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Land of Milk and...Gas?

Economic change and its social consequences in 1980s
Taranaki: A regional history.

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Richard Towers.

Introduction.

In the minds of most New Zealanders the 1980s will be remembered as a decade of immense change and upheaval. In 1980 New Zealand was a fortress economy, with high tariffs and key industries heavily subsidised and sometimes owned by the government.¹ By 1990 the walls of that fortress had largely been removed.² In 1980 the National government led by Robert Muldoon was pushing ahead its policy of energy development, borrowing and spending billions of dollars in the process.³ By the 1990s New Zealand was firmly in the grip of neo-liberal economic thinking, with government spending cuts, user pays, and market deregulation the driving forces behind government and the economy.⁴ The beginning of the decade saw increasing concern over the growing number of unemployed. Employment was a prime issue in the 1981 election campaign. After the Labour government took office following the 1984 snap election, unemployment was reaching the five percent mark and was predicted to climb further.⁵ By the 1990 election unemployment had grown so high in some regions that a level of five percent looked like a desirable yet impossible target. Indeed, even today in what appear to be prosperous times for New Zealand we have still not attained a level of unemployment as low as that which was facing New Zealand in the early 1980s. It says much of what occurred both economically and politically through the 1980s that we now view what was once seen as an unthinkable high level of national unemployment as remarkably low.

The decade was a period which altered the relationship between New Zealanders and the governments elected by them. Nobody was left untouched by the processes of transformation. Where New Zealand once prided itself on being a country that led the world on issues of social welfare, it became one leading the

¹ Brian Easton, *The Commercialisation of New Zealand*, Auckland, Auckland University Press, 1997, p.6.

² Jane Kelsey, *The New Zealand Experiment: A world model for structural adjustment?*, Auckland, Auckland University Press with Bridget Williams Books, 1995, p.99.

³ Easton, p.18.

⁴ Kelsey, p.1.

⁵ Simon Collins, *Rogernomics: Is there a better way?*, Wellington, Pitman Publishing, 1987, p.26.

world in market driven economic change.⁶ All facets of society were effected from the social to the cultural. The governments of New Zealand began the 1980s as New Zealand's major employer and reluctant deregulators, and finished the decade having corporatised and sold many state assets, affecting thousands of jobs along the way. From being a protected economy, relying partly on import substitution to maintain employment, New Zealand became, in world terms, an open economy importing many new and cheaper products, changing the life styles and spending habits of many.⁷ By the close of the decade the government was actively seeking to play less of a role in the lives of New Zealanders.

For these reasons and many others, this period of change has attracted much attention from academics, including historians, economists, political scientists and geographers. The major political figures of the time have become the subjects of study and now occupy significant and prominent positions in the recent history of New Zealand. Many topics have been tackled in works by such New Zealand writers as Jane Kelsey,⁸ Brian Easton,⁹ and Alan Bollard,¹⁰ and foreign academics like Patrick Massey.¹¹

Kelsey's *The New Zealand Experiment* is particularly well known to university lecturers and students alike for its attacks on a system of economic change that was said to be the only option for New Zealand. It provides an account of the sometimes disastrous effects of neo-liberal economic policies for particular groups of New Zealanders. The title clearly points out what she believes occurred in New Zealand. An experiment in economics seeking to prove the validity of the economic theories of the new right, using the New Zealand economy and people as its raw material. Despite the popularity of the subject there is still much room for study and re-evaluation.

⁶ Kelsey, p.1.

⁷ Easton, p.6.

⁸ Jane Kelsey, *The New Zealand Experiment: A world model for structural adjustment?*, Auckland, Auckland University Press with Bridget Williams Books, 1995.

⁹ Brian Easton, *The Commercialisation of New Zealand*, Auckland, Auckland University Press, 1997.

¹⁰ Alan Bollard, 'More Market: The Deregulation of Industry', in Alan Bollard and Robert Buckle (eds.), *Economic Liberalisation in New Zealand*, Wellington, Allen & Unwin, 1987.

¹¹ Patrick Massey, *New Zealand: Market liberalization in a developed economy*, London, Macmillan Press Ltd, 1995.

Though it is convenient to discuss the impact of economic and governmental change at a national level, much of great importance and relevance can be missed. This is because New Zealand's transition from an essentially centrally controlled economy, to a market driven economy was often felt most drastically outside of New Zealand's urban centres, and the centres of policy formation.¹² Often authors will use examples from rural communities to illustrate the impact of a particular policy or simply to use the most graphic example of change available. Yet, by using the graphic examples from particular communities to illustrate national level effects, the real significance for the community or region is often missed. For example, in the late 1970s the Muldoon government drastically changed the environment in which freezing works operated. The passing of the Meat Amendment Act delicensed the meat processing industry and allowed new operators to establish new freezing works.¹³ This created uncertainty within the industry and those communities relying on freezing works for employment. The establishment of new freezing works had a significant effect on the entire New Zealand job market, but the most drastic effects occurred in communities where ageing freezing works were based.¹⁴

Job losses in areas like the freezing industry saw national unemployment figures reach the ten percent mark and higher. Unemployment rates for areas like Taranaki, Wanganui, and the East Coast were much higher.¹⁵ Individual groups and communities could suffer from unemployment topping 50 percent.¹⁶ These dramatic localised effects illustrate the enormous scale of change that took place in particular parts of New Zealand and the variability in the "national" experience. They suggest that we should alter our focus from the national to the regional or local in order to understand the full significance of such change. This thesis is an attempt to do just that.

¹² Collins, p.150.

¹³ *New Zealand Parliamentary Debates*, 22 July 1982.

¹⁴ *Ibid.*

¹⁵ Collins, p.135.

¹⁶ Collins, p.136.

The region in question is Taranaki. There are three main reasons for choosing this particular part of New Zealand. Firstly, I was raised in Taranaki and in particular the town of Patea, and so have always desired to know more about my own backyard. Secondly, much of the Muldoon government's energy development took place in Taranaki. The 'Think Big' era has always fascinated me, as I was raised in a New Zealand where any hands on involvement by the government in economic or industrial development was seemingly unthinkable. Thirdly, growing up in the shadow of a closed and decaying freezing works, in a town where few businesses were able to survive for long, everyone had an opinion about who was to blame for the closure of the works and the decline of the town. Undertaking this research has offered me the chance to revisit many of those opinions, and discover for myself what the factors of change were in my home region, dispelling many long held beliefs and confirming others.

As well as altering the focus from the national to the regional, this thesis attempts also to identify the most significant timeframe for the region. Many of the works produced on the transformation of New Zealand in recent times concern themselves almost entirely with what has occurred since 1984 and the rise of Rogernomics. Despite the fact that things such as the energy development projects had significant and lasting effects for New Zealand, the post war era is most often treated simply as a period setting the scene for the more significant events to follow. Patrick Massey views the period as one of gradual economic decline for New Zealand.¹⁷ Kelsey suggests New Zealand society was stable and based on a naive belief in harmonious race relations that was not shaken until the rise of radical Maori political movements in the 1970s.¹⁸ The Muldoon era is seen as a time when the policies that dominated the entire post war era were coming under attack, and the forces for change were growing.¹⁹ It was the end of an era rather than a significant period in its own right.

This overly simplistic view is one discussed and contested by Brian Easton in the preface to *The Commercialisation of New Zealand*. Unlike many, he

¹⁷ Massey, p.10.

¹⁸ Kelsey, p.20.

¹⁹ Kelsey, p.24.

points out that Muldoon's time in office saw significant change, particularly in the diversification of New Zealand's economy. Not only did New Zealand increase the diversity of goods it produced, but it also diversified its markets. By 1980 New Zealand's range of products and markets was above the OECD average where once it was well below.²⁰ Priyatosh Maitra points out that, 'it is only by adopting a long term historical framework that the dramatic changes in New Zealand's political economy since 1984 can be fully understood.'²¹ Furthermore, for the communities that became home to the energy projects, the impacts of Muldoon's time in government were huge and long lasting.

