

Resource Community Formation & Change:

A Case Study of

KATIKATI

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INTRODUCTION

This paper reports the findings of a case study of Katikati. It is one of a series of four case studies of agriculture-based communities in New Zealand which are part of a project entitled “Resource Community Formation and Change” that has been funded by the Foundation for Research, Science and Technology. The other three case studies of agriculture-based communities in this series are Clandeboye (WP 13), Waitaki (WP 14) and Otautau (WP 15).

A variety of research methods were used in this case study which focuses on the history of Katikati since the early 1950's. These methods included an analysis of census statistics, a review of published documents about the town and agricultural sector, and five days of interviews in Katikati during March 1998.

AGRICULTURE IN NEW ZEALAND AND THE BAY OF PLENTY

New Zealand

The following description of the agriculture sector in New Zealand has been based on an earlier working paper which examined the regional, national and international trends and linkages of the sector in New Zealand from the early 1970's to the present (Taylor and McCrostie Little, 1997).

There have been some significant changes in land use patterns in New Zealand over the last 25 years. Many sheep and beef farms have been converted to dairy farms and forestry blocks. While horticultural production has expanded on former dairy, traditional grazing and mixed cropping properties.

The number of medium-sized properties has decreased since the 1970's, whereas both the number of smaller and larger-sized properties has grown. This change reflects the gradual shift in land use from traditional pastoral farming to dairy units, horticultural crops, and lifestyle properties. Most corporate farming activity has been focused on dairy and horticultural production, and there are several marketing boards promoting exports from these two sub sectors.

New Zealand's major horticultural crops for export include pip fruit, stone fruit, kiwifruit, berry fruit, onions, squash and flowers, while grapes are grown for the domestic market and wine production (Statistics New Zealand, 1997: 448). Production of these crops tends to be concentrated in specific regions of the country; with the main areas for stone fruit, for instance, being Hawkes Bay and Otago.

Although kiwifruit is produced in many regions of the North Island and the northern part of the South Island, over three-quarters of the crop is grown in the Bay of Plenty. There are about 2,800 growers in the country and vertical integration in the industry is occurring between the orchards, pack houses and cool stores (Statistics New Zealand, 1997: 452). Production of kiwifruit grew steadily during the 1980's. Since 1990, however, export prices have declined, the area of land devoted to its cultivation has also fallen from 15,744 to 10,210 hectares (see Table 1), while there has been a significant increase in production per hectare.

Table 1: *National Production and Area of Kiwifruit*

Year ended 31 March	Area (hectares)	Export trays (million)
1981	8,057	6.2
1990	15,744	72.1
1991	14,980	59.8
1992	14,594	67.3
1993	12,265	55.3
1994	10,161	55.8
1995	10,210	58.8

Source: New Zealand Kiwifruit Marketing Board cited in Statistics New Zealand 1997: 452.

The New Zealand Kiwifruit Marketing Board (the sole exporter except to Australia) sold almost 49 million trays of the crop to over 50 countries in 1995. The major export markets (by volume) were Europe (60%), Japan (17%) and North America (6%). Growers in New Zealand supply about a quarter of the world's production of kiwifruit, but the crop accounts for less than one per cent of the world's fresh fruit consumption. Increasing competition from other fruits, and a rapid expansion of the global production of kiwifruit that has now levelled off, has resulted in declining real returns to growers during the 1990's (Statistics New Zealand, 1997: 451).

Bay of Plenty

Much of the growth in horticultural production in the Bay of Plenty has been the result of the conversion of dairy farms to smaller blocks producing kiwifruit and other land-intensive crops.

The area of orchards in the region increased from 273 hectares in 1956 to 2,499 hectares in 1976. Most of this increase in the cultivated area occurred in Tauranga County. Citrus fruit production, mainly lemons and grapefruit, was established in the Bay of Plenty by the 1940's. By 1980 the region generated 43 per cent of the national production of citrus fruit from orchards around Tauranga, Katikati and Te Puke. Other fruits, such as tamarillos and feijoa, apples, and berry fruit, are also grown, while vegetable production in the region amounted to 7,870 tonnes in 1980 (Stokes, 1983: 42, 47, 49, 52).

The first commercial planting of kiwifruit was made at Te Puke in the 1930's by two local orchardists McLoughlin and Bayliss. McLoughlin consigned the first export of kiwifruit to London in 1953. The production of kiwifruit in the Bay of Plenty expanded very rapidly during the following two decades from 265 tonnes in 1963 to 18,000 tonnes in 1982 (Stokes, 1983: 42-43). By 1987, moreover, the planted area of the crop in the region had increased to 8,500 hectares (cf. over 14,000 hectares for NZ) from 1,750 hectares nine years before (Earp, 1988: 232).

KATIKATI AND THE HORTICULTURE INDUSTRY

Katikati, a town in the western Bay of Plenty, is 37 kilometres west of Tauranga on state highway 2. It is the service centre of a district which is mainly engaged in horticultural activities. The hinterland of Katikati extends from Esedale road and Pahoia to the south and as far north as Athenree, i.e. about 20 kilometres in both directions.

