on the research programme contact Taylor Baines & Associates (PO Box 8620, Christchurch or by email: [n.taylor@tba.co.nz](mailto:n.taylor@tba.co.nz)). Julie Warren is at Centre for Research, Evaluation and Social Assessment, Wellington. Contact e-mail Julie@cresa.co.nz

<sup>2</sup> The field research was undertaken in conjunction with the FRST funded project RES802 - Developing special interest tourism for local economies, where the focus was on heritage tourism in the Bay of Islands.

*Table 1 Accommodation growth in the Bay of Islands 1964-75*

	<b>Number of Beds 1964</b>	<b>Number of Beds 1975</b>
Waitangi Hotel	70	140
Paihia Hotel (private)	27	27
Motel Units	3	240
Camp Cabins	12	29
Tent & caravan sites	150	450-500

Source: Major A. J. Voss of Northland Travel Promotion, cited in Boese, 1977:19)

During the rapid period of growth in the Bay of Islands in the late 1960's and early 1970's, Paihia became the most popular holiday resort in Northland. Growth in tourist numbers also occurred in other Northland destinations, as far north as Kaitaia and the Ninety Mile Beach area. But Paihia has remained the hub of tourism in the area, acting as the base for deep-sea fishing excursions, boat trips in and around the Bay of Islands, various adventure activities and visits to various Maori and Pakeha heritage sites. It is estimated that 60,000 people visited Northland in 1975, of whom around two thirds visited the Bay of Islands (Boese, 1977:19). Most of these would have been domestic visitors from the Auckland area. Although there are no figures available, it may be surmised that there was some spill over of visitor numbers to other Northland centres during peak holiday times when accommodation had reached capacity in Paihia and other Bay of Islands destinations.

For this study, we are focussing on Paihia's economic and other activities of the past 50 years. During this time tourism has been the most important economic activity, and exhibited rapid growth between the late 1960's and the mid-1970's. Other areas in Northland also benefited from this period of growth, particularly Kaitaia. However, as is typical of other tourism destinations (Butler cited in Warren and Taylor, 1994) Paihia and the other places in Northland that shared this tourism boom have all experienced a subsequent decline in tourist numbers. Signs of this tourism decline include low occupancy rates in motels and other accommodation amenities, a noticeable dominance of 1960's and 1970's architecture amongst motels and hotels that have not been updated, one or two older hotels and motels that have become shabby 'eyesores', and a lack of the sorts of new developments that typify tourist destinations that are experiencing healthy tourism growth.

The dominance of Paihia as a tourist destination has attracted assorted reactions from others in the tourism sector. Some, particularly people in Paihia, see Paihia as the natural hub for tourism development in the area, with 'spin-off's' for peripheral areas. Others see Paihia as a block to tourism development north of the Bay of Islands. As other research (Warren and Taylor, 1994) shows, tourist operators outside of the Bay of Islands area tend to see Paihia as a block to tourism development, particularly to tourism development in the Far North. There is a perception that tourism information systems are controlled in the Bay of Islands and that alternative distribution patterns would be necessary to allow other areas to develop.

### **Recent tourism trends**

Two sources of information suggest that past declines in tourism activity are reversing. DOC visitor statistics reinforce others' observations that visitor numbers have fluctuated in the Bay of Islands over the 1990's. Recent DOC visitor statistics for Russell show a decline in the 1990's after a peak in 1995. However, there are signs that the 1999 visitor levels are increasing to earlier levels, given large numbers in the shoulder period (August and September) leading up to the peak summer period.

*Table 2 Visitor numbers to DOC Russell*

Year	Number	Percentage change
1993	70,000*	
1994	78,704	12% increase
1995	80,245	2% increase
1996	72,672	9% decrease
1997	65,611	10% decrease
1998	62,450	5% decrease

\* This is an estimate only, as the door counter was faulty.

The recent recovery in visitor numbers may reflect the recent increase in tourism activity nationwide. Basing their views on consent applications under the Resource Management Act, Council staff note a steady growth in interest in the tourism industry in the Bay of Islands area. They report a steady flow of consents for B&Bs and backpacker accommodation. Council staff also noted community contacts with the Council with regard to tourism as a barometer of increasing activity. Community responses to tourism seem to be increasing, usually in the form of neighbours' concerns about issues such as parking when people apply for consents to establish tourism businesses.

Visitors are still attracted to the Bay of Islands for sun, sea and sand. However, people are increasingly looking for other experiences. In particular, international visitors are interested in heritage aspects of the area. For instance, overseas visitors make up most visitors to Waitangi. DOC also report interest in a wider range of attractions including maritime and historic displays. However, there is general agreement amongst operators that there is potential to develop a more diverse product range that makes use of the areas natural and cultural richness. These strategic issues are discussed in more detail below.

Visitors remain overwhelmingly domestic, especially from the Auckland area. The domestic to overseas ratio seems to average out at around 70:30 across the Bay of Islands area. While visitors are primarily interested in the sun/sea/sand/scenic beauty qualities of the Bay of Islands although, when the historical significance of the area (and of particular destinations and sites) is explained to them they often become more enthusiastic about learning more and seeing significant places. Although domestic visitors dominate overall, for some tourism operators international visitors are their mainstay. For instance, one of the largest operators, the Waitangi Heritage Trust, report that 70 percent of their visitors (120,000 in the last year) were from overseas.

Overseas visitors are likely to be from the same countries of origin that characterise other 'off the beaten track' tourist destinations such as the West Coast of the South Island, the East Coast of the North Island, Dunedin and Marlborough. They are more likely to be from Germany, the United Kingdom, Australia and other European countries and few are from Asian countries (Warren and Taylor, 1999).

While Paihia is the focus for development of hotels and motels, Russell, across the harbour, has a focus on bed and breakfast accommodation. There were reported to be at least 20 operators, an increase from 10 in 1993. This type of accommodation meets the needs of individuals and couples who prefer the social nature of these places compared to hotels and motels. Standards vary and some B&Bs close in winter.

The stays of overseas visitors are increasing (by a night or two) but are still limited as the tourists typically arrive at the end of a holiday and do not have the flexibility to extend their stay. It is still the case that many tourists do not hear about the North and its scenic and heritage attractions until late in their stay - and they are surprised and disappointed that they had not heard of the area and could not stay longer.

### **Seasonality of tourism**

Tourism activity in Paihia and other more peripheral Bay of Islands tourist destinations is highly seasonal. However, domestic and international visitors tend to come to the area at different times. Domestic visitors come over the Christmas and school holiday periods, at which time tourist facilities reach (or over reach) their capacity. Figures supplied by one of the larger Paihia tourism businesses are fairly typical: 75 percent of its total turnover is earned between November and March. Overseas visitors are likely to come on either side of the peak domestic period, and these shoulder periods are tending to increase.