Initially, this thesis was to focus on the rural communities in Taranaki over the entire post Second World War period with a particular focus on the events occurring through the 1970s and 1980s. With this in mind, four questions were formulated. Firstly, what were the key economic changes in the post Second World War period for rural communities in Taranaki? Secondly, in what ways and to what extent did these changes effect life in the rural communities? Thirdly, how did the rural communities cope with change? Finally, were the effects of economic change in Taranaki typical of those felt elsewhere in New Zealand? The realisation that only the city of New Plymouth could be considered an urban centre, and that the energy development projects of the Think Big era had a massive effect on life for the people of New Plymouth, forced a broadening of the focus to include the city. It also became apparent that any attempt to comprehensively cover the entire post war period, and all of the changes that had occurred, within the confines of a Masters thesis was overly ambitious. Thus, it was decided to confine the study to the 1980s, the period that exhibited the clearest examples of change for the region.

Many of the energy developments, or Think Big projects, of the Muldoon government were based in Taranaki, utilising both the gas and condensate being extracted by the Maui gas platform. Planning for the projects, which include the

²⁰ Easton, p.6.

²¹ Priyatosh Maitra, 'The Globalisation of Capitalism and Economic Transition in New Zealand', in Chris Rudd & Brian Roper (eds.) *The Political Economy of New Zealand*, Auckland, Oxford University Press, 1997, p.22.

Kapuni Ammonia/Urea plant, the Waitara Methanol plant, and the Synthetic petrol plant at Motunui, began in the late 1970s following the second oil price shocks.²² Construction began on the plants in 1981 and had a huge and immediate impact, especially for northern Taranaki communities. Housing, employment, pay rates, social services, local infrastructure, and both the physical and social environments were effected. As the Think Big process was getting under way, many in Taranaki looked to it as a saviour, supplying great job opportunities at a time when the region and country was experiencing rising unemployment. Yet as the decade progressed, it became clear that both the scale of employment and the jobs on offer could do little to ease the employment concerns of most.

Many of those who were forced to look for employment throughout 1980s were those formerly employed in the freezing and dairy industries. At the beginning of the decade there were four major co-operative dairy companies operating in Taranaki, with only one operating a single site factory.²³ Butter, cheese, casein, and other products were produced in factories spread throughout the region. Yet advancing technologies and a desire to maximise profits had been driving a process of amalgamation that dated back to the introduction of motorised road transport.²⁴ In Taranaki this process came to a head in 1982, when the pressures of growing unemployment and economic uncertainty, led to the growth of union militancy in an attempt to safe guard jobs and conditions.²⁵ By 1990 only two co-operatives remained in the region, and the industry was plagued by industrial disputes. By the end of 1991 the remaining co-operatives would decide to merge leaving just one dairy factory in Taranaki.²⁶ The freezing industry in Taranaki, as in the rest of New Zealand, was and still is an important source of employment to many communities. Though perhaps not as identifiable a feature of Taranaki's economy and landscape as the dairy industry, the freezing industry

²² Easton, p.18.

²³ *New Zealand Dairy Exporter*, Volume 59, No.5, November 1983.

²⁴ The New Zealand Dairy Board, *The New Zealand Dairy Industry: a survey*, fourth edition, March 1980, p.21.

²⁵ *The Daily News*, 2 October 1982.

²⁶ Moa-Nui Co-operative Dairies Limited (In Liquidation) 1991-1992, Annual Report and Accounts, Massey University Library Dairy Archive, p.3.

provided thousands of jobs to the people of the region and helped maintain many down stream industries. Yet, as with the dairy industry, the freezing industry went through a major period of consolidation throughout New Zealand, beginning in the late 1970s and progressing through the 1980s. In Taranaki two major freezing works were affected by this process, one at Patea, the other at Waitara.

This thesis then, will be a study of Taranaki in the 1980s, three major economic changes that occurred through the period, and their effect on the people and communities of the province. It will begin with a study of the energy development or Think Big projects that dominated the region's economy through the early 1980s. It will be shown that during a period of national economic downturn, and growing joblessness, the projects provided massive, if short term relief to many communities. Yet it will be argued that the overall effect of the projects was to artificially distort the economy of the region, drawing investment away from developing industries, and ultimately setting up a greater slide into economic uncertainty than would have otherwise been the case. Particular emphasis will be placed on the social effects of the process. It will be argued that for those already suffering from the effects of falling employment rates and poverty the Think Big projects only increased poverty as rents and the cost of living rose sharply.

The dairy industry has been closely linked to the development of Taranaki's economy since the 1880s, and is still a major force today. A study of the dairy industry is a central part of this thesis. The industry was both an arbiter of change within Taranaki and a stage on which other forces of change could be seen to be at work. The process of amalgamation between dairy co-ops will be shown to have been a major economic process for the region as a whole, and for communities built up around them in particular. It will be argued that though the process of amalgamation had a history almost as long as the industry itself, it took on particular importance during the 1980s, as other employers began to close. The importance of the industry to the region will initially be made apparent through a study of the dramatic changes that occurred in relation to labour relations. Of particular focus will be the rapid growth of militancy within workers

organisations, and the bitter divisions that opened up between the supporters of the workers and the farming community. The chapter will also discuss the effect that potential factory closures had on the amalgamation process itself, and the attempts by farmers to minimise the impact of amalgamation through the selection of merger agreements.

In relation to the changes in the freezing industry this thesis will focus on the town of Patea, which lost its freezing works and largest employer in 1982. Initially the thesis will discuss the magnitude of the closure for the town and its hinterland by illustrating the importance of the works to southern Taranaki's economy. It will discuss the reaction of the locals and early efforts to save the industry as well as providing other forms of work. Focus will then switch to the social effects of losing their industry, and argue that it led to the loss of economic security for the town, and was the reason for the slow but steady decline of the community as the period progressed.

The fourth chapter will clearly set out the growth of unemployment in Taranaki and will identify the major contributing factors in its development. It will clearly set out the impact of the energy developments, dairy co-operative amalgamations, and the loss of freezing works employment. It will be shown that although these processes had the potential to create explosive growth in unemployment, this was controlled through the use of government subsidised work schemes. The focus will then shift to the effects of the change of government in 1984 and in particular to the effects of the labour government's changes to subsidised work schemes on the unemployment rate in Taranaki. The chapter will also identify other factors in the creation of unemployment such as the removal of agricultural subsidies and the job losses suffered by the Waitara freezing workers in 1989.

The final chapter will discuss the efforts of the unemployed, community based organisations, and local government bodies to organise and provide new services catering to the new needs of a changing environment. Their efforts to organise both alternative employment schemes and the unemployed workers movement on a regional basis will be assessed. It will be seen that by the end of

the 1980s increasingly localised responses were most common and led by community based organisations and local government. It will be argued that this was due to the great variability in the communities ability to respond to challenges and to create new opportunities. The final contention of this section will be that by the end of the period there was increased concentration of high unemployment in former single industry towns and the concentration of services in the centres of the regions economic life.

This thesis is separated into six sections, clearly identifying the main areas of economic change in the region, what the effects were, who was touched by them, and the responses of groups and communities to change. The material for this thesis came predominantly from the Alexander Turnbull Library. The sources consisted of the records of organisations such as the Coalition for Open Government (COG), the Federation of Labour, the Council of Trade Unions, and the Employers and Manufacturers Association (Central), those of the Trade Union History Project, and personal papers such as the Bert Roth collection. Regional newspapers including the *Daily News* and the *Hawera Star*, were valuable sources in creating a narrative of events, as were the records of the South Taranaki Museum archive, and departmental reports located in the Auckland City Library. The records housed in the Taranaki Museum were unavailable for study as a new Museum and Library complex are under construction and the archive is closed.

Taranaki and the Think Big Era.

Initial Expectations for Think Big.

In 1979, following the second oil price shock of the 1970s, the Muldoon Government committed itself and New Zealand to a massive increase in borrowing and spending, in an effort to make the country energy self sufficient and to broaden its economic base. The plan involved utilising New Zealand's gas and river resources by building and expanding both power plants and energy consuming industries. Government was to play the central role, securing the funding, and passing the legislation needed for the projects to proceed. This plan for national development became popularly known as Think Big.²⁷ Projects already under construction and those still being planned were included under this single banner, presenting a unified development strategy incorporating a number of different projects throughout the country.