The land on which the town is situated was originally occupied by the Ngai Tamawhariua, a subtribe of Ngaiterangi (Works Consultancy Ltd, 1990: 49). A party of settlers from Ulster led by George Vesey Stewart founded Katikati in 1875. The establishment of gold mining in Waihi on a large scale in 1886 led to the creation of a town of several thousand inhabitants there. Many of the Katikati farmers became the market gardeners of Waihi by supplying items such as butter, cheese, bacon, eggs and chaff to the residents of the gold mining town. The Waihi mine reached its zenith by 1909, but even as late as 1914 one Katikati farmer found that the apples he sold in Waihi provided him with a bigger profit than that earned by his herd of dairy cows (Gray, 1950: 114). Kauri was logged in the nearby hills from the early 1890's, but by 1920 this resource was almost exhausted (Rich, 1991: 4). A dairy factory had been established at Katikati in 1902. Dairying was the major industry of the district from the turn of the century until the late 1970's, although there were also some beef-fattening, sheep grazing units and timber mills on the hill country, and citrus orchards and vegetable growing on the coastal plain.

In 1954 Katikati had a pub, garage, bakery, grocer, haberdasher, hardware shop, gift shop, shoe shop, a bank (the BNZ) and a picture theatre. The town also had four churches (Anglican, Presbyterian, Roman Catholic and Brethren), a taxi business, a doctor, a primary school, and a high school for forms three to five with five general classrooms and specialist rooms. Only part of the main road was sealed. All the other streets were gravelled, while access to the town was via a much longer route on metalled roads. Young men were employed at the dairy factory or timber mills. For recreation there was the picture theatre, tennis court and rugby. At that time Maori resided at the local pa rather than in the town itself.

In the early 1960's some of the reserve land was given to local Maori and some families came to live in the town. During this decade citrus fruit and onions were grown in the district and exported, the number of shops on the main road grew, and Plunket rooms were opened.

When the kiwifruit boom arrived around 1980 it provided jobs for the residents of Katikati during the picking and packing season. In addition transient workers lived at camping grounds or at caravans at the pack houses. They were brought by bus from the East Coast and elsewhere. More bank branches were opened in town as the local economy prospered. Since 1993 more farm land surrounding Katikati has been converted to residential use. Many newcomers are older people, who are attracted from Tauranga and other urban centres by the rural lifestyle.

DEMOGRAPHIC FEATURES

Demographic characteristics

The population of Katikati grew rapidly during the early 1950's (see Table 2). Then the rate of population increase became more moderate, although it did accelerate again from the mid 1970s to 1996. This pattern of growth between 1951 and 1991 is unusual for a town like Katikati that acts as a service centre for a rural hinterland, but many migrants have been attracted by the lifestyle options available in the district. Katikati had a population of 2,661 in 1996.

Table 2: *Katikati - Population changes 1951-1996*

Census Year	Katikati		New Zealand	
	No. of Persons	% Change in Pop.	No. of Persons	% Change in Pop.
1951	663	-	1,939,472	-
1956	977	47.4	2,174,062	12.1
1961	995	1.8	2,414,984	11.0
1966	1,124	13.0	2,676,919	10.8
1971	1,225	9.0	2,862,631	6.9
1976	1,349	10.1	3,098,900	9.1
1981	1,701	26.1	3,143,307	1.4
1986	2,016	18.5	3,263,283	3.8
1991	2,319	15.0	3,373,929	3.4
1996	2,661	14.7	3,618,302	7.2

Note: Data for the 1951 to 1976 years are for the total population and that from 1981 onwards are for the usually resident population. Changes in population from the 1986 year are calculated using data for the usually resident population.

Source: New Zealand Census 1951-1996

Katikati functions as a retirement centre. It had a very high proportion of people aged 65 years and over (twice that at national level) amongst its residents in 1996. Twenty-five years earlier this presence of a group of elderly residents in the population was less evident. Maori comprised only 14 per cent of the town's residents in 1996 - this a surprising feature in the Bay of Plenty where Maori constitute about 28 per cent of the population.

Socioeconomic characteristics

The proportion of residents participating in the workforce was lower than the national average. Two-thirds of male workers and 30 per cent of female workers pursued blue-collar occupations in 1991, and the latter were more likely to have white collar jobs (see Table 3). The major sources of employment for Katikati's workforce in 1996 were provided by the agriculture (22%), wholesale/retail (20%), and community/social (17%) sectors.

Table 3: *Occupational status of the workforce of Katikati - 1991*

Occupational category	Katikati		New Zealand	
	Male %	Female %	Male %	Female %
administrators/managers	13.9	12.9	14.5	10.7
professionals & technicians	11.5	17.1	21.3	27.3
clerks	0.8	20.0	4.5	28.2
service/sales	5.4	15.7	6.7	14.2
agriculture, forestry & fisheries workers	26.2	20.0	12.1	6.3
trades workers/machine operators/ elementary occupations	39.2	10.0	38.6	11.6
Total Number of Persons	393	207	734,280	416,919

Source: New Zealand Census 1991

Almost two-fifths of Katikati's residents aged 15 years and over possessed no educational qualifications in 1991 (see Table 4). Household incomes were lower than the national pattern that year as Table 5 reveals, with over half of the town's households reporting incomes in the \$10,000 to \$30,000 range (cf. 35% for New Zealand). The incidence of home ownership among the town's households in 1996, however, was higher than that for the country as a whole (see Table 6).