The seasonal nature of tourism in the area poses a range of financial, social and other problems for individual operators and the wider host communities. They have to manage their way through serious cash flow distortions - most operators earn the majority of their income over a few months during the summer and have to manage for the rest of the year on much reduced incomes. Often they cannot cope with the demand over the peak summer period - and have to turn people away. Operators manage in a variety of ways - some close down over the winter months and take other employment, others accept the reduced winter activity and manage their finances so that they can survive for the year, and some welcome the quiet time to repair or refresh their equipment and have more personal and family time. Most would like to even out their business - particularly by extending the shoulder seasons. Some have taken active steps to do so, although success is still minimal. One business has tried to attract conference trade over the winter months - but has found the costs of extending facilities prohibitive. Others have marketed the appeal of the area in winter months - given the milder climate and quiet life.

The concentration of tourism activity in the summer months also affects the wider communities. The large peaks in the numbers of visitors puts pressure on sewage and water reticulation systems - and some communities have been asked to finance facilities that surpass their own need and are used to capacity for a very short period. Russell residents have refused to upgrade their sewage system any further. Other businesses that also benefit from tourist spending in the summer months also have to manage in the leaner off season. The host community has to accommodate visitors who outnumber them by more than two to one during the summer months. Some of the more obvious effects of this are crowded shops and other amenities, lack of parking, crowded beaches and traffic congestion.

## **THE COMMUNITIES OF THE BAY OF ISLANDS**

### **Early history**

The Bay of Islands has been a hub of human settlement for a long time. When James Cook extensively charted both the North and South Islands and gave the Bay of Islands its present name in 1769, it had been occupied for at least 800 years. Maori had occupied the area from as early as the 10th century, although the first tribes may have stayed for only relatively short periods. Garden sites documented by archaeologists at Urimatao, on Moturua Island, are evidence of their occupation. The Te Awa people from Dargaville area followed these earlier transient settlers and they too stayed for only a short time before moving south. Their two known pa, at Rawhiti and Manawaora, are modelled exactly on their original Dargaville sites. The Ngare Raumati people arrived in the later 15th century from the Bay of Plenty and intermarried with other hapu in the area. They occupied the Bay of Islands for three hundred years. During the 17th century, the Nga Manu people and descendants of Waipihangarangi were given Kororareka Peninsula from Te Wahapu to Tapeka as utu - the payment was for the killing of one of their chiefs. The chief at this time was Tupare, whose pa, Te Ke Emua, was on the hill behind the present-day landmark of Pompallier. He was forced to relinquish both his lands and his daughter following the killing of the Nga Manu chief, Waipahihi. Early in the 19th century, the Ngapuhi chiefs from the Kerikeri and Waimate areas defeated Ngare Raumati when the Nga Manu (now known as the Ngati Manu) left and established themselves further inland. The Ngapuhi people remained and settled in the Kororareka area.

Paihia is located across the Bay from Russell, known in the early days as Kororareka. European settlers have been there since the early 1800's. Missionaries were the first white people to settle Paihia in 1823. Led by Rev. Henry Williams, they built a house, store and the first church in New Zealand, using traditional Maori construction based on raupo (Boese, 1977:3). This early structure was replaced around 1855 and this was, in turn, replaced by a wooden church in 1874. The present stone church, replacing the wooden structure, was built as a memorial to Henry Williams and his brother, Reverend William Williams, who arrived in 1826. The brothers gained the respect and trust of the local Maori people as they tried to learn and understand their tikanga. They also tried to reduce friction between Maori and Pakeha. William also compiled a Maori dictionary and translated the New Zealand Testament into Maori. Paihia is also the place of the first printing press in New Zealand, set up by William Colenso in 1835. From this press came the first books printed in the country - and they were written in Maori.

Three kilometres north-west of Paihia is the Waitangi reserve, the site of the signing of the Treaty of Waitangi in 1840. The spot where the treaty was first signed is marked by a plaque and a flagstaff. The grounds hold a whare runanga (meeting house), a waka taua (war canoe) and the Treaty House. The Treaty House was the home of James Busby, who was appointed British Resident in 1832. The family home and 400ha of surrounding land changed hands several times after Busby's death, until it was bought by the governor-general and his wife in 1932. Lord and Lady Bledisloe presented the property to the nation as a historic reserve and the house was restored and designated a national monument. The Waitangi Heritage Trust now manages the property, earning revenue for its upkeep through tourism.

### **Bay of Islands settlements**

The Bay of Islands settlements are located in the greater Far North District, which extends from just south of the Bay of Islands to Cape Reinga. In 1996, the District had a population of 18,274 households, accommodating 57,079 usually resident people. This represented a 12 percent increase from 1991. The proportion of Maori (at 46%) was triple the national average of 15 percent. The labour force in the area has also increased - by 22 percent in the same five-year period. However, there was a 13 percent unemployment rate in late 1999.

The main Bay of Islands settlements of Paihia, Kerikeri, Russell, Opuā and Kawakawa have distinct social and economic histories, and these differences continue today. Population growth is one of the indicators of these differences. Growth has occurred in most of the settlements (Table 3), but Kerikeri's recent growth stands out. Between 1991 and 1996, the population of Kerikeri increased by 19 percent - as a consequence of urban and rural residential growth. That rapid population growth is expected to continue until at least 2006, by which time the settlement is expected to reach city status. A greater rate of growth occurred in Paihia (at 32%) but this increase was from a far smaller population base. Growth is not expected to continue at the same rate given constraints in the availability of land. Most of the adjacent land is Māori or Crown land, Council reserve or nature reserve. The population of Russell (9%) also grew, while Haruru Falls and Kawakawa held steady. Haruru Falls has potential for growth - with land and services capacity available. There has been a recent subdivision at Opuā, but there are topographical constraints there, and also in Russell.

*Table 3 Populations 1991 and 1996 for Bay of Islands communities*

	Total Population 1991	Total Population 1996	% change
Paihia	2,928	3,871	32.2
Haruru Falls	690	697	1.0
Kerikeri	3,615	4,292	18.7
Russell	1,050	1,139	8.5
East Opuā	345	359	4.1
West Opuā	171	228	33.3
Kawakawa	1,461	1,468	0.5
Far North District	51,567	57,079	10.7
Northland Region	131,619	141,865	7.8

Short descriptions of the other Bay of Islands settlements highlight their different histories and economic bases. Then the characteristics of Paihia are examined in detail.

## **Kerikeri**

According to Māori historians, Ngāti-Mirū were the first people to live in the Kerikeri district. However, they were attacked and driven away by a war party of Ngāpuhi. There is still visual evidence of the terraces of the pa that Ngāpuhi built. This area is now known as Kororipo (swirling waters).

The first European settlers were the missionaries: James Kemp, Francis Hall and John Butler. As well as teaching and preaching, they farmed and gardened. A chapel was built in 1824 and also served as a school. The land on which Kerikeri stands today is part of the 3,000 acres bought by the Church Missionary Society from the Māori Chief Rewa in 1831.