The projects that became most closely associated with the Think Big tag were those aimed at utilising the gas from the Maui gas field off the coast of southern Taranaki.²⁸ These projects included the Ammonia/Urea fertiliser plant at Kapuni, a methanol production plant in the Waitara river valley, and a Synthetic petrol plant at Motunui. Other proposed plants included extracting ethane and liquid gas fractions from the Kapuni and Maui gas fields.²⁹ However, this plant and others were to be part of the second phase of energy development which was cancelled after the defeat of the National government in the election of 1984.³⁰ In terms of both their cost and their purported worth to the country, the Maui gas projects were central to the national development plan. They promised increased self sufficiency in liquid fuels, protecting New Zealand from future oil price rises,

²⁷ Barry Gustafson, *The First 50 Years: A history of the New Zealand National Party*, Auckland, Reed Methuen Publishers Ltd., 1986, p.144.

²⁸ The National Executive of the New Zealand Employers Federation (Inc), 'Implications of Major Project Developments in New Zealand Industry', nd., Employers and Manufacturers Association Records, 2000-222-113/4, Alexander Turnbull Library, p.1.

²⁹ Department of Trade and Industry, Major Projects Advisory Group – Newsletter, March 1982, Coalition for Open Government Records, MS Papers 3939-34, Alexander Turnbull Library, p.9.

³⁰ Geoff Bertram, 'Macroeconomic Debate and Economic Growth in Postwar New Zealand,' in Chris Rudd & Brian Roper (eds.) *The Political Economy of New Zealand*, Auckland, Oxford University Press, 1997, p.56.

and a new source of external revenue through the export of fertiliser and methanol. When completed, the Ammonia/Urea plant at Kapuni would produce 155 000 tonnes of Urea and 1000 tonnes of Ammonia for export. The Methanol plant would produce 1200 tonnes of methanol each day, with the bulk of this earmarked for export.³¹ It was suggested that about one third of New Zealand's petrol requirements would be met by the production of 570 000 tonnes of synthetic petrol at the Motunui plant by 1986.³²

All this would come at a huge cost in terms of capital investment. The Kapuni fertiliser plant, first agreed to as a use for Maui gas in 1978, would cost an estimated \$90 million, the methanol plant \$150 million, and the synthetic petrol plant \$750 million.³³ To gather public support for the projects the numbers of people to be employed in their construction was well publicised, as were estimates of job numbers to be created by downstream industries. Exactly what these downstream industries were to be was not specified, save that they would be taking advantage of the more secure position that New Zealand would enjoy as a result of ensuring energy self sufficiency. Taranaki alone was to benefit from the creation of thousands of jobs, both short and long term. The workforce employed on the energy projects in Taranaki would peak at 2 400 in 1984, whilst it was estimated that between 1000 and 1500 people would be employed by downstream projects by the end of the 1980s.³⁴ Such job numbers may appear small on a national scale, but were somewhat more significant to Taranaki's workforce of about 40 000 people.³⁵

Responses to the planned projects varied, depending largely on whether a national or local perspective was being expressed. For those already concerned with New Zealand's economic well being the projects were seen as a huge risk and one that would not cure the problem of growing unemployment. Treasury did

³¹ Major Projects Advisory Group – Newsletter, p.8.

³² Major Projects Advisory Group – Newsletter, p.9.

³³ Newspaper article (paper unknown), 23 June 1981, Coalition for Open Government Records, MS Papers 3939-46, Alexander Turnbull Library.

³⁴ Major Projects Advisory Group – Newsletter, p.20.

³⁵ Taranaki United Council – Submission to Hon K. Burke, 5 September 1986, Taranaki Unemployed Workers Rights Centre Papers, 90-385 3/29, Alexander Turnbull Library, p.2. The figure of 40 000 was calculated from figures given for the number of registered unemployed people.

not believe that the projects would do anything to solve the growing problem of unemployment.³⁶ All of the energy projects throughout New Zealand would collectively produce 25 000 jobs over a decade, with only 6000 of these produced directly through the construction and operation of projects, and the rest through “downstream” industrial development.³⁷ According to the Coalition for Open Government, 320 000 jobs would have to be created during the 1980s to reach full employment.³⁸ The success of the projects rested on factors that were out of New Zealand’s control.

The cost effectiveness of the synthetic petrol plant in particular was reliant on the price of oil. It was designed to protect New Zealand from rises in the price of oil, but the cost of production meant that any falls in the oil price would render the plant completely inefficient.³⁹ From very early in the development process, organisations like the Coalition for Open Government expressed their concern.⁴⁰ Particular concerns were centred on the risks that were involved in pursuing the projects, which relied for efficiency on predictable increases in oil prices. David Caygill of the Labour Party highlighted the risks of the projects by pointing out that the production of synthetic petrol had a break even point of \$28 per barrel of oil in 1980. By 1982 conservative estimates put the break-even point at \$35 per barrel which was the price of oil in July 1982. The result was that the synthetic fuel plant was barely economic before any substantial construction work had even begun.⁴¹

Bryan Philpott and Adolf Stroombergen of the Project on Economic Development argued that the energy projects would do nothing to lower unemployment nationally, as they were low in labour intensity beyond the construction phase. They also argued that New Zealand’s economic position would worsen as the projects would suck investment away from private sector development and relied to heavily on importing for the technology and knowledge

³⁶ *The Dominion*, 13 November 1981.

³⁷ *Evening Post*, 17 March 1982.

³⁸ *Ibid.*

³⁹ Easton, p.19

⁴⁰ *Craccum*, 23 June 1981.

⁴¹ *New Zealand Parliamentary Debates*, 21 July 1982.

required.⁴² Concerns were raised over the effects that the Think Big process might have on New Zealand's traditional sectors of economic activity. The Employers and Manufacturers Association, Federated Farmers, and small business owners feared that both investment and workers would be drawn away from the agricultural sector. They argued New Zealand's economy would always rely on agriculture and that the sector had diversified greatly with crops like kiwi fruit becoming major export earners.⁴³ These concerns were echoed by Treasury the following year when they also warned of the energy projects squeezing out other developments over the next decade, and that the projects would do nothing for the unemployed.⁴⁴

Of particular concern to the Coalition for Open Government were the government's amendments to the National Development Act. To get the energy projects underway as soon as possible the government put the consent process for the projects on the "fast track". They sought to give the Minister of National Development greater powers and to diminish the right of the public to challenge proposed projects. The minister would be able to add or delete particular parts of planning consents up to three weeks before any Planning Tribunal inquiry would begin. The tribunal itself could order any member of the public coming before it to pay the other parties costs for attending.⁴⁵ Dr. Geoffry Bertram, an economist at Victoria University and member of the Coalition for Open Government, argued that the amendments were simply a tool which the government could use to minimise public input to important decisions.⁴⁶

There were also concerns about the effects that the developments would have on the local labour supply and the ability of existing industries to compete with the increasing wage levels. Wage claims by the workers at other major projects such as the Tiwai point aluminium smelter extension and the Huntly

⁴² Bryan Philpott & Adolf Stroombergen, *Unemployment and Structural Change*, Project on Economic Planning, August 1980, Coalition for Open Government Records, MS Papers 3939-35, Alexander Turnbull Library, p.12.

⁴³ *The Evening Post*, 2 November 1980.

⁴⁴ *The Dominion*, 13 November 1981.

⁴⁵ 'Preliminary analysis of the National Development Amendment Bill', nd., Coalition for Open Government Records, MS Papers 3939-40, Alexander Turnbull Library, p.1-2.