Table 4: Highest educational qualifications held by residents of Katikati - 1991

Highest educational qualification	% of residents	
	Katikati	New Zealand
University & other tertiary	34.2	34.5
Secondary	16.0	18.8
No qualifications	38.6	30.6

Source: New Zealand Census 1991

Table 5: Distribution of Household Incomes in Katikati - 1991

Household income range	% of households	
	Katikati	New Zealand
Less than \$10,000	11.6	7.5
\$10,000 - \$30,000	51.2	34.6
\$30,000 & over	28.4	44.4

Source: New Zealand Census 1991

Table 6: Tenure of Dwellings in Katikati - 1996

Form of Tenure	% of dwellings	
	Katikati	New Zealand
Provided rent free	2.3	3.7
Rented	20.9	22.9
Owned with a mortgage	28.5	35.2
Owned without a mortgage	41.3	31.0
Total Number of Dwellings	1,032	1,276,329

Source: New Zealand Census 1996

INDUSTRY, WORK AND OCCUPATIONS

The changing structure of the horticultural industry in the Katikati district

Kiwifruit did not supplant dairying as the major economic activity in the Katikati district until the late 1970's. Yet horticultural activities had made a significant contribution to the rural economy since the turn of the century when local farmers had supplied the miners of Waihi with fresh vegetables. Vegetable growing, and later citrus orchards, became the dominant horticultural activities in the district prior to the kiwifruit boom.

There was a dramatic conversion of dairy farms into orchards as growers sought to profit from the higher returns of kiwifruit. Every dairy farm which was converted into orchards became subdivided into several blocks. A typical pattern was for an older dairy farmer to split up his property amongst his children who then established themselves as kiwifruit growers. Although their circumstances differed, these families, including some who had resided in the district for generations, switched from dairy to horticultural production over what was often a relatively short period of time. A retired dairy farmer we interviewed estimates that there are now only 20 to 30 dairy farms left in the district, and some of them are not suitable for conversion because their contours or other physical factors make them unsuitable for horticulture.

This rapid transformation of primary production in the district was followed by the closure of the dairy factory at Katikati in 1982 with 26 employees being made redundant. That same year an employment agency was established in the town to secure a supply of casual labour for the newly established orchards (Martin, 1983: 34, 51). There was also a substantial investment of capital in the industry in the form of orchard equipment, pack houses and cool stores (Earp, 1988: 232).

By the mid 1980's export prices for kiwifruit were falling. The prices had peaked at around \$14-15 per tray, and many orchardists were left with mortgages that were twice the value of their land holding. Production of kiwifruit had been a new activity for all of them. While some of them went out of business, others were reduced to a husband and wife operation. A local businessman, who arrived when the boom began, described these orchardists as "*a very tightly knit community trying to make the industry work*". The operators of the pack houses, or "*the big money makers*" as our previous informant depicted them, purchased orchards and formed syndicates during this 'bust' phase. These operators were often orchardists themselves. Another of our informants, the son of a dairy farmer, recalled how his brother and sisters formed a company to secure post harvest facilities for their orchards. They built a cool store in 1984 and started packing two years later. Nowadays, they also lease other orchards as producers, and the family company also provides a total range of horticultural services to other orchardists.

Although kiwifruit is still a major income earner for the Katikati district other horticultural crops also contribute to the local economy. Common varieties of citrus fruit, avocados, passion fruit, tamarillos, and persimmons are grown by orchardists in the district. There are also nurseries for strawberry plants, and for flowers such as orchids and calla lilies that are exported to Japan. With returns from kiwifruit declining, some producers have switched to more profitable crops.

Market gardening in the district is small scale when compared with areas like Pukekohe where there is scope for mechanisation and the agents of seed firms make regular visits. One of our informants estimates that the number of market gardeners today are only a quarter of what they were thirty years

ago. In his view vegetable production in the district is dominated by growers who are more interested in preserving their lifestyle than maximising their production.

Recent trends in the production and marketing of kiwifruit

Rich's (1991: 12) assessment of the kiwifruit industry made several years ago remains relevant today:

“Recent developments include a move towards specialist packhouses rather than individual growers having a role and investment in the packing of the crop. More orchardists are working off-orchard to supplement their incomes with either full time employment in town or seasonal picking and packing work. There are also more overseas workers becoming involved in the industry - especially in the Bay [of Plenty]. There has been a downturn in spending on development and capital purchases and, for many growers, the priority has been debt reduction and servicing.”

Export prices for kiwifruit fell to \$3.85 per tray during the 1992 season. Many orchardists moved into other employment, and only devoted part of their time to working on their holding. Moreover, they employ contractors for seasonal tasks such as pruning which is now being spread over a shorter period. Other orchardists have been aggregating and consolidating their land holdings either by purchase or lease.

The production of kiwifruit has been boosted during recent years by a chemical product called Hycane (hydrogen cyanimide). This product is applied to the kiwifruit after pruning in early August. It controls bud burst and quality with a direct effect on pollination. Only 40 to 70 per cent of buds burst naturally, but with Hycane there is a 70 to 80 per cent bud burst. Using Hycane removes some uncertainty by reducing flowering to a one week period and ensuring the size of the fruit is more regular. Under the 'kiwi green' approach many growers in the industry are using soft sprays on the fruit, while other growers are using organic inputs to produce their crop. This organically produced kiwifruit commands a 50 per cent premium over traditional varieties, but there are increased costs due to the thick level of composting that must be applied. New types of kiwifruit, including a yellow variety which has the flavour of a melon, are being developed at the Te Puha research centre.