The Stone Store is just north of the Caracara town centre. It is New Zealand's oldest stone building, replacing a wooden store in 1836, and was erected to provide fireproof storage. But it was also partly used as a library by Bishop Selwyn from 1842-44 and became an ammunition magazine during the war with Hone Here in 1845. The Stone Store was purchased by the Historic Places Trust in 1975 and has since been fully restored.

Directly opposite the Stone Store, on the east side of the Keikeri Basin, is the Kororipo Pa headland, which was a site of Māori occupation. Some believe it was the stronghold of Hongi Hika and others consider it was his place of cultivation and for storing his canoes. On the north side of the inlet is a full-scale reconstruction of Rewa's Village - on a site believed to have been a kainga (or unfortified village) occupied by Chief Rewa, successor to Hongi as paramount chief of the local Ngāpuhi people.

In 1927 the Alderton Group Settlement Scheme formed the beginning of a new era for Kerikeri. The North Auckland Land Development Corporation purchased 6817 acres of land and divided it into blocks for passion fruit and citrus orchards. This became the foundation of today's horticultural industry - the backbone of Kerikeri's local economy. Maybe this subsequent development could have been anticipated from an event of 1820 - a plough used on Kerikeri soil was believed to be the first to be used in the country.



In 1996, the population of Kerikeri was 4,290 of which only a small proportion are Maori. The population of Kerikeri is growing rapidly, and is expected to reach 10,000 within the next 10 years. However, expansion of the present urban infrastructure will be required to maintain this growth, given that much of the previous growth has been based on people moving into rural and life-style blocks.

## **Russell**

Long before Captain Cook's visit in 1769, Russell was an established settlement of various Maori tribes. Its name at that time, Kororareka, reflected a legend that a wounded chief asked for penguin and on tasting the broth said "Ka reka to korora". (How sweet is the penguin.)

From the early 1800's, South Sea whalers found Kororareka ideal as a provisioning port. The town grew in response, gaining a reputation as a lawless and bawdy port, and earning the nickname Hellhole of the Pacific. The town continued to expand until the country's first Capital at Okiato (formerly Old Russell) moved to Auckland. Kororareka and the Bay of Islands began to decline economically as a result. This was hastened by the sacking of the town in 1845 by the forces of Hone Heke and Kawiti, two powerful Maori chiefs.

Following the sacking, Kororareka, now renamed Russell, was gradually rebuilt. Its main source of income was the provisioning and refitting of whaling ships. Later, manganese mining, fish canning and coal enabled some economic diversification.

From the early 1900's Russell became increasingly popular as a tourist attraction, particularly given its historic significance and heritage sites. However, it has remained a quiet tourist destination. Other attractions include the annual regatta and the development of big game fishing, promoted by the American writer, Zane Grey.

Today, Russell is most accessible by way of a 4 kilometre launch ride or a 13 kilometre road and car ferry trip via Opuia. Tourism, fishing, oyster farming and cottage industries provide much of the employment for its population of a thousand people.

## **Opuia**

AAPSS basin and wharf, situated at the junction of the Veronica Channel, Wackier Inlet and Katakana River is the last deepwater anchorage in the inner Bay of Islands. Opuia also links with Kawakawa by rail and with Russell by car ferry to the Russell peninsular. The railway, completed in 1884, and the wharf at Opuia prospered with the coal-mining at Kawakawa and later served the meat works at Moerewa.

Today, Opuia remains a small community with a mix of permanent and temporary residents. A recent subdivision of land in the area provides the opportunity for a small amount of growth, based on permanent and holiday homes. The main users of the wharf are the ferries, and their passengers, travelling to the Russell peninsular, the local fishing and charter industries and an occasional cruise ship visiting the Bay of Islands.

## **Kawakawa**

Kawakawa is 17 kilometres south of Paihia. Nearby is the site of the last battle of the uprising of Hone Heke and his ally Kawiti against the British in 1846. Early European settlement began with flax milling in the early 1800's. In 1861 a seam of coal was discovered and the subsequent economic boost led to the building of the railway to the port of Opuia, from where the coal was shipped. Since the decline of coal mining in the 1930's, the town has become the main service centre for the surrounding farming community, which is dominated by dairy farming. The main economic activity in the town is engineering and quarrying. As well as a range of retail outlets, the town has a primary school, a secondary school, a hospital, a police station, a licensed hotel and a motel.

The town has experienced a further decline in its economic fortunes over the last decade. The freezing works at Moerewa, which used to employ around 2,500 workers, is now reduced to 200-300 workers and the dairy factory has closed.

Probably the most important resource for recent tourism development is a couple of restored steam engines and period carriages and the rehabilitation of the railway line through the main street (funded by Transrail). The restoration and initial running of the trains to Opuia (and return) largely rested on the work a group of

volunteers. The operation has since been reduced in scope, and one or two of the former volunteers are now paid modest wages to take trips during the weekends and, in the peak season, during the week.

A new acquisition is set to potentially give the town an international tourist profile. The internationally renowned Austrian born architect, Frederick Hundertwasser, who lived in the Kawakawa district, donated a design for flush toilets for the main street. The building, which conforms to Hundertwasser's view of organic design principles, was completed shortly before his untimely death in early 2000 and has already attracted many visitors to the main street. It will be interesting in the future to assess the importance of this asset to the town's emerging tourism activity.

## SOCIAL FEATURES OF PAIHIA

### Demographic characteristics

#### Age-sex structure

As usual in New Zealand, areas that attract tourists also tend to attract retired people. The current demographic profile of Paihia reflects this trend (Table 4). In 1996, more than 16 percent of the population were aged 65 years or more. This age group comprise less than 12 percent of the population of New Zealand as a whole. There was a correspondingly smaller proportion of young people - 17 percent compared with 23 percent of the population as a whole.

*Table 4 Age-sex structure of the population of Paihia 1996*

	<b>Paihia</b>		<b>New Zealand</b>	
	Male	Female	Male	Female
% 0 - 14 years	16.4	18.3	24.1	22.0
% 15 - 64 years	66.9	66.0	65.7	65.0
% 65 years & over	16.7	15.7	10.3	13.1
Total Number of Persons	897	936	1,777,464	1,840,839

Sex ratio M/F 1996: 0.96 (Paihia), 0.97(NZ).

Dependency ratio 1996: 0.50 (Paihia), 0.53 (NZ).

#### Maori population

Twenty percent of the population were Maori, a greater proportion compared with New Zealand as a whole (at 14.5%). However, the proportion of Maori in Paihia was considerably lower than the proportion in Northland as a whole (at 30.3%).

#### Place of Residence - five years before 1996

Compared with New Zealand as a whole, people in Paihia had been more mobile in the five years leading up to the 1996 census (Table 5). A third had lived at the same address (compared with 44 percent of the total population) and less than a quarter had lived in the same region (compared with 34 percent of the total population). Instead, 23 percent had lived in a different region from their current address, compared with 10 percent of the total population. Ten percent had lived overseas, compared with 6 percent of the total population. Anecdotal evidence suggests a comparatively high number of Europeans, especially Germans, settling in Russell. Maybe, the same trend is evident in Paihia.