⁴⁶ *The Evening Post*, 8 September 1981.

power station reinforced these concerns for industry leaders. In 1981 workers at Tiwai Point aluminium smelter claimed an increase of 25 percent whilst Huntly workers claimed 40 percent.⁴⁷ The poaching of skilled workers by firms in Australia and the demands of existing industries were adding to an acute problem of skill shortages. Overseas workers arrived demanding rates of pay comparable with those outside New Zealand, and local industries had to compete with these increased rates. To deal with these issues the government and unions were said to be discussing pay increases of 150 percent over 12 months.⁴⁸ Such concerns were not new to the government, as the 1979 National Party conference had discussed the problem and ways to address it. The conference discussed the failure to anticipate labour shortages that had cost New Zealand in the construction of the Kapuni to Wellington gas pipeline in the early 1970s. In particular delays due to a lack of gas fitters and high rates of pay for overseas labour had pushed up costs.⁴⁹ Though the energy developments were not considered by the conference to be answers to employment creation problems, it was argued that with sufficient planning and co-ordination jobs on energy project sites could be guaranteed to people who undertook appropriate job training schemes at the right time.⁵⁰

In Taranaki, the province that would become the heartland of the government's energy development, reactions to the projects varied. It became obvious early on that there was a clear mismatch between the goals of the government and the hopes of many locals. For the government the energy projects and the synthetic fuel project in particular, were principally an attempt to ensure a level of self-sufficiency in energy. For the people of Taranaki the projects were framed in terms of the renewed possibility of full employment in the region. The government was careful not to paint the energy projects themselves as a remedy to the growing unemployment problem in the region. Yet, it did announce the numbers of workers that would be employed by the projects over the construction and emphasised that it expected thousands of jobs to be created by industries

⁴⁷ *New Zealand Times*, 22 November 1981.

⁴⁸ *Ibid.*

⁴⁹ *The Evening Post*, 31 July 1979.

⁵⁰ *Ibid.*

taking advantage of energy self sufficiency, a new petrochemical industry in New Zealand, and a skilled workforce.⁵¹ The region had extremely strong political links to both the development process and the issue of growing unemployment. Tony Friedlander was the member for New Plymouth as well as the Minister of National Development, the Minister of Public Works and Under Secretary to the Minister of Regional Development, whilst Jim Bolger was the member for Taranaki and Minister of Labour.⁵²

In the eyes of many locals the projects were to be the cure for the increasing economic woes of the region. Unemployed workers organisations did their best to promote realistic expectations. They reported that the high technology imports needed by the energy projects would lead to job losses by replacing local producers and that the economic benefits of energy self sufficiency would not be felt until late in the decade due to the burden of debt repayment.⁵³ Yet the benefits of the projects were noted as often as the concerns of academics and industry officials. In a news story entitled, "Construction benefits many firms" it was celebrated when three of the sub contracts for the Ammonia/Urea plant went to Taranaki companies, ensuring jobs for the duration of the construction process.⁵⁴

The heads of industry did not match the enthusiasm of individual unemployed workers for the projects. Steve Marshall, the Major Projects Co-ordinator for the New Zealand Employers Federation expressed concerns. He felt that the projects were more likely to increase local unemployment than reduce it. They would put local firms out of business by pushing wage rates too high, and he argued that this type of wage inflation unemployment could not be absorbed by those projects.⁵⁵ A report for the federation on the Methanol project at Waitara emphasised the likely problems for locals. Whilst they could expect some direct

⁵¹ *The Press*, 22 January 1981.

⁵² This information is from the Member of Parliament lists in the front of editions of the *New Zealand Parliamentary Debates* for the 1982.

⁵³ *Unemployed News*, Issue No.5, September 1980.

⁵⁴ *The Press*, 22 January 1981.

⁵⁵ S. Marshall – Major Projects Co-ordinator for the New Zealand Employers Federation (Inc), letter to Dr. C. N. Taylor, Centre for Resource Management, 16 July 1982, Employers and Manufacturers Association (Central) Records, 2000-222-113/4, Alexander Turnbull Library.

employment, increased employment from economic growth, as well as increased investment and services for the region, the reality was bound to fall short of expectations. The report argued decisions on where to locate major projects had little to do with the local social or economic situation, but were rather based on the proximity to the raw materials required. It noted that projects would not be reliant on any local services or facilities and could easily import the labour needed. Locals should not expect a business boom or anticipate a generous benefactor in the new development.⁵⁶ The report also noted that the possibility of unanticipated costs such as noise pollution and permanent changes to the physical environment of an area, could combine with disappointment over the actual benefits to create an air of disappointment, frustration and antagonism towards development.⁵⁷ Another potential cost, the report argued, was the loss of local autonomy over decision making. The projects were being initiated from outside by central government. It was argued that local government might become dependent on central government for infrastructure planning when the developments grew beyond what they are used to handling. The report argued this could again lead to a rejection of the development process and the demands it placed on communities.⁵⁸ Such warnings of the potential negative impact of large and rapid development proved to be accurate and Taranaki residents began feeling the effects before construction even began.

Early Effects of the Energy Developments

The large scale of the energy developments, their demands on particular sectors of the labour force especially gas fitters and qualified welders, and their

⁵⁶ Major Gas & Associated Projects, 'Will the Projects Lead to More Opportunities for Local Firms?' – a photo copied section of a larger report, nd., Employers and Manufacturers Association (Central) Records, 2000-22-116/06, Alexander Turnbull Library, p.15.

⁵⁷ Major Gas & Associated Projects, 'Are Community Expectations Realistic?' – a photo copied section of a larger report, nd., Employers and Manufacturers Association (Central) Records, 2000-22-116/06, Alexander Turnbull Library, p.16.

⁵⁸ Major Gas & Associated Projects, 'Is Local Autonomy and Control Likely to be Effectuated?' – a photo copied section of a larger report, nd., Employers and Manufacturers Association (Central) Records, 2000-22-116/06, Alexander Turnbull Library, p.17.

need for both heavy engineering and high technology components, meant that it would always be difficult for New Zealand to meet all the demand for skilled labour. Though there was enthusiasm in Taranaki, the reality was that many unemployed would never be employed by the energy projects. Energy project workers were skilled workers, and there would be very little work for the unskilled either on the construction sites or with the companies contracted to produce components off site. The demands of the projects saw sub contracting and sub-sub contracting at unprecedented levels in the electrical and engineering industries.⁵⁹ The Department of Trade and Industry required the contractors involved in any of the major projects to 'make optimum use of New Zealand's engineering, consultancy, construction, and manufacturing resources.'⁶⁰ The department advised local companies and local Maori on how to compete for and win contracts.⁶¹ Not surprisingly, companies throughout Taranaki and New Zealand were attracted by the money invested in the projects, and new workers were taken on, but only those with the appropriate skills. The unemployed in Taranaki, and New Zealand, were generally young school leavers with no qualification either from school or from industry training. Though many were desperate to work and dismayed at a life on the dole, few had the required skills to acquire work through the energy developments.⁶²

The government had developed a policy for fulfilling the labour demands of Think Big. It involved attracting skilled New Zealanders currently overseas back to New Zealand, importing skilled foreign workers, and training New Zealanders in the particular skills needed.⁶³ Yet, the fast tracking of the developments did not leave local bodies or training agencies enough time to adequately plan ahead and train the unemployed in the skills needed to obtain

⁵⁹ 'Implications of Major Project Developments in New Zealand Industry', p.2.

⁶⁰ Major Projects Advisory Group – Newsletter, p.1.

⁶¹ Yvonne London, *A Report on the Social Effects of Energy Development in North Taranaki – Community Concerns*, July 1982, Job Research Trust Records, 98-271/18, Alexander Turnbull Library, p.28.

⁶² *Unemployed News*, Issue No.5, 1980, p.6.

⁶³ Major Projects Advisory Group – Newsletter, p.14.

work.⁶⁴ A qualified welder or gas fitter was required to train for five years, yet in some cases projects were under way a mere two years after planning began.⁶⁵

The announcement of the plants to be built in Taranaki led to a rapid growth in immigration to the region from other parts of New Zealand. In response to increasing migration pressures the Taranaki United Council (TUC), which was the regional council at the time, set up an Energy Monitor to supply quarterly surveys of the effects of the energy projects on the Taranaki region. The fifth survey in the series reported an increase of 80 households into northern Taranaki in the first quarter of 1982, with 211 arrivals and 131 departures. It noted that 62 percent of the new households were from other regions within New Zealand, whilst 20 percent came from overseas. Immigration into northern Taranaki had been steadily increasing since the third quarter of 1981. Over time households from overseas became a greater part of the increase.⁶⁶ Indications were that overseas arrivals were linked exclusively with construction beginning on the energy projects.⁶⁷ New arrivals to the region did not always have jobs directly with the energy projects. As the numbers of families moving into northern Taranaki and New Plymouth increased, many teachers were attracted to the region seeking work at schools where rolls were growing rapidly.⁶⁸ The Taranaki Unemployed Workers Rights Centre reported that many unemployed workers from around New Zealand were arriving in Taranaki believing that jobs would be easy to find with the energy projects or with local contractors. Like local unemployed, many of these new arrivals were unskilled and few found any work.⁶⁹

⁶⁴ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.28.