There have also been changes in harvesting, packing and export marketing. The industry has evolved from a multi-desk marketing of the product through export firms to single desk selling through the New Zealand Kiwifruit Marketing Board. Controlled atmosphere cool storage has also been introduced. Formerly all the crop was packed, but now it is stored in bins and then packed in September and October. The fruit can now be packed into different types of cartons allowing growers to adapt better to changing markets overseas. Another innovation that has just been introduced is 'the early start', whereby producers pick early before the fruit is fully mature so its arrival in an overseas market can be scheduled to obtain premium prices. Furthermore, packing and grading costs have been reduced due to the change from wooden to cardboard trays and greater efficiency from increased mechanisation.

By 1996 the export price had recovered to \$4.30 per tray, and two years later it was still hovering around the \$4 to \$5 mark. Some production costs, however, have declined since 1992, whereas average yields have increased. The average cost of grading and packing per tray, for instance, fell from \$2.15 during the 1992/93 season to \$1.58 in 1996/97. While the average yield per hectare rose from 5,200 trays in 1992/93 to 6,200 trays in the 1993 season. The average price of rural land in the region was \$22,000 per hectare in 1994, and prices for horticultural land in the Katikati district have been static

for the past two to three years. A horticultural consultant we interviewed stated that nowadays an orchard producing 30,000 to 50,000 trays of kiwifruit supports a family and requires five to eight hectares of land.

The nature of work in the kiwifruit industry

The kiwifruit industry around Katikati has always depended on a large pool of casual labour during the harvesting and packing season. When the industry first began to develop the market for this labour was dominated by the existing social network, but as new growers arrived in the district more formal channels were required to obtain workers (Martin, 1983: 34). The major sources of casual labour during the early 1980's were overseas people on short-term permits or on holidays, married women, students, retired people, family members, registered unemployed, horticultural cadets and young people on training programmes (Stokes, 1983: 106). Since the beginning of the 1990's, however, more foreign labourers (e.g. Fijian Indians) have been employed by the industry according to a local horticultural consultant.

An orchard's demand for casual labour varies according to its stage of development and the seasonal cycle of production:

“The small family enterprise will often manage on its own over the development period, say 6-7 years for kiwifruit. Once an orchard comes into full operation, extra labour is required for picking and packing in May and June. Labour is often required also for winter pruning in July and August, and for summer pruning from October to March, with peak demand from December to February (Stokes, 1983: 102).”

Orchard work is more specialised than packing. Many orchardists nowadays hire contract gangs for picking, pruning and thinning instead of directly employing casual labourers. Specialist contractors are also engaged for spraying and mowing.

A part-owner of a company in Katikati noted that during the packing season the firm employs fifty workers per shift. They work six weeks in May and six to eight weeks in October and November. The company operates two shifts of 8 hours and 5½ hours for six days a week in May, and one shift of 11 hrs for five days a week in the latter period. The workers are transients, or casuals from the town such as housewives, and 60 to 70 per cent of them return every year. The transients they hire are local Maori, Pacific Islanders and Pakeha. Women are about 70 per cent of the company's workforce. They pack, grade and prepare the documentation for the fruit. An older woman who worked in a pack house for a couple of seasons during the 1980's described the working environment as being “*dusty*” and “*noisy*”.

REGIONAL AND LOCAL ECONOMY

The regional impact of the kiwifruit ‘boom’ on production and the landscape

The Katikati district was not the first locality in the western Bay of Plenty to develop kiwifruit as an export crop. That honour belongs to the rural area around Te Puke. Orchards of the crop were also established in the Tauranga district during the 1970's.

The planting of horticultural crops follows a cyclical pattern. When a new crop yields high returns more hectares are planted until there is a glut on the market and prices diminish. Some growers turn to another crop, while other producers continue to cultivate the original crop and receive better prices when supply eventually matches demand. Tree crops, such as citrus fruit and kiwifruit, take longer to come into production than annual crops. Their lengthy development means that periods of depressed prices are protracted as output continues to increase for several years after a downturn in prices. Thus many growers of citrus fruit in the western Bay of Plenty ripped out their trees during the 1970's and replaced them with kiwifruit (Earp, 1988: 111-112). While after kiwifruit prices declined in the 1980's some orchardists switched to other crops such as tamarillos, feijoa, persimmons, strawberry plants and flowers.

Land prices escalated during the kiwifruit ‘boom’. By 1980 the average price of horticultural land in the Bay of Plenty had climbed to \$34,000 per hectare. An analysis of a sample of a hundred properties subdivided in the Katikati district between 1965 and 1980 indicates that there was a high turnover of horticultural units (Stokes, 1983: 78-79). Eighty-two per cent of the sample had been held by their present owners for less than five years, and there had been 159 sales of those 100 units. Furthermore, over two-thirds of those sales (109) had occurred in two years or less after a previous sale of the property (cf. 47 out of 135 sales for 98 units in a Te Puke sample). Stokes (1983: 79) concludes that this short turnover period for the Katikati sample “suggests a degree of speculative activity which may well have contributed to inflating prices of horticultural land in the district in recent years”.