*Table 5 Place of residence of Usually Resident Population of Paihia - five years before 1996*

<b>Place of residence</b>	<b>Paihia Per cent of Population</b>
Same usual address	32.6
Same territorial authority	19.4
Same regional council, different territorial authority	3.8
Different regional council, same Island	20.3
Different regional council, different Island	2.9
Not specified - New Zealand	11.5
Overseas	9.6
Total number of Persons	1,746

### Ethnic composition

1996 - Maori were 20.1 per cent of the population of Paihia (cf. 14.5 per cent for NZ).

### Family Type

The distribution of family types in Paihia in 1996 was consistent with the age distribution - with fewer young people and more retired people. Compared with New Zealand as a whole, in Paihia there was a far greater proportion of couples without children (57% compared with 37%) and, conversely, fewer one and two parent families (Table 6).

*Table 6 Family Types in Paihia 1996*

<b>Family Type</b>	<b>% of families</b>	
	<b>Paihia</b>	<b>New Zealand</b>
One parent family	12.3	17.7
Two parent family	31.2	44.9
Couple only	56.5	37.3
Total number of families	462	949,497

### Household Income

The distribution of household incomes in Paihia is different from New Zealand as a whole, with fewer in the higher income bracket and more in the middle bracket (Table 7). Only 17 percent of Paihia households earned \$50,000 or more in 1996, compared with 27 percent in the country as a whole. The proportion of households in the lower income bracket (\$20,000 and under) was similar as the total and the proportion earning between \$20,001 and \$50,000 was greater (37% compared with 33%).

*Table 7 Distribution of Household Incomes in Paihia - 1996*

<b>Household income range</b>	<b>% of households</b>	
	<b>Paihia</b>	<b>New Zealand</b>
\$20,000 & under	22.2	22.9
\$20,001 - \$50,000	37.0	32.9
\$50,001 & over	16.7	27.1

Note: About 24 per cent of Paihia's households did not report their income (cf. 17 per cent for NZ).

## Education

There may be several factors contributing to the lower levels of high household incomes. Because the tourism industry tends to be characterised by unskilled jobs, there may have been more people working in unskilled and/or poorly paid jobs. In addition, the lower qualification levels of residents may be a contributing factor. While a slightly smaller proportion of Paihia residents had no qualifications compared with the population as a whole (30% compared with 32%), there were smaller proportions with secondary (22% compared with 27%) and tertiary (23% compared with 26%) qualifications (Table 8). The prevalence of small businesses may also be a contributing factor - research shows that the people running small tourism businesses were more likely to have experienced low profit margins (Taylor and Warren, 1999). The higher proportion of older residents on fixed incomes, and other people receiving income support, would also have brought down the average household income level.

*Table 8 Highest educational qualifications held by the residents of Paihia - 1996*

Highest educational qualification	% of residents	
	Paihia	New Zealand
University & other tertiary	22.5	25.8
Secondary	21.9	26.5
No qualifications	29.9	32.2

Note: Over a quarter of the residents of Paihia did not report their educational qualifications (cf. 16 per cent for NZ).

## Income Support

There was a slightly higher proportion of Paihia residents receiving income support in 1996 (36 percent received at least one form of support compared with 35 percent for the country as a whole). Not surprisingly given the age structure of the community, the most common forms were superannuation (54% of total benefits compared with 40% for New Zealand) and the unemployment benefit (20% compared with 21% for New Zealand). Compared with the country as a whole, the domestic purposes benefit was less common (6% compared with 9%).

## **INDUSTRY, WORK AND OCCUPATIONS**

### **The structure of the tourism industry**

The co-ordination and co-operation needed to develop a feasible strategy for the tourism industry in Paihia has not existed, both at the local level (within the tourism sector and between it and other sectors) and at the wider district and regional levels. Signs of insufficient co-ordination and co-operation are the lack of meetings between tourism operators and the lack of joint ventures in the area, despite the existence of some large tourism enterprises. That the tourism sector and its associates are so varied, makes co-ordination difficult. In the tourism sector alone there are the local operators, from which Fullers stands out (given its size), and the organisations that represent their interests including Destination Northland and the VIN. Then there are the organisations that have responsibility for many of the resources upon which tourism depends. Some of these are also tourism operators and include the Historic Places Trust, the Waitangi Heritage Trust and the Nga Puhi hapu. The Far North District Council and Northland Regional Council, while they represent the interests of the wider community, including other economic sectors, fund the infrastructure upon which tourism and other sectors depend. They also directly contribute to tourism, mainly through their funding of promotion activities (through Destination Northland) and information distribution.

### **Business practice in the tourism industry**

Some people take a casual approach to running their tourism operations according to a range of commentators, including other tourism operators and people involved in tourism promotion and the distribution of visitor information. Signs of this apparent casual approach include erratic hours of operating that suit the operators rather than the tourists, poor standards of service, incomplete or inaccurate information distribution. As a consequence tourists are often frustrated, or dissatisfied, and other operators can feel imposed upon or accept unnecessarily low profitability.

Reasons for the casual approach are probably varied. One reason suggested was the motivation that people have to enter the industry - some are attracted to the lifestyle and hope that tourism can support them living

in the local environment or that their preferred recreational activity can also earn them a living. Some local operators suggested that the presence of a large operator in the area, Fullers, has allowed less-motivated enterprises to become complacent. These enterprises are content to make a living off the extra money that Fullers' clients may want to spend elsewhere, but they are unwilling to promote themselves or improve their products and services. Several operators, who take a more serious approach to their business, see this casualness as reflecting badly on the whole industry.

## **Tourism and employment**

Because tourism is very seasonal, its employment generation is very uneven and often not of much benefit to the local area. During the peak summer months there are more jobs than the local economy can fill. Over this period, the workers have often come from outside the area - even from overseas. A reasonably large proportion of the workers, especially those involved in recreational activities, are transient international visitors who go where the work is. Typically, they stay in the Bay of Islands over the summer and leave for Queenstown in the winter.

Some of the tourism businesses are too small or not sufficiently profitable to take on employees. Typically they are owner operated, and the owner or owners struggle to keep up with the high work load in the summer months, when visitor numbers are high, and take on other work in the winter months when there are too few visitors to occupy their time and provide sufficient income.

The larger tourism businesses employ staff, but the numbers fluctuate with higher employment in the peak season and a maintenance level of staffing during the winter. The workers are usually employed on a casual basis and often work part time. Although the work is part time and casual it is not unusual for workers to return to the same tourism operation year after year.

The nature of employment in the tourism industry means that benefits are patchy. Certainly, the industry creates jobs - for the owner operators, for the many part-time and fewer full-time staff in the summer months, and for the few people who retain employment in the industry all year round. However, the nature of the employment means that people who come into Paihia for work are often single and transient. The flow on benefits from their residence, in terms of demand on services, is not as great as it would be from workers with families - with their greater demand on schooling, health services, and so on.