⁶⁵ *Evening Post*, 31 July 1979.

⁶⁶ Taranaki United Council Energy Monitor, 'A Study of the Impact of Petrochemical Projects on the Workforce and Accommodation in the Taranaki Region', Progress report 5, 31 March 1981, Employers and Manufacturers Association (Central) Records, 2000-222-009/3, Alexander Turnbull Library, p.2.

⁶⁷ *Ibid.*

⁶⁸ Taranaki United Council Energy Monitor, Progress report 5, p.6.

⁶⁹ Taranaki Unemployed Workers Rights Centre, 'Six Month Report', August 1982, Federation of Labour Records, 95-050-70, Alexander Turnbull Library, p.1.

The Impacts of Energy Development Related Immigration.

The impact of immigration for the residents of Taranaki was immediate and particularly bad for those already struggling to make ends meet. The housing market reacted to the energy projects almost immediately with house prices rising markedly in anticipation of increased demand. Some members of the TUC anticipated problems in the housing market and called for a housing congress to be established. The congress would include the council, the Ministry of Works and Development, the Housing Commission, and the Commissioner for the Environment. The TUC were particularly worried about the effects on the housing market once construction workers moved out of the region as supply in housing would outstrip demand making it very hard to sell.⁷⁰ However, no housing congress was established and no plan was developed to deal with the problems that inevitably arose. In 1982 Taranaki house sales overall fell. This was in line with the national trend, and due to a shortage of housing finance as government funds were tied up in the energy development projects. Yet sales of houses valued above \$35 000 were steadily rising in northern Taranaki, as were the number of building permits issued.⁷¹ However, the real housing problem revolved around the supply of rental accommodation.

Demand for rental accommodation across northern Taranaki far outstripped supply and average rents rose sharply. By the second quarter of 1982 the average weekly rent had risen by over 43 percent from the average during the first quarter of 1981 and was continuing to rise at an increasing rate. The sharply rising rents caused the most hardship for those already struggling, such as the unemployed, single mothers, and the elderly. Demand for state housing rose to levels where demand far outweighed supply. The number of applicants who qualified for state housing assistance under the Housing Corporations points system rising by 226.5 percent from March of 1981 to March of 1982.⁷² The situation for many people was grim. Tents, garages, and motor camps became

⁷⁰ *The Daily News*, 16 May 1981.

⁷¹ Taranaki United Council Energy Monitor – Progress report 5, p.13.

⁷² Taranaki United Council Energy Monitor – Progress report 5, p.17 & 21.

temporary accommodation for people unable to afford high rents.⁷³ A local newspaper reported that a solo mother living in a caravan had lodged an application for a state house, but had not been found one after eight months of waiting. Even after the long wait she was ranked 13th on a list of 80 qualified applicants. The increased demand for state housing was compounded by those already resident in state houses. Understandably, given the context, they became increasingly unwilling to move out of state subsidised accommodation as rents for private homes continued to rise.⁷⁴ Concern for the plight of the poor began to mount in the community, and New Plymouth locals pressured the government to fund a study into the changes occurring throughout the region.⁷⁵

The report found that the developers of the energy projects had constructed a plan to house the workers from the Motunui synthetic petrol plant which involved building hundreds of houses, 120 of which had been constructed at the time of the reports completion in July of 1982. In addition 400 unmarried workers were to be housed in hotels and motels.⁷⁶ On the issue of rental accommodation the report called for immediate action. With the main influx of workers yet to occur it argued that rents had already climbed too high for many. The local Women's Centre in New Plymouth had dealt with 38 pleas from women desperately trying to find accommodation in the first four months of 1982. The whole of 1981 saw just 42 of the same requests for help. Some emergency services had been established to deal with the housing shortage but there was no co-ordinated plan. Even the housing plan for workers at Motunui was found to be wanting in practice. Local motel and hotel owners had not been made aware of the part they were expected to play in housing workers, thus none were planning expansion to cope with the increased demand. In fact many were cautious, having been caught out before by the boom and bust of the Maui-A oil platform development in the mid 1970s.⁷⁷

⁷³ *Taranaki Herald*, 13 March 1982.

⁷⁴ *Ibid.*

⁷⁵ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.i. (foreward)

⁷⁶ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.6.

⁷⁷ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.21 & 23.

The lack of planning and response to the developing housing crisis in New Plymouth reflected the government's attitude to the situation. Tony Friedlander was the Minister of Housing. When questioned on the issue of housing he consistently denied the existence of any special housing problems in New Plymouth. When asked by Labour MP Dr. Michael Bassett if he was aware that three out of five caravans sold in New Plymouth were bought by people intending live in them, Friedlander replied that the National government was doing much more to house the people of New Plymouth than the Labour government had during the initial development of Maui gas field and the building of the New Plymouth power station in 1975.⁷⁸ He pointed out that there had been 300 state houses constructed in New Plymouth since 1975 and there were just eight people with urgent requirements on the Housing Corporations waiting list, while in 1975 there had been 143.⁷⁹ Two weeks later he was asked how he could deny the existence of a housing problem in New Plymouth when 60% the residents at a local caravan park were permanent residents.⁸⁰ Friedlander replied that the government was aware of the demands on housing that were created by the energy developments and had increased the Housing corporations building programme for the year to 30 units, an increase of 150 percent on the previous year. He dismissed the numbers of people living in caravan parks saying that there had always been a proportion of the community who wished to live in that type of accommodation. More significantly, he said there was no evidence that the housing problems in New Plymouth were any worse than those being experienced elsewhere in New Zealand.⁸¹

When the Minister of Housing said that there was no housing problem particular to New Plymouth, he was right. The reports of people living in caravans or garden sheds, though shocking for some people in Taranaki were not isolated to New Plymouth. Large centres around New Zealand were experiencing a similar crisis. In an article on Hamilton's housing problems the *New Zealand Listener*

⁷⁸ *New Zealand Parliamentary Debates*, 21 July 1982.

⁷⁹ *Ibid.*

⁸⁰ *New Zealand Parliamentary Debates*, 3 August 1982.

⁸¹ *Ibid.*

found that of 800 houses surveyed by a Hamilton work co-operative less than eleven had three bedrooms or more. Yet, 71 houses were home to between eight and twelve people, whilst sixteen housed thirteen to eighteen residents.⁸² The survey also found nine people living in caravans, eight living in cars, fourteen living in garden sheds and garages, and a sixteen year old living in an old water tank.⁸³

The housing situation in Whangarei was more like that in New Plymouth as it was blamed on the development of another 'Think Big' project, the Marsden Point oil refinery expansion. The Whangarei City Planning Department released a report entitled *Housing in Whangarei* which sought to highlight the need for special government assistance to solve what they considered were the unique housing problems facing Whangarei.⁸⁴ The report suggested that the refinery expansion was the cause of severe housing shortages as it caused large numbers of workers to migrate to the city pushing up both the demand for and cost of housing. Responding to this claim of special housing needs, Friedlander repeated his views concerning the situation facing New Plymouth saying that there was no evidence that those people in Whangarei who were eligible for government housing assistance were in any worse or difficult a situation than those elsewhere in New Zealand.⁸⁵ He was not denying the existence of a housing problem in New Plymouth or Whangarei. He was simply denying that there was a need to take any special action to address them as the whole of New Zealand faced similar problems. Though technically true, it is hard to see how such a rationalisation of the government's failure to address the situation was supposed to offer any solution to the problem. It seems that the government wished simply to evade the problems caused in part by their development projects, and concentrate on pushing the developments ahead.

The report by Yvonne London into the New Plymouth situation highlighted the lack of any co-ordinated effort to deal with an existing and

⁸² *The New Zealand Listener*, 23 October 1982.

⁸³ *Ibid.*

⁸⁴ *New Zealand Parliamentary Debates*, 20 August 1982.