Earp (1988: 114) calls this boom period “the gold rush”. At its peak between 1979 and 1982 farmers from other parts of the country sold substantial holdings and replaced them with smaller blocks of kiwifruit in the western Bay of Plenty. Professionals and business people from cities such as Auckland and Tauranga also purchased orchards. The latter group were encouraged to invest in the industry by tax incentives that allowed them to offset the cost of developing their properties for production against income from other sources (Earp, 1988: 114-115).

The appearance of the western Bay of Plenty changed dramatically between 1978 and 1987 when the kiwifruit canopy increased from 1,750 to 8,500 hectares:

“Where previously there were open fields and grazing dairy herds, there is now mile upon mile of shelter belts lining the country roads and preventing a view of the many more that weave vast patterns beyond. Where there was one family living off 50 hectares of dairy land, there are now six or eight, each with several hectares of kiwifruit and making those hectares ever so much more productive” (Earp, 1988: 232).

One of our informants, a resident of Katikati since 1954, pointed out that the shelter belts established to protect the orchards obstruct the view of the hills and the inner harbour from the town. Throughout the district from Esedale road and Pahoia in the south to Athenree in the north, particularly on the eastern side of state highway 2, these shelter belts dominate the landscape.

The local economy of Katikati

The kiwifruit boom stimulated demand for more labour and services in Katikati that created flow-on effects for the local economy in terms of increasing numbers of retailers and specialised services for horticulturalists, pressure on community infrastructure, and the construction of new buildings (Rich, 1991: 7; Stokes, 1983: 10). Although the profitability of the kiwifruit industry has declined it remains the predominant sector in the district's economy.

A local businessman noted that while the BNZ was the only bank in the town when he arrived in 1978, Trustbank opened a branch the following year, and the National Bank and ANZ commenced business shortly afterwards. When the export price of kiwifruit declined, however, "*there were a lot of empty shops*" in Katikati. The business community was "*devastated*" by the downturn in kiwifruit, with many firms closing down. A large number of building suppliers have come and gone. There are now only two in town - Mataora Merchants and ITM. Formerly, there were seven shops selling hardware. Now there are only three. Our informant observed that during the 1980's nearly every family in the town had someone working in the industry so there was a lot less purchasing power in the local economy after kiwifruit prices fell. Gradually the shops have been reopened. He attributes the recovery of business in town to the inflow of older people and the mural project.

A survey of businesses conducted by Rich (1991) concluded that, although quite a few firms in the district had closed down, the needs of the dominant horticultural industry were being met locally. One hundred and twenty firms participated in the survey. They provided 1053 jobs: 551 of these jobs were in seasonal horticultural work and of the other 502 jobs - 435 were full-time positions and 67 were part-time positions. Eighty-two per cent of the businesses were owner operated. The firms reported that the biggest obstacles to their growth (in order of ranking) were the state of the kiwifruit industry, people's lack of spending power, apathy, and the general state of the economy. When asked about the trends in their turnover, 44 per cent of the firms indicated they had a decline in business over the previous few years, another 35 per cent reported that it had remained constant, while 21 per cent of them stated that their turnover had increased (Rich, 1991: 16,17 & 20).

Since the early 1990's, however, some significant changes have occurred in the local economy. Two major developments on greenfield sites close to the town have diversified the economic base. Ballantynes, which has an international standard golf course, a country club and a retirement village of 150 lots, and the Fantail Lodge - a hotel and conference centre. Some home-stay businesses have also been established in the rural area in the town. Other major employers in Katikati include a timber mill owned by Claymark, the Puma Dart factory which exports some of its products to Australia, and an Australian-owned company, Kingcat Industries, that manufactures lawnmowers.

Last year a telephone survey of 308 households in Katikati Ward found that 40 per cent of the sample had their main income earners working in the town itself, with another 27 per cent reporting their income earners were employed in the surrounding rural districts. Only six per cent of the households reported that their main income earners worked in either Tauranga or Mount Maunganui. Although the town provides the basic goods for everyday living, 85 per cent of respondents indicated that they travel to Tauranga or Mount Maunganui for clothing and footwear, whereas 74 per cent stated they purchased their furniture and home appliances from those places (Research Solutions Ltd, 1997: 6).

Diversifying the local economic base

Residents of Katikati have tried to make the town more attractive as a means of drawing visitors to the town. The majority of visitors are domestic tourists who come to see the collection of murals that are mostly displayed on buildings in the main street.

In 1990 after the export price of kiwifruit had plummeted and returns from dairying had declined, it seemed as though the economy of Katikati was in the doldrums. A bypass was planned and the town needed a strategy to attract visitors. A community group, Open Air Art, developed a series of murals to promote the town as a thriving centre in the Bay of Plenty. By 1995 more than two dozen murals had been painted on buildings in the town. They depict various aspects of local history including the original schoolhouse, a waka, an early street scene, the old jetty at Katikati landing and a repair garage of the 1920's. This mural scheme was copied from Chermainus, a small town on Vancouver Island in Canada, which some Katikati people had visited a few years previously. Funds for the project were raised by the community through garden tours, garage sales, fairs, and donations of materials and labour (Bell and Lyall, 1995: 55-56). Open Air Art is an incorporated society that holds the copyright of the murals and the merchandise associated with the project. Its objective is to promote Katikati as an open air art gallery. The society's latest project is called "hiku", a Japanese form of poetry, and will use a local park near a lake to reveal an unfolding poem to visitors as they walk around a circuit.