The industry and employment data of the 1996 census reflected the dominance of tourism, an industry typified by small owner-operated enterprises. Forty-two percent of Paihia residents worked in the wholesale retail and hospitality sector (into which much of the tourism industry falls) - this was almost double the overall New Zealand workforce, of which 22 percent worked in this sector. The manufacturing sector, by contrast, played a far less important part in the local economy - only 4 percent of the workforce worked in manufacturing, compared with 14 percent of the total workforce. The community, social, personal sector was also under represented, employing 15 percent of the workforce compared with 23 percent in the country as a whole (Table 9).

*Table 9 Sectoral distribution of the workforce of Paihia - 1996*

<b>Sector</b>	<b>Residents of Paihia</b>	<b>Persons whose workplace is at Paihia</b>	<b>New Zealand Workforce</b>
Agriculture, forestry & fishing	3.5	1.4	9.2
Mining	-	1.4	0.3
Manufacturing	4.2	0.3	14.3
Electricity/gas/water supply	0.4	-	0.5
Construction	5.2	3.5	5.8
Wholesale/retail/hospitality	42.3	58.3	22.3
Transport/communications	5.6	4.9	5.3
Financial/business	9.4	16.6	13.1
Community/social/personal	15.1	11.0	23.0
Total number of persons	858	861	1,630,812

Note: About 14 per cent of the residents of Paihia who participated in the workforce were unable to be assigned to a specific sector (cf. some six per cent of the national workforce).

There was a greater proportion of people who were self-employed or employers of others (18% compared with 11% of the New Zealand total) and, conversely, a smaller percentage of wage and salary workers (32% compared with 44% of the total). However, the distribution of part-time and full-time workers was not typical of other tourism resorts, such as Queenstown and Methven. The proportion of workers in Paihia working part-time was the same as New Zealand as a whole (at 13%) and the proportion of full-time workers (at 43%) was more or less the same as the 45 percent for all of the country.

*Table 10 Employment status of the residents of Paihia 1996*

	<b>Wages &amp; Salary %</b>	<b>Self Employed &amp; Employer of others %</b>	<b>Unemployed %</b>	<b>Full-time %</b>	<b>Part-time %</b>
Paihia	31.7	17.5	4.2	43.4	13.6
New Zealand (TLA)	43.5	11	4.9	45	13.6

Participation rate in 1996 of 57 per cent (cf. 59 per cent for NZ).

## **REGIONAL AND LOCAL ECONOMIES**

The nature of the social and economic interactions between the settlements of the Bay of Islands continues to evolve. One of the most significant impacts on the pattern of interactions is likely to be the rapid growth of Kerikeri - expected to reach city status within the next 10 years. That rapid growth is expected to bring both economic and political change to the area. It is already increasing the interdependence amongst the communities and highlighting the tensions that remain between them.

While there is some acceptance that Kerikeri, given its size, will become the economic centre of the district, there is some disquiet about the possibility that it will also become the political centre of the Far North. Some people raised concerns about the future location of the headquarters of the Far North District Council, which are currently in Kaikohe. They feared that, as Kerikeri grows, there may be pressure to relocate the local government centre there as it is the largest town in the district. One of the widely recognised advantages of the present location of the Council is its more or less central location, geographically, in the district. There are also a number of economic advantages for Kaikohe and the surrounding district of the current location of the Council. Directly, it provides skilled and semi-skilled employment opportunities, and purchases a wide range of goods and services in the area. There are also indirect benefits from these jobs and expenditure including the retention of a population base that, for instance, supports social services and other commercial activity.

Concentrated growth around Kerikeri may further emphasise the social and economic divide that is already apparent in the Far North district. The demographic profiles of Kerikeri, Paihia and Russell are different from the rest of the region, in that there are more retirement-age residents, fewer children and fewer Maori. While the age distribution of Kerikeri is likely to change with population growth (for instance young people and families are likely to be attracted to increased employment opportunities), the ethnic composition may not. Officials in the Far North Council noted the importance of keeping the Council in its present location to address this skewed population distribution. By locating the Council in the geographic centre of the Far North, it remains closer to communities that are disadvantaged economically and comprise greater proportions of Maori.

The interdependence of the communities in the Bay of Islands is already increasing as a consequence of the rapid growth of Kerikeri. The process of rationalising of local services is already underway, and these are tending to be centralised in Kerikeri - with a corresponding loss of services elsewhere. Already government departments are centralising to Kerikeri (for instance, Paihia's Department of Work and Income services are based there) and there are concerns that there may be further rationalisation of central and local government services.

Both Paihia and Kawakawa have lost services. Paihia recently lost a butcher, a hairdresser and a bank. Kawakawa has empty shops and has lost the Far North District Council's service centre, banks, motels and some hospital services. Surgical services are no longer provided. Some local community leaders in Kawakawa expect more services to be shifted to Kerikeri as the centre grows, in particular the police station and the Department of Work and Income.

As Kerikeri grows, the economic dominance of the Bay of Islands area is likely to further increase at the expense of the outer areas. Places like Kaitia and Kaikohe, where residents already feel alienated from the main economic activity of the district, are likely to feel even more alienated. However, their resentment will be directed towards Kerikeri not, as in the past, at Paihia. The relocation of services to Kerikeri is expected to further foster Kerikeri's economic growth. People in other centres will increasingly have to visit Kerikeri to access these services and are, therefore, increasingly likely to concentrate their activities in the one centre - using other services and doing their major shopping.

People in the various Bay of Island communities tend not to acknowledge their economic and social interdependence, despite the processes that are further increasing their interconnection. For example, communities like Kawakawa and Waimate North, which are working towards increasing their currently limited tourism activity, tend to overlook the importance of the whole of the Bay of Islands area to attract tourists. They underestimate the value of Paihia and Russell as the main draw-cards that attract visitors to the general area, and therefore fail to focus on how they can benefit from the popularity of the area as a whole.

There is little evidence of co-operation amongst the communities in general and businesses in particular in the overall Bay of Island area. Meetings and activities between and within the Bay of Islands communities tend to be informal rather than part of business or tourism strategies. For instance, it is rare for tourism operators to collectively promote the area. The narrow perspective that local promotion activities tend to take illustrates local operators' general lack of recognition of the links between their activities and those of their counterparts in other destinations. Paihia, Kerikeri and Russell, along with North Waimate and Kawakawa, are all dependent on the attractions of the Bay of Islands area as a whole. The lack of formal business association between centres is one sign of the lack of formal co-operation. Members of both the Paihia and Kerikeri business associations report narrow membership and poor attendance at meetings and seminars, with those who could most benefit from such activities often the least likely to be members of an association. Rarely, if ever, do individual town's business associations meet with their counterparts in other towns - and rarely do commercial and retail businesses within towns meet and work with their own tourism focused businesses.