⁸⁵ *Ibid.*

worsening problem, and came under heavy attack from members of the TUC and the Minister of Housing. Joyce Cowley, of the Regional Council, claimed the report was a, 'speculative mass of ill founded opinion, and unsubstantiated opinion.'⁸⁶ She claimed that there was no need for the full time social worker to tackle the problems of the poor as the report had suggested, and that London must have obtained all of her information from the environmentalists and minority groups. Friedlander continued to claim that there was no housing problem following the release of the report in October.⁸⁷ Yet, just five days later, a special conference was convened by the TUC to discuss the housing problems facing the region.⁸⁸

The conference was attended by representatives from the New Plymouth City Council, the Cliffton, Egmont, and Taranaki County Councils, the Hawera District Council, and the Inglewood, Patea, Stratford, and Waitara Borough Councils. Tony Friedlander also attended. Elaine Gill a researcher employed by the TUC addressed the conference and reinforced the views expressed in the London report. Gill argued that the strain in the housing market was most apparent in the rental sector with average rents rising by 53 percent in the space of a year. The problem for New Plymouth was not a lack of properties for rent, but rather the cost of those rental properties. Many people were simply unable to pay the new rates.⁸⁹ The conference confirmed the claims of a housing problem in New Plymouth but did not produce a plan to tackle the housing problems. This failure seems to be due to the government's continued refusal to acknowledge that there was any housing problem in New Plymouth relative to the rest of the country. Those who were struggling to find adequate accommodation before the conference was held continued to struggle after it concluded.

By November of 1982 it was reported that many couples in New Plymouth were considering formal separation as a means to acquiring a state house as it was thought that Housing New Zealand would be more sympathetic to a solo

⁸⁶ *The Daily News*, 16 October 1982.

⁸⁷ *Ibid.*

⁸⁸ *The Daily News*, 21 October 1982.

⁸⁹ *Ibid.*

mother.⁹⁰ Families even began to double up in private accommodation, sharing the burden of high rent between two families.⁹¹ In the face of overwhelming evidence to the contrary it seems surprising that the government chose to deny any problem in housing and take no direct action on the problem. Yet, in 1979 when the energy development plan was being unveiled to the public the Minister of Housing warned that the billions of dollars to be spent on the development process would seriously cut the amount of money available for social spending.⁹² Though this does not excuse the government's decision not to act, it does perhaps lend support to the argument stated earlier, that the government was prepared for such problems and was willing ignore them so long as they did not threaten the development process. Whilst the government did not explicitly say that they expected that the market would solve the problem, it was at times implied. As Minister of Housing, Friedlander denied that housing was an area where the government always had to make all the provisions.⁹³ Again, it seems the government was aware that the development process would cause hardships, and was prepared to ignore this to ensure the projects went ahead.

Though central and local government had reservations about taking action to remedy the housing problems, the Taranaki Beneficiaries Action Group did not. Working with the Taranaki Unemployed Workers Rights Centre, it advised that anyone who was evicted should report his or her landlord to the centre.⁹⁴ Landlords who then re-let their properties at higher rents after the eviction would be reported to the Housing Corporation who would be obligated to prosecute.⁹⁵ Fed up by the inaction of both local and central government the beneficiaries group took it upon themselves to become a community watchdog. One of the goals of the group was to test a commitment made by the developers of the energy projects not to rent properties from which people had been evicted.⁹⁶ Another goal

⁹⁰ *The Daily News*, 2 November 1982.

⁹¹ *Ibid.*

⁹² *The Evening Post*, 18 November 1979.

⁹³ *New Zealand Parliamentary Debates*, 20 August 1982.

⁹⁴ The Taranaki Unemployed Workers Rights Centre will be discussed in greater detail in Chapter Five.

⁹⁵ *The Daily News*, 9 October 1982.

⁹⁶ *Ibid.*

of the group was to put teeth into the rent freeze that had been imposed by the government.⁹⁷ The rent, price, and wage freeze imposed in June of 1982 was itself a sign of some of the other difficulties being caused by the energy developments for both the region and New Zealand.⁹⁸

Community Realisation of the Costs of Development.

As mentioned earlier, the particular demands that the energy projects would place on the New Zealand labour market caused concern amongst many employers. Their worry was principally that the demand for qualified trades people would far out-strip the supply, and that competition for the workers would see wages rise sharply. When construction on the energy project sites began it became clear that these fears were well founded, and that local industries would be hard pressed to compete. A review of the effects of the wage negotiations involving workers employed by the energy projects found that wage rates on the project sites were rapidly pushing the regions wage rates higher. Where the ruling rates for workers in Taranaki reflected national award rates, the workers on the energy projects negotiated higher rates. The core rate of \$5.36 per hour on the Ammonia/urea plant site was 13.2 percent above the 1980 award being paid to similar workers not involved with the projects.⁹⁹ Taranaki employers passed on the increase to their ruling rate, but this inflated the local rate to \$6.19 per hour, which exceeded the construction agreement rates for workers at the Ammonia/Urea plant. The higher rate was then matched in the construction agreement for Ammonia/Urea workers on the 14th of January 1982.¹⁰⁰ Following this, workers from the synthetic petrol plant agreed to a core rate of \$6.45 per hour. Some Taranaki firms involved with the construction of the plant felt that it was necessary to match this rate for their workers who were not involved in the plant construction. The decision to increase off site rates to the same level as

⁹⁷ *The Daily News*, 9 October 1982.

⁹⁸ Collins, p.14.

⁹⁹ S. Marshall, 'Review of the Major Project Negotiations and their Effect on Regional Ruling Rates', 14 June 1982, Employers and Manufacturers Association (Central) Records, 2000-222-113/4, Alexander Turnbull Library, p.1.

¹⁰⁰ S. Marshall, 'Review of the Major Project Negotiations and their Effect on Regional Ruling Rates', p.2.

workers on site was taken both out of fairness to off site workers and due to the need to attract and keep workers. By June of 1982 the ruling rate for these workers had risen by 36.2 percent from that paid in May of 1981.¹⁰¹ Such increases were hard for local engineering employers to sustain and had to be passed on to customers through rising prices.¹⁰²

Though the energy projects provided work for local engineering firms and builders, the competition for contracts and the need to pay high wages to retain employees often meant the work was not profitable. The influx of workers to Taranaki led to a boom in house building. The work was welcomed by members of the local building industry who had struggled to find work to sustain their companies, following the completion of work on the Maui-A gas platform and the New Plymouth power station in 1976. Both of those projects caused a house building boom that encouraged expansion in the building industry, which then led to hard times when the work dried up.¹⁰³ Despite the amount of work that the energy projects produced for building firms, many found they were struggling to survive. Builders were hit hard by the need to increase wages to keep trained staff and by the prices that they were able to charge for their work. Nationally, the average cost of building a home as at the October of 1982 was \$500 per square metre. Those in New Plymouth building homes for the energy developers were receiving just \$376 per square metre under building contracts negotiated in a highly competitive environment, and under the budget constraints of the energy developments.¹⁰⁴ Though the TUC's report showed that 40 percent of building firms were operating at full capacity, all were struggling to stay afloat due to the low contractual building rates.¹⁰⁵

As the development projects progressed and the employment benefits of development in the region did not materialise as expected, concerns over the development projects and the lack of community involvement in planning began

¹⁰¹ S. Marshall, 'Review of the Major Project Negotiations and their Effect on Regional Ruling Rates', p.3.

¹⁰² *The Daily News*, 16 February 1982.

¹⁰³ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.21.

¹⁰⁴ *The Daily News*, 21 October 1982.