In 1996 a Council building was opened which housed the library, council service centre, and a visitors information centre. Since then a full-time information officer and a marketing and development manager have been appointed. Other enterprises which sell souvenirs and other merchandise to visitors, such as a Maori art and craft shop operated by the Runanga Ngai Tamawhariua, have been established to capitalise on this strategy.

PHYSICAL AND SOCIAL INFRASTRUCTURE

Infrastructure and funding

Katikati is administered by the Western Bay of Plenty District Council and a local community board. The latter is also responsible for the rural district around the town.

Residents obtain their water supply from a nearby river. This water is treated, although one of our informants was concerned about its odour and taste. Raw sewage is discharged through an ocean outfall at Matakana Island which uses a pipeline purchased from the old dairy company in the 1980's. It is planned to upgrade the sewage system of the town in the near future by treating the sewage and passing it through a wetland. Maori at Matakana Island have voiced their concerns about the planned new discharge. Moreover, Katikati's landfill is almost full and new arrangements will have to be made for waste disposal. As rates for sewage and waste disposal are levied separately from the Council's general rate, some residents of Katikati are anxious about the financial impact these new facilities will have on their annual rate demands.

Transport

State highway 2 passes directly through the town centre of Katikati. While congestion in the town centre delays traffic on the state highway, that traffic itself is a source of noise, vibration and

congestion in the town centre and some residential areas of the town. Other issues include the poor visibility around the inside curve at the northern entrance of the town, and the angle parking in the town centre which obstructs the flow of traffic (Works Consultancy Services Ltd, 1990). A bypass was proposed to overcome some of these problems; but it has been shelved indefinitely as it does not meet Transit NZ's cost-benefit criteria. As a recent opinion survey indicates, residents of the Katikati Ward remain concerned about traffic volumes on both the main street and the Tauranga to Katikati section of state highway 2 (Research Solutions, 1997: 6).

Housing

With the population of Katikati growing steadily for over thirty years there has been a constant demand for new dwellings. While the town's population increased by 26 per cent between 1976 and 1981 when the kiwifruit industry was at its peak, new arrivals continue to boost the number of residents by 15 to 20 per cent every five years (see Table 2). Farm land near the town has been subdivided and converted to residential use. A recent trend has been the construction of small houses, pensioner flats and several retirement villages to cater for older people who have settled in the town.

A local real estate agent commented that over the last two or three years his clients have migrated to Katikati for two main reasons. Either they know friends or family who already reside in the town or they have heard that it is a good place to live. Our informant was aware of a number of cases where several nuclear families belonging to one extended family grouping have shifted to Katikati over a period of time. Sometimes parents followed their children, and other occasions it was vice-versa. People like the area for its climate and lifestyle and there are a lot of recreational activities nearby - the sea, bush, golf courses, etc. Katikati is only two hours from Auckland and 30 minutes from Tauranga, which is New Zealand's sixth largest city.

Over the past two years house prices in the town have increased by over 40 per cent. This rapid increase followed another two year period when prices were almost static (2-3% per annum). The price of a new three bedroom house on an average size section is now in the vicinity of \$180,000, whereas houses at the lower end of the market would fetch about \$130,000. Rentals for a three bedroom dwelling range from \$160 to \$180 per week. Most houses and sections that have been sold recently have been purchased by retired people.

Education and Health

In 1950 there was only one school in Katikati with a roll of 456 primary and 70 senior pupils (Gray, 1950: 137). By the time of the kiwifruit boom, however, this school had been divided into a primary school and a form one to seven college. Both of these schools had rapid increases in their rolls during the boom period; especially at the college where the number of students grew by 46 per cent between 1972 and 1982 (Martin, 1983: 40). Katikati College had a roll of 875 in March 1998 which was 70 more than the staff had anticipated (Katikati Advertiser, 17/3/98). It had to obtain additional prefabricated buildings from the Ministry of Education, and the primary school was also approaching its capacity.

Four general practitioners, a dentist, a pharmacist, and a physiotherapist provide medical services to residents of the district. Specialists who regularly visit Katikati include an optician, an osteopath, a podiatrist, a dietician and a psychologist. Western Bay Health, which operates the nearest hospital at

Tauranga, provides some of these services, but over the last two years has ceased sending a paediatrician and a psychologist to the town. The present psychologist is funded by Presbyterian Support and, together with some of the other visiting specialists noted above, is based at the Katikati Community Resource Centre (KCRC). The premises of the KCRC also provide a headquarters for the local ambulance service, ante natal services and a number of health-related support groups such as the Asthma Society, the Lupus Support Group, the Hearing Association, the Stroke Support Group and Plunket.

Agencies and social welfare organisations

Katikati, like many other rural towns in New Zealand, is not particularly well serviced by the agencies of central government. Those agencies that do operate in the town include the Police, the Children and Young Persons Service and Income Support. The police station in the town has a staff of three. During office hours the station's phone is manned by volunteers. After hours, however, all calls are directed to Tauranga. The Children and Young Persons Service only use the KCRC for family conferences, while the New Zealand Employment Service (NZES) stopped visiting the town in March 1998. Previously staff of the NZES visited the town weekly. Unemployed people in the district now have to travel to Tauranga to attend their monthly interview.