## **RESOURCE PLANNING AND LOCAL GOVERNMENT**

The actions of the Far North District Council seem to suggest that the organisation has an ambivalent view of tourism development. The Council has increased its contributions to tourism development. Along with the Northland Regional Council, it is funding an economic development unit which will promote groups of businesses including tourism. This new support may be the outcome of a supportive Mayor and new Council staff.

However, operators' views of the Council were not particularly positive. A number of operators described the Council as difficult to deal with, and obstructive in its interpretation of regulations and resource consent processes. Some operators and residents also perceived the Council as incompetent in the granting of consents for tourism developments. Issues they raised included consents being processed as non-notified when they should have been notified, and developments approved that limited public access to beaches. Cited cases included development proposals for Doubtless Bay and Kerikeri, which have been granted consents by the Council. One couple have abandoned seeking consent for a proposed expansion of their tourism product because the process has been slow and expensive. They believed that opposition to the proposal from other operators had impacted on the process unfairly. People cite similar concerns about the Environment Court, which approved a development despite vociferous opposition by local groups.

Another criticism relates to the zoning of waterfront land in Paihia and the effect that has on tourism development. Land along the waterfront is zoned for recreational use, thus excluding any further commercial activity. However, some local operators feel there is a lack of variety in the tourism product in Paihia, particularly a lack of amenities such as music venues, night spots, cafes and non-water-based daytime activities such as an interpreted walkway like that in Russell. Anyone applying for a consent to establish such amenities along the waterfront would encounter the Council's interpretation of them as commercial activities rather than recreational amenities.

Some people living in Paihia, as they have begun to feel the effects of tourism growth, are ambivalent about further development of the industry. With greater pressure for land, prices have increased, rate levels have increased and many people with fixed incomes have had problems paying their rates. Other negatively

perceived effects include more crowded shops, pressure on services, more traffic congestion and increased crime rates. But there are also positively perceived changes such as more job opportunities, which are valued for their potential to fill the void left by declines in farming and forestry, and the growth of tourist amenities such as cafes that locals can also enjoy.

## **Strategic planning for tourism**

Tourism in Paihia has tended to depend on the most common of tourist preferences - sand, sea and sunshine. However, as the discussion earlier showed, the area is also historically important for both Maori and Pakeha. Thus there is a wealth of Maori and Pakeha heritage associated with the area as a whole and with particular places, but this tends to interest visitors only after they are exposed to some of the stories of the area. Tourism operators consider that, in general, visitors still come to the Bay of Islands for the traditional tourist attractions and that they need encouragement to explore further. Often places like the Old Stone Store and Pompallier House are seen as diversions for wet days rather than primary attractions in their own right.

As explained above, for both Maori and non-Maori histories of settlement in New Zealand, the Bay of Islands holds considerable significance. For both peoples, the Bay of Islands was settled early in the overall process of settlement. Archaeological evidence shows that Maori settled in the area as early as the 10<sup>th</sup> century. Both oral histories and archaeological evidence show various phases of settlement by several different iwi and hapu. Europeans settled in the area from the early 1800's, with the early missionaries. The Bay of Islands was a centre of intense Maori and Pakeha interaction during the early period of European settlement in New Zealand, including the Treaty signing.

There are signs that demand for an expanded tourism resource base that utilises the heritage base is increasing. More international and domestic visitors are arriving in the area wanting to explore further. Three things need to happen to take more advantage of the heritage resource base - the heritage qualities of the area need more exposure in promotion material, existing heritage products need to be managed on a more commercial basis and undeveloped heritage resources need to be developed to broaden and diversify the range of heritage products and places available.

Local interest in developing and promoting tourist products with a heritage flavour vary. A few people are passionately interested and actively involved in heritage conservation, hoping that tourism will provide the financial means to make it possible. One such project is the recovery of land on the foreshore that was the site of the original missionary station in Paihia and the rebuilding of the house and attached service buildings. A descendant of the first missionary, Rev. Henry Williams, hopes that the development of a local museum in the missionary house that replaced the burned original will become a catalyst for increased community and visitor interest in the area's history. The Council has provided some financial support for the museum project.

Others in the area are mindful of the threats that tourism and other development activities pose to the social and natural environment upon which tourism depends, including heritage resources. One area where there are a number of development issues is around the inlet by the Old Stone Store. There is widespread concern about developments including roads, parking and housing. There is criticism that developments such as walking tracks around the waters edge have been precluded, and that housing development is out of character.

Destination Northland has made progress towards effecting more co-ordination and co-operation within the tourism industry and, where appropriate, in the wider context. This progress has rested on the development of a tourism strategy for Northland, carried out in a consultative way. A review of the region, carried out by Tourism New Zealand<sup>3</sup>, laid the foundation for the development of the strategy and the consultative approach, which is expected to be repeated on a yearly basis. The most obvious sign of the progress made is what appears to be almost universal support for the strategy, agreement with its content, and confidence that it has the potential to represent the aspirations of the community and tourism operators, regardless of their individual characteristics. Because this process of developing the strategy seems to have generated confidence and trust in Destination Northland, this organisation is well positioned to undertake a leadership role that has been missing so far.

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<sup>3</sup>

Formerly known as the New Zealand Tourism Board.



Some of the problems that the strategy needs to address have already been discussed. These include: (i) the low profitability of many of the businesses and, related to that, their very high turnover and the lack of employment generation, (ii) the prevalence of poor business practice and poor quality of product and service, (iii) the tendency for operators to be motivated by life style aspirations and short-term goals, (iv) the seasonality of tourism and, therefore, the overuse of some resources and amenities in the summer months and their under use in the off peak season, (v) the lack of product diversity, with over reliance on traditional sea, sun and sand attractions and lack of development of heritage and other products, and related to this (vi) an over reliance on Pakeha history and a corresponding lack of products based on Maori culture and history. Also, there are few Maori involved in the ownership and management of tourism enterprises.

One problem to overcome so that tourism provides a stable and sustainable economic base, is the summer focus of tourism activity. Paihia, along with the rest of the Bay of Islands, needs to expand its tourism season, both by extending the shoulder seasons (particularly into May, August and September) and developing products for the winter season. Many local operators believe that the potential is great because winter temperatures are so much warmer than the rest of New Zealand.

Local operators need to overcome their distrust of each other and of other regions and recognise that they will all benefit from co-operative approaches to attracting visitors to the region and providing them with variety of experience to lengthen their stay, spend more, respect the cultural and natural environment, recommend the place to others and come back. Destination Northland is trying to break down barriers between the regions, including places as far away as Auckland and Rodney in the case of Twin Coast Highway, to develop a macro regional strategy.

The lack of co-ordination between tourism businesses is symptomatic of the lack of co-ordination amongst other businesses in the Bay of Islands - despite their economic interdependence. There are initiatives to overcome this wider fragmentation. One current initiative involves representatives from each of the towns working together to develop a Bay of Islands economic development zone. This group is working with the far North District Council and local businesses to develop a strategy for the area and to promote the Bay of Islands.