¹⁰⁵ *Ibid.*

to mount. New Plymouth residents were dissatisfied with the government's lack of infrastructural development plans. It was felt that the developments were placing increasingly large strains on the town's services. Whilst there seemed to be endless reports into the housing and infrastructural problems, there was little in the way of action or concrete plans to act. For people living in Motunui the poor communication between developers and the community began to harden attitudes towards the synthetic petrol plant. Locals felt that they were not being listened to, and that time and energy put into proposals for the Planning Tribunal were a waste of time and effort.¹⁰⁶ Locals in Waitara, a town to the north of New Plymouth, had strong concerns over the siting of projects as their town would be close to both the methanol plant and the synthetic petrol plant. Noise, air, and water pollution concerns were paramount along with concerns over changes to their landscape. The local council felt they were not receiving the information they required from central government to plan ahead and ensure the town maximised the benefits offered by the development projects. Pollution worries and land loss were of particular concern for local Maori and they became a major political issue when it appeared the government was ignoring their fears.¹⁰⁷

Waitara Maori were particularly concerned with the plans to dispose of effluent from the Motunui synthetic petrol plant at sea. The proposed pipeline was to be built over a Maori burial ground or *uru-pa*. The outfall itself would release the plant effluent into an area used by Maori for fishing, and they argued that it would render the seafood inedible.¹⁰⁸ The local Te Ati Awa tribe took their concerns to the Waitangi Tribunal when it was felt the government would take no action. The Tribunal ruled that an alternative plan for disposing of the effluent must be worked out and that the disposal of effluent from the Waitara freezing works was of equal concern and should also be addressed. The Tribunal recommended a land based disposal plan for Motunui. The government responded by explaining that careful consideration of the Tribunal's recommendations was needed to assess whether they could be implemented. Bill Birch, the Minister of

¹⁰⁶ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.13 & 21.

¹⁰⁷ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.14

¹⁰⁸ Ibid.

Energy and a chief architect of the energy development process, assured Maori that the government was well aware of their concerns and understood their desire to protect their fishing grounds.¹⁰⁹ Within days the government announced that they had rejected the Tribunal's recommendations, thus ensuring that the Motunui development could proceed as planned.

Te Ati Awa responded by making plans to see that work on the Motunui effluent outfall could not go ahead, discussing a ban on any work on the outfall with the local Trades Council.¹¹⁰ They also blocked the sending of Maori artefacts to the United States for an exhibition, and declared that there would be no tapu lifting ceremonies on any of the Think Big sites.¹¹¹ Support for Te Ati Awa came from many sources, including the Catholic Church in Wellington whose Commission for Evangelisation, Justice and Development was particularly scathing of the government. In a letter to Minister of Public Works, Tony Friedlander, Bishop Cullinane said the Commission felt the government's callous rejection of both the Waitangi Tribunal's recommendations and of Te Ati Awa's rights was, 'insensitive and indeed, repugnant.'¹¹² In the Commission's opinion the government attitude seemed to be that development for the benefit of New Zealand justified the suppression of traditional Maori rights and values recognised by the Treaty of Waitangi.¹¹³ With continued pressure coming from Maori, and both conservation groups and recreational fishermen voicing their concerns over the outfall, and a general election looming in 1984 the government decided that the best course of action was to accept the recommendations of the Waitangi Tribunal.¹¹⁴

The energy developments did not deliver the business growth and employment opportunities that many Taranaki locals had been expecting.

¹⁰⁹ News Release from the Office of the Minister of Energy, 18 March 1983, Coalition for Open Government Records, MS Papers 3939-69, Alexander Turnbull Library.

¹¹⁰ *New Zealand Times*, 3 April 1983.

¹¹¹ *The Dominion*, 18 April 1983.

¹¹² Report of the Arch Diocese of Wellington Commission for Evangelisation, Justice, and Development, nd., Coalition for Open Government Records, MS Papers 3939-71, Alexander Turnbull Library, p.4.

¹¹³ Report of the Arch Diocese of Wellington Commission for Evangelisation, Justice, and Development, p.8.

¹¹⁴ Mason Durie, *Te Mana, Te Kawanatanga: The politics of Maori self-determination*, Auckland, Oxford University Press, 1998, p.25.

Unexpected costs to the living standards of poorer residents occurred, and many felt that the development process was steaming ahead without consideration for the opinions, customs, or needs of local people. As the development process progressed and the sites for the energy projects were made public, new concerns arose around regional imbalances in the development of Taranaki's energy resources. The developments were located in central and northern Taranaki, and though southern towns such as Hawera were able to supply accommodation for workers at the Ammonia/Urea site, few benefits of development seemed to be reaching southern Taranaki.¹¹⁵ Such concerns were heightened by the announced closure of the Patea freezing works in May of 1982. Locals felt that the government should locate any future energy projects in southern Taranaki to alleviate any hardships caused by the closure and ensure that the area was not left out of the development process altogether.¹¹⁶

The government was not swayed by such arguments and announced that Waitara, already close to the methanol and synthetic petrol plants, would be the site for the next phase of Think Big. A new petro-chemical plant was to be built near Waitara to utilise gas liquids from the Maui gas field to produce new fuel alternatives.¹¹⁷ Waitara locals immediately became concerned over the impact that a third energy project would have on the town and the continued regional development imbalance. The government was unmoved and claimed that locating any of the projects further south would unnecessarily increase costs.¹¹⁸ However, the second phase of Think Big was not scheduled to begin until the mid 1980s, as it transpired after the Muldoon led National government lost the 1984 snap election the second phase of energy development was cancelled.¹¹⁹

¹¹⁵ *The Daily News*, 21 October 1982.

¹¹⁶ London, *A report on the social effects of energy development in North Taranaki*, p.29.

¹¹⁷ *The New Zealand Herald*, 25 May 1983.

¹¹⁸ *Ibid.*

¹¹⁹ Bertram, 'Macroeconomic Debate and Economic Growth in Postwar New Zealand', p.56.

The End of Think Big and Government Direct Investment.

The cancellation of further government funded energy developments placed Taranaki in an uncertain economic position. With the construction of the initial projects, scheduled to be completed by the end of 1985, continued employment prospects for those on the projects were not very good. During the construction phase there was no growth in traditional employment sectors like agriculture, dairy factories and freezing works.¹²⁰ Both the dairy and meat processing industries were restructuring and shedding jobs, whilst the new Labour government cut farm subsidies like supplementary minimum prices which led farmers to shed workers in an effort to stay productive.¹²¹ As the construction phase of energy projects came to an end, many of the workers and families that had moved to Taranaki for work began to leave. In its final quarterly report on the effects of the energy developments the Taranaki United Council Energy Monitor recorded an increase in emigration from Taranaki. The population of northern Taranaki began to shrink, with 140 more people leaving the area between July and September 1985 than arrived in New Plymouth alone.¹²² Migration in general was down, whether into or out of Taranaki. In the first six months of 1985 many people left New Plymouth for Whangarei hoping for work on the oil refinery expansion, but this stopped completely after construction at the refinery finished.¹²³ Employment prospects in Taranaki for those that had been employed by regions the energy projects may not have been good but the situation appeared to be little better elsewhere.

The energy projects in Taranaki may not have solved the unemployment problem nor even stopped the growth of unemployment, but the inward investment and jobs created did slow the growth of unemployment, and help support the local economy. Whilst other regions of New Zealand struggled with stagnant economies and increasing rates of unemployment, and Taranaki's

¹²⁰ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.29.

¹²¹ These three processes are all covered in following chapters in greater detail.

¹²² Taranaki United Council Energy Monitor, 'A Study of the Impact of Petrochemical Projects on the Workforce and Accommodation in the Taranaki Region', Progress report 19, 30 September 1985, Ministry of Energy Files, New Zealand National Archives, AATJ:7455:W5152/207 LIA 4/11, p.3.

¹²³ Taranaki United Council Energy Monitor, Progress report 19, p.5.

traditional agricultural economy was itself struggling, Taranaki experienced an increase in company registrations, a minor building boom, and increased levels of employment at existing firms.¹²⁴ In effect Taranaki had been insulated from the county's worsening economic situation, but with the end of the energy projects and therefore the end of direct government investment into the Taranaki economy, a serious economic downturn loomed. The wind down of the construction phase for the projects began gradually so the numbers of registered unemployed rose slowly and steadily, but that situation soon ended. In June of 1985 registered unemployment in Taranaki was 3.3 percent of the workforce. Just one year later registered unemployment hit 6.3 percent.¹²⁵ Much of this rise was attributable to the end of construction work at the energy project sites. At the Motunui synthetic petrol plant alone the numbers employed fell from 1185 on June 30th of 1985 to just 120 three months later.¹²⁶ Adding to the problem was the lack of demand for new homes which had been sustaining Taranaki's builders, and falling prices for new homes at a time when builders costs were increasing, cutting into any profits and leading to staff layoffs.¹²⁷ The pattern was repeated in any company reliant on energy development contracts to pay the bills.