The Katikati Community Resource Centre operates from a building complex at Beach Road known as the St Johns Resource Centre. It was established about five years ago as a result of a partnership between the community and St Johns Ambulance. Funds for managing the complex are provided by the KCRC, an incorporated Society, and St Johns Ambulance who use it as a base for the local ambulance service. The KCRC receives grants from a variety of sources including the Community Funding Agency, the Hilary Commission and Lottery Youth. It runs subsidised courses on topics such as self help and parenting, manages an advisory service for health and welfare issues, and organises school holiday programmes.

The Student Health Advisory Centre (SHAC) operates out of the KCRC. SHAC is a partnership between health professionals, the school and the community. Students from Katikati College come to SHAC at lunchtime on Fridays, while those who need more intensive counselling are given permission by the college to attend during class time.

RESOURCE AND ECONOMIC PLANNING AND LOCAL GOVERNMENT

Local government

Katikati attained the status of a 'county town' in 1956. Before local government amalgamation in 1989 a Community Council represented the town on the Tauranga County Council (Rich, 1991: 4, 7). Nowadays residents of the Katikati Ward elect a Community Board and representatives on the Western Bay of Plenty District Council. The Community Board has an advisory role and the District Council operates a service centre and library in the town.

Resource and economic planning

The predominant uses of land in the Katikati district are for orchards and lifestyle blocks. On the western side of the state highway there continues to be dairying and sheep grazing at the base of the hills, while on the harbour side the predominant land use is orcharding. A market gardener, we

interviewed, attributes the dominance of orcharding and lifestyle blocks to two main factors: the ten acre rural subdivision rule which has been part of local planning regulations, and an economic policy of the Muldoon era which allowed Queen Street farmers to enter kiwifruit production and obtain tax benefits.

An officer of the Western Bay of Plenty District Council stated that the council is “*very flexible in terms of rural activities*” and “*lets the market decide*” with respect to changes in land use. Until November 1997, when the Council introduced new plan provisions, the size of residential rural life style blocks could be as small as 2,000 square metres. These rules were in force for five years. However a joint study undertaken by the council and Agriculture New Zealand found that much of the land on the life style blocks was not being used productively so the rules are to be tightened up in the District Plan. There are now increased development fees for rural subdivisions. In some areas where the roads are substandard they must be upgraded before any more subdivision will be permitted. The council is also trying to eliminate the creation of one to four hectare blocks, although the District Plan is flexible in allowing discretionary activities on rural land such as home stays and craft shops. Recently resource consents have been required for two large complexes in the Katikati district - Ballantynes, and the Fantail Lodge.

These new planning provisions have not met with universal approval in the Katikati district, however, with one of our informants describing the council’s proposals to change the subdivision rules as “*a minefield*”. Some property owners oppose these restrictions, as they maintain they would hinder “*diversification, growth and employment opportunities*” in the district, and have formed the Western Bay of Plenty Resource Users Association (Katikati Advertiser, 24/3/98).

COMMUNITY

Cultural values and local identity

Despite the large influx of newcomers attracted to the town during the last forty years, the values of some Pakeha families, who are the descendants of the original settlers from Ulster, continue to influence the town’s character. Those values reflect a positive attitude to the community and they are maintained by a strong social network. In a recent survey of community attitudes by Research Solutions Ltd (1997: 6), for example, 54 per cent of the respondents indicated that they liked the community spirit of the town “*which gives it a safe, friendly atmosphere*”, while another 44 per cent reported they appreciated its small size which gives “*it a quiet peaceful feeling*”. Our informants, moreover, characterised Katikati as a community that is “*close-knit*”, “*cliquey*” and “*very resilient*”, and its people as “*helpful*”, “*very positive*” and “*having some pride in the town*”.

The murals in the town portray people and scenes from local history. They are a visual expression of local identity which harks back to the arrival in the district of the first party of immigrants from Ulster in 1875. Yet they are not without controversy. One social commentator, for instance, relates their representation of local history to racial issues. She asserts “*that the project foregrounds Pakeha claims to the business street of Katikati, over Maori who also live in Katikati and use this area*”, and derisively describes the murals as “*premodernist photographic depictions*” that serve “*Pakeha revisionist history*” (Bell, 1996: 113).

Class and conflict

A person's social status in Katikati, as in other parts of rural New Zealand, is not only linked with land ownership, but with the length his or her family has been resident in the district. A long-term resident recalled that during the kiwifruit boom there was "*a them and us attitude*" between locals and newcomers who were mostly "*professional people who wanted a quick way to make a quick buck*". Stokes (1983: 167) describes the impact these newcomers had on the local class structure in the kiwifruit producing areas of the Bay of Plenty:

"The emergence of a *nouveau riche* class, whose rapid rise to wealth is a product of the kiwifruit boom, has added another layer to the "upper" levels of the local socio-economic hierarchy. Their existence has created some resentment and envy. Despite their wealth, such people have not always become accepted in the longer established rural social order which was based on pastoralism and length of time a family had been 'settled' in the district."