Opportunities to broaden the product base and encourage more people into the region already exist with new initiatives such as the Twin Coast Highway, which takes visitors to more out of the way parts of Northland and is intended to move the focus from the Bay of Islands. However, there is some concern about its success at achieving this fully. Some people are concerned that the Twin Coast excludes Kaikohe.

There is also a need to improve the quality of tourism products and services. Destination Northland has begun a process of improvement, initially by carrying out a spot survey that highlighted some of the problems with quality of service. However, many local businesses are reluctant to acknowledge that there are any problems - and some seem to believe that taking a more business-like approach to running their operations would somehow compromise the qualities that appeal to visitors - relating to the fact that they are small-scale and low key. Training initiatives are needed to develop hospitality skills and support small businesses.

## **Maori initiatives**

As in other destination areas in the country, attention needs to be given to fostering Maori tourism enterprises so that Maori can also benefit from the economic benefits of tourism. Furthermore, that tourism should take advantage of the richness of Maori culture and heritage, to broaden the product base and accommodate the growing interest of visitors in finding out more about their destinations. Destination Northland is working with the Waitangi Heritage Trust and Ngati Kuri, given their control over two of the country's most important cultural icons - Waitangi and Cape Reinga. With respect to the development of a Cape Reinga visitor centre, including cultural interpretation, Destination Northland is working with Ngati Kuri, who are in the process of developing a business development strategy and feasibility study. Destination Northland believes that the Milford Track model (with a private concessionaire running a quality product) would work, with Ngati Kuri overseeing the process. But, given their lack of business experience generally and experience in the tourism industry, they would need advice and assistance in the initial stages - perhaps with the involvement of Te Puni Kokiri and the Poutama Trust.

## PHYSICAL AND SOCIAL INFRASTRUCTURE

### Infrastructure

Tourism development in the Bay of Islands has always been shaped by the nature of the infrastructure and its capacity to support it. In the early stages of development, visitor numbers were limited by the lack of roads and other aspects of the transport infrastructure and, therefore, the difficulties visitors faced in getting to the Bay of Islands and to particular places in the area. Road and ferry developments opened up the area but limited accommodation amenities and under-developed water and sewage systems kept visitor numbers down until the 1970's. The development of different aspects of the tourism infrastructure has tended to happen in tandem - the development of water and sewerage systems in Paihia enabled the expansion of accommodation amenities. Visitor numbers subsequently increased to levels that this expanded infrastructure could support.

Paihia and the rest of the Bay of Islands have found it difficult to accommodate the seasonal ebbs and flows of tourism, given the strong summer-holiday profile of the area. Pressure on the tourism infrastructure is very uneven, with some aspects of the infrastructure, such as the sewage system, often seriously over-stretched during the peak Christmas/New Year peak season. These seasonal pressures limit tourist numbers in the peak period but could easily accommodate more during the off-peak periods.

It is interesting to look at the ways different destinations in the area respond to these pressures on the infrastructure. Paihia, for instance, is looking at ways to extend the tourist season into the shoulder periods on either side of the peak period, both to even out the pressures of the infrastructure and to better take advantage of amenities developed to accommodate high summer numbers - but under-utilised for the rest of the year. Some Russell residents are reluctant to further extend the capacity of the sewage system, as the current limited capacity places some constraints on the level of tourist activity in the area.

Other features of the infrastructure identified by local operators as inhibiting tourism development in Paihia include signage, transport networks and roading. As in other 'off the beaten track' areas, signage remains a problem. Local operators believe that signs directing visitors to places and products are inadequate. They offer several explanation for this. First, Transit New Zealand and the Council tend to be unsympathetic to the needs of tourism and are reluctant to put up signs themselves. Transit New Zealand, in its concern for road safety, often argues that signs distract drivers. The Council often argue that signs are adequate for people to find their way around - it tends to not recognise problems that newcomer to the district may have. Individual operators cannot fund signs themselves and groups of operators tend to be insufficiently co-ordinated to collectively fund them.

There is a lack of transport networks in the Far North so it is very difficult for visitors to move around independently unless they have a vehicle. The one large operator in the area, Fullers, runs a number of tours - many of which begin and end in Paihia. While the use of Paihia as the major loading and unloading terminal benefits the local economy, it does little for places on the periphery. Places like Kaitia and Kaihohe, which were bypassed in the past (Warren and Taylor, 1994) are now even worse off as these transport networks have become even more centralised around the Bay of Islands. Some operators were a little concerned about the impact that the growth of Kerikeri may have on the future hub of transport networks. Any shift to Kerikeri might mean that Paihia joins its northern neighbours and becomes one of the periphery communities.

While there are a number of issues around the adequacy of local roads, especially given the rapid expansion of the Kerikeri area, the roading issue that attracts the most attention is the location of the road north from Kerikeri. At present the main road passes through the area where the Stone Store and Kemp House are located and crosses the inlet where Rewi's Village has been rebuilt. The current positioning of the road is problematic for a number of reasons: there is traffic congestion in an area where there are people walking and sightseeing and cars parked; there is potential for cars to damage some of the most significant heritage sites in the country; the opportunity to turn the area into a walking precinct (and thus enhance visitor enjoyment) is lost; and visitors are less inclined to walk across the bridge to other tourist and recreational amenities because they have to fight with traffic on a narrow bridge, which lacks pedestrian access. While the Council and others have been seeking a remedy to the problem for several years, local school children, through a consultative process, seem to have come up with a widely accepted development option (of which they have built a model). They suggest realigning the road to take traffic away from the heritage site, enabling the area to be redeveloped into a visitor and community amenity.

There is a range of other roading problems. One of the most pressing is the poor quality of many of the roads north of the Bay of Islands. Road accident statistics attest to the risks these roads present to both visitors and local drivers. There is also a claimed lack of adequate linking roads between new rural and urban subdivisions and the main town centres, especially around Kerikeri. Local people attribute the lack of roading to lack of co-ordination between the Far North District Council and Transit New Zealand.

## Housing

There is currently a building boom in the Bay of Islands area, although most of the building activity is related to the construction of luxury holiday and permanent homes - particularly in Opua, Haruru Falls and Russell vicinity. Local people perceive little benefit from this activity - builders tend to be imported from Auckland and 'overseas' and few local jobs are apparent. Kerikeri also continues to expand, with new houses built on both urban subdivisions and rural life style blocks. There was anecdotal evidence that much of the construction work was being carried out by contractors brought into the area for specific jobs. It was even claimed that one luxury house was being built by contractors brought in from the United States.

The turnover of existing houses has been slower recently - a real estate agent reported that they are selling fewer than half the numbers of houses they sold a year ago. Prices have tended to plateau after a steady rise over the last 10 years - perhaps one of the signs that Paihia is going through an economic down turn.

Rental prices are very high during the summer months when demand outstrips supply. During that time, basic three bedroom houses are as much as \$1,600 to \$1,800 per week to rent. These high costs are generated from high demand from holiday makers - particularly from Auckland. It could be expected that such high costs for rental accommodation would pose problems for workers in the area over the summer months, in the same way that housing costs and availability pose problems for workers in Queenstown in the peak winter period. However, people in the Paihia area did not identify these problems specifically.

House tenure patterns in Paihia also reflect the town's appeal to retirement-aged residents (Table 11). Compared with the country as a whole, more homes in Paihia were owned without a mortgage (35% compared with 31%). By the same token, a smaller percentage of households were owned with a mortgage (22% compared with 35% of the total number of dwellings). There were more rented dwellings (30% compared with 23%) and dwellings provided rent free (5% compared with 4%)

*Table 11 Tenure of Dwellings in Paihia - 1996*

Form of Tenure	% of dwellings	
	Paihia	New Zealand
Provided rent free	4.5	3.7
Rented	30.0	22.9
Owned with a mortgage	21.5	35.2
Owned without a mortgage	35.4	31.1
Total number of dwellings	669	1,276,332

The proportion of unoccupied dwellings is a little less than for rural centres in New Zealand as a whole, indicating a relatively strong rental market at the time the census is taken in March (Table 12).

*Table 12 Unoccupied Private Dwellings in Paihia - 1996*

	Number of Occupied Private Dwellings	Number of Unoccupied Private Dwellings	Total Private Dwellings	Unoccupied Dwellings as per cent of Total Private Dwellings
Paihia	669	129	798	16.2
All Rural Centres	29349	6275	35624	17.6

## **Health**

There is a high level of health service in Paihia, at least partially because of tourism activity in the Bay of Islands area. For instance, over the past 10 years the number of general practitioners has doubled.

Health services include two general practice businesses, each with full-time doctors and practice nurses. There are also back-up doctors who work part time. There are two physiotherapists in their own practice. The nearest hospital, in Kawakawa, carries out straightforward procedures only, although triage can be done there. Maternity services are at the base hospital at Whangarei. There is also a first response ambulance. A public health nurse works with Northland Health in the area and there are District nurses in Kawakawa. But district and public health nursing was reported to be under stress with insufficient resources.

The two general practices probably could not survive without the business that tourists bring. One of the practices estimates that up to 20 percent of its patients are tourists, although this proportion varies over the year. Visitors can be up to 50 percent at the peak of the season and down to very few in winter.

## **Education and training**

Paihia has a primary school, with seven teachers and a roll of around 150. There is also a primary school in Opuā, with five teachers and a roll of around 100. The rolls of both schools have decreased slowly over recent years and Opuā will probably lose a teacher soon. There are high schools in Kawakawa and Kerikeri. While Kawakawa is nearer, some families prefer to pay the transport costs and go to the year 1-7 high school in Kerikeri. There is also a small private school in Kerikeri. A few go to Auckland for high school.

As in many small towns, respondents in Paihia noted the lack of facilities for youth. Kerikeri has the nearest cinema. So activities such as skateboarding on the streets become a problem. Many parents work. Despite the employment created by tourism there is a need to look at jobs for young people. Some see tourism as a career.

There are a number of training providers relating to the tourism industry, including the Northland Polytech and Quantum learning based in Kerikeri, various Maori providers, Kiwihost and ad hoc workshops. The training focus is mainly on the service side rather than business. Key issues for training are therefore business development and support, and the quality of hospitality service.

## **COMMUNITY**

### **Age-structure and community**

Paihia has a disproportionately high proportion of older residents and a lower proportion of children and young people. It also has a lower proportion of Maori compared with Northland as a whole and townships like Kawakawa, Kaikohe, Waimate and Kaitiā. As well as being a retirement settlement, the township is a holiday destination - for people who come to stay in the wide range of accommodation amenities and in the high number of holiday homes. Thus, a significant proportion of the houses in the settlement are not lived in on a permanent basis. As is typical of other communities dominated by people on fixed incomes, there is ambivalence about tourism development. Some of the older residents are worried about the impact of rising house values and the demand for tourism infrastructure on their rates and resent the influx of tourists in their shopping centre and on their beaches. They consider that their life styles are being challenged. Other residents have been attracted to Paihia because of both the business opportunities and the life style. Many of them depend on tourism. Other long term residents, especially those with children, welcome the job opportunities that tourism provides.

Russell has an even more distorted population profile than Paihia. It also has a higher proportion of retired people and a higher proportion of unoccupied houses. Local residents estimate that 60 percent of the houses in Russell, Opuā and the adjoining bays are holiday homes. Amongst the owners of these holiday homes are some of the wealthiest people in the country and, not surprisingly, some of these holiday homes are very large luxury developments with private beach access, helicopter pads and other trappings of wealth. Local people, particularly people in the tourism industry, believe that people in these lifestyle and holiday homes can have an undue influence over local economic activity. There are a number of very active local groups, including environmental groups, who mount cogent and loudly argued cases against proposed developments. Groups include the Eastern Bay of Islands Preservation Society, the Bay of Islands Coastal Watchdog, the Russell

Protection Society and the Marae Society. Local operators are resentful because they feel that some of the people in these groups have no interest in the economic sustainability of the area and can afford to fight proposals until the developers give up. For instance, they described the base for one group as “Remuera” in Auckland.

The composition of households and dominance of holiday homes has implications for community cohesion. A low proportion of permanent residents, or any loss of residents, makes it more difficult to get volunteers in committees and community organisations. Like in many small towns, a few people were reported as doing ‘all the work’.

## **CONCLUSION**

Tourism in the Bay of Islands has shown clear cyclical trends. The area experienced a major boom period over the 1960's and 1970's and then a period of stagnation. Further development took place in the 1980's and there have also been ups and downs in the 1990's. Work in Paihia is very strongly dominated by the hospitality and retail sectors and the economic fortunes of the town are therefore closely related to the fortunes of the tourism industry.

There has been a close relationship between the development of tourism in Paihia and the development of infrastructure, such as roads, water supply and sewerage systems. The development of new infrastructure has facilitated periods of growth.

Economic change in Paihia today is closely related to the development of Kerikeri. Social and commercial services and retailing in the Bay of Islands have tended to be centralised in Kerikeri, which is experiencing rapid growth. As a result the economic opportunities in the Paihia area are limited and people have to travel to Kerikeri for key services.

There are opportunities to widen the base of the tourism sector, to take advantage of the extensive and unique heritage resources of the area, which encompass much of the early history of New Zealand as a nation. The tourism sector is fragmented between a number of settlements. There are also distinct differences in business orientation of the few large operators and the many small, part-time and seasonal operations. Furthermore, Maori tourism has an undeveloped role, despite the strong base of heritage resources relating to Maori history and culture, and to Maori-Pakeha interactions in the early 19<sup>th</sup> century.

Reluctance by operators to recognise their collective appeal, and the potential to advance tourism together, may be overcome by the tourism strategy developed by Tourism New Zealand (formally called the New Zealand Tourism Board) and the regional tourism organisation, now called Destination Northland. There is widespread support for the strategy, which was developed through a consultative process, but it is too early in its implementation to assess its long-term impacts on the community.

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