Furthermore, Stokes categorises the kiwifruit growers into several groups of local people and outsiders. Her categories of local people are existing orchardists previously producing citrus fruit; pastoral farmers diversifying into horticulture; and local business people looking for investment opportunities. Whereas her categories of outsiders are young families with limited financial resources; middle-aged couples with funds to invest in an orchard; syndicates focussing on investment opportunities and tax benefits; and families with combined horticultural and craft enterprises and alternative life-style goals (Stokes, 1983: 66-67).

Yet residents of the Katikati district may make other status distinctions between themselves. A vegetable grower maintained that there is a clear status difference in the district between orchardists and market gardeners. He believes that other people in the district regard market gardeners as being the poor relatives of orchardists. In his view it is "*not normally an occupation you want your son to carry on*". The same informant also noted that during the kiwifruit boom there was a prestige scale amongst employees on kiwifruit properties; with workers employed on properties over 40 acres, for instance, being accorded greater status than those who were employed on smaller properties.

Community leadership and activities

Although there are various factions in the town's leadership, they usually cooperate well towards common goals such as the Murals project. And the community pride and organisational skills of its residents have helped Katikati win the Keep New Zealand Beautiful award for the best small town in 1991, 1992 and 1993 (Bell and Lyall, 1995: 56).

About thirty professional and community organisations regularly use the facilities of the Katikati Community Centre, with between 400 and 500 people passing through it every week. These organisations include the Katikati Lions Club, Katikati Kwilters, St Johns Youth and Badger Division, the Mahjong and Scrabble Club, Toughlove and the various health-related support groups that were noted earlier.

Social problems

Although Katikati has not escaped some of the negative effects of a downturn in the kiwifruit industry, it has managed to attract newcomers. These newcomers have both strengthened the local economy and ensured that essential commercial and community services have been retained. Thus the town seems to have avoided many of the serious consequences of the restructuring of the economy during the 1980's that have been experienced in other parts of rural New Zealand.

Our informants noted that unemployment, petty crime, teenage pregnancy and drug and alcohol abuse are 'problems' in the district. There are some long-term unemployed people who are content to continue on the dole, but the crime level is relatively low with graffiti, vandalism, and shoplifting being common offences. Racism may also be a problem in the community. A woman we interviewed expressed disquiet about racist behaviour towards minority ethnic groups in the community by referring to incidents in which Indian and mixed-blood children were bullied at school by Maori pupils. This racism may also be present in the kiwifruit industry as two of our informants observed that Indian transient workers are not well-accepted by their fellow employees in the pack houses.

Young people

After secondary school many young people want to leave Katikati as they are attracted by city life. Young people with career ambitions have to study outside Katikati when they leave school. They attend the Western Bay Polytechnic in Tauranga, the University of Waikato in Hamilton, or tertiary institutions further afield. There is plenty of work in the district for those boys who leave school at 15 and want manual jobs, while girls who stay in the town usually have difficulties finding employment.

Boredom is common among the young people of Katikati. Except for a wide range of sports there are very few leisure activities available for them. Some teenagers in the town, like their counterparts in other parts of rural New Zealand, experiment sexually, smoke marijuana and over consume alcoholic beverages as "*there's nothing else to do*".

Elderly people

Elderly people comprised about a quarter of the residents of Katikati in 1996. Since the 1970's there has been an influx of older people moving into the town. Some of them are well-off people with the type of cash investments that keep the town's four banks operating. When housing was cheaper in Katikati a few years ago, people from Auckland who were retired or made redundant, sold their often mortgaged house and purchased another dwelling in Katikati at less than half the cost. They were able to own their houses in Katikati freehold, buy a new car and still have money left in the bank. Some of them were parents of people already residing in the town, while others were attracted by the rural lifestyle. With the growing proportion of elderly people in the town, the Western Bay of Plenty District Council, the Returned Services Association and other property developers have established several retirement villages.

CONCLUSION

Dairying was the major industry of the Katikati district from the turn of the century until the late 1970's, although there were also some beef-fattening, sheep grazing units and timber mills on the hill country, and citrus orchards and vegetable growing on the coastal plain. There was a dramatic conversion of dairy farms into orchards around 1980 as growers sought to profit from the higher returns of kiwifruit. By the mid 1980's export prices were falling and many orchardists were left with mortgages that were twice the value of their land. Other horticultural crops also contributed to the local economy and, with returns from kiwifruit declining, some producers switched to more profitable crops such as strawberry plants and orchids.

The kiwifruit industry has always depended on a large pool of casual labour during the harvesting and packing seasons, while many orchardists nowadays hire contractors for pruning, thinning, spraying and mowing. Many of the workers employed on these tasks are transients, while others reside in Katikati.

After kiwifruit prices fell there was a lot less purchasing power in the local economy and many local firms closed down. Since the early 1990's, however, shops have gradually reopened in the town centre. Significant factors assisting this recovery have been two major developments (Ballantynes and the Fantail Lodge) on nearby greenfield sites, the mural project and other tourism enterprises, a small manufacturing sector, and the inflow of older people into the town. Katikati's popularity as a lifestyle and retirement centre, and its tourism ventures, have diversified the local economy and ensured that essential commercial and community services have been retained. Thus the town seems to have avoided many of the serious consequences of the restructuring of the economy during the 1980's that have affected other rural communities in New Zealand.

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