The end of Think Big style development did not cause a downturn but rather added to one already underway and well advanced outside of Taranaki. As the 1980s progressed the economic position of Taranaki would worsen as changes to government policy and other economic processes reshaped the rural landscape. One of these economic processes involved perhaps the most recognisable and traditional of Taranaki's industries, the dairy industry.

¹²⁴ Taranaki United Council, Untitled Report, 5 September 1986, Taranaki Unemployed Workers Rights Centre Records, 90-385 3/29, Alexander Turnbull Library, p.1.

¹²⁵ Taranaki United Council, Untitled Report, p.2.

¹²⁶ Taranaki United Council Energy Monitor, Progress report 19, p.7.

¹²⁷ Taranaki United Council Energy Monitor, Progress report 19, p.15.

Toward a Single Factory: Rationalisation in the Taranaki Dairy Industry.

A Brief History of the Taranaki Dairy Industry.

The dairy industry has always been a central part of the Taranaki economy. With a temperate climate, year round rainfall, and low rolling terrain the region is perfectly suited to dairy farming. The advent of refrigerated shipping from New Zealand to Britain supplied the means by which a substantial dairy export trade could be established, and Taranaki has always been a key region of dairy production.¹²⁸ The number and size of dairy factories in the region has been dictated by both transport technologies and changes in farming techniques and herd size. Dairy production in the region began at a time when the horse and cart were the only means of transporting milk to the factories, and when herds often numbered less than 20 animals.¹²⁹ The limited range of milk collectors and the similarly limited amounts of milk processed by the original factories saw the dairy factory become a part of almost every town and village in Taranaki, and indeed in such areas as the Waikato and Manawatu. Often they formed the basis around which a small community developed.¹³⁰

Almost as long as there has been a dairy industry in Taranaki there have been dairy factory mergers and industry rationalisation.¹³¹ As roads and road transport services were improved, and the refrigeration capabilities of factories and farmers were developed, the distances over which fresh milk could be transported and the capacities of the factories grew. Since the mid 1960s, and the introduction of milk tanker transport, the pace of amalgamations throughout New Zealand has amounted to a restructuring of the dairy manufacturing sector.¹³² For example, the Taranaki Co-operative Dairy Company was the result of a merger of

¹²⁸ David Yerex, *Empire of the Dairy Farmers*, Petone, Dairy Exporter Books Ltd & Ampersand Publishing Associates Ltd, 1989, p.64.

¹²⁹ Ibid.

¹³⁰ Yerex, p.67.

¹³¹ The New Zealand Dairy Board, *The New Zealand Dairy Industry: a survey*, fourth edition, March 1980, p.21.

¹³² *The New Zealand Dairy Industry: a survey*, p.21.

four separate co-operatives in 1965. The Stratford, Eltham, Cardiff, and Normanby Co-operatives merged to ensure a sufficient supply of milk was available for the new milk powder plant at Eltham. A year later the Kaponga and Mangatoki Co-operatives joined the merger, with Midhurst and Ngaere Co-operatives joining in 1973. By 1982 four factories operated in place of ten.¹³³ By 1980 the Kiwi Co-operative Dairy Company had become the largest processor of milk in Taranaki. It was the final result of merging eight smaller co-operative dairy companies in under 20 years from around the southern Taranaki and northern Wanganui areas. Its single factory had taken the place of some 35 factories, which formerly serviced the area.¹³⁴ Located just south of Hawera, the factory has continued to grow and now processes almost all of the milk produced in the lower half of the North Island.¹³⁵

In 1980 Taranaki had just four major dairy co-operatives whose operations were spread over a number of factories producing cheese, butter, milk powder, casein and other dairy products for export. The Egmont Co-operative was based in Opunake, the Taranaki Co-operative in Midhurst, the Moa-Nui Co-operative in Inglewood, and the Kiwi Co-operative in Hawera. There were also two small co-operatives operating that produced cheese, one based in Okato and the other just north of Patea at Alton.¹³⁶ Taranaki was also home to the Awatuna Co-operative, which had 98 members and sold all its milk to the New Zealand Dairy Board owned Rennet Company in Eltham. The factory produced the rennet used in cheese making in all New Zealand co-operatives.¹³⁷ The processes of amalgamation and merger would see two of these co-operative companies remaining by the end of the decade, and they themselves would be considering the final Taranaki dairy merger. Obviously, these final amalgamations do not make the period unique, as they were the continuation of a process that had a long history throughout New Zealand. What does make the period of historical

¹³³ *The New Zealand Dairy Exporter*, Volume 59, No.5, November 1983

¹³⁴ *Ibid.*

¹³⁵ *The Daily News*, 12 December 1991.

¹³⁶ *The New Zealand Dairy Exporter*, Volume 59, No.5, November 1983.

¹³⁷ Carolyn Margaret Morris, 'Explaining the Egmont Amalgamation: Community in Taranaki and Anthropology', Masters Thesis, University of Auckland, 1993, p.87.

importance both for the industry and labour relations is the response of workers to these final mergers and other threats to their employment.

The history of the dairy industry was one of relatively settled labour relations. Dairy workers throughout New Zealand were not known for militant action. This probably reflects the co-operative nature of the industry and its centrality to many small communities. Dairy companies were owned and controlled by the local farmers, and the companies supplied employment, an economic base and an identity for the community. With farmers and their companies being the source of income for the employees and small communities, nothing was done which might jeopardise this. Work forces were not large, as in industries like meat processing, and the workers knew each other and their employers personally. Company owners were key members of the community.¹³⁸

But, this settled industrial situation changed in the early 1980s when unemployment levels continued to grow. As it became clear that the energy projects weren't creating the expected employment bonanza existing jobs became valuable assets. Suddenly, the process of amalgamation, which had long been a reality for those working in the dairy industry, became a serious threat to employment and the survival of small dairy based communities. By this time dairy factories were becoming increasingly large, with the Kiwi Co-operative's factory employing over three hundred workers.¹³⁹ Though dairy factories had merged and moved out of smaller villages, they had become increasingly important parts of the larger communities they had moved to. For example, through the 1980s the Egmont Co-operative's Opunake factory employed 24 percent of the town's workforce.¹⁴⁰ In response to the threat to employment posed by further amalgamations, dairy workers throughout Taranaki resolved to protect the existing levels of employment and communities dependent on dairy factories for survival. This goal of protecting both jobs and factories did not match that of the farmers who owned the industry. For farmers, amalgamations were a central part of maintaining both their own income levels and a competitive industry in the

¹³⁸ Morris, 'Explaining the Egmont Amalgamation', p.43.

¹³⁹ *The New Zealand Dairy Exporter*, Volume 58, No.5, November 1982.

¹⁴⁰ Morris, 'Explaining the Egmont Amalgamation', p.35.

global market by streamlining operations and utilising economies of scale.¹⁴¹ The first test of the workers new resolve came with the commencement of a merger between the Taranaki and Kiwi Co-operative dairy companies in 1982.¹⁴²

Taranaki Dairy Workers and the Taranaki/Kiwi Co-operatives Merger.

When merger plans were announced in March of 1981, the workers of the Taranaki Co-operative feared that they would pay the heaviest price. Where the Kiwi Co-operative Dairy Company was a single factory operation based just south of Hawera in south Taranaki, the Taranaki Co-operative Dairy Company had its operations spread across four sites through southern and central Taranaki. The workers fears were confirmed when it was revealed that all the factories would close, affecting employment levels in the towns of Midhurst, Normanby, Eltham, and Kaponga.¹⁴³ The main rationale for the merger was to centralise the processing of milk to a single factory to improve manufacturing efficiency and maintain payout levels for farmers.¹⁴⁴

The Taranaki Branch of New Zealand Dairy Factories and Related Trades Employees Industrial Union of Workers demanded that the management of the Taranaki and Kiwi Co-operatives, who had set up a special committee to oversee the merger, negotiate with workers to ensure that losses of employment and factories were kept to a minimum.¹⁴⁵ The workers proposal involved a travel allowance for those forced to travel to the Hawera site for work, a shortened work week to protect employment levels, and the retention of the Eltham and Midhurst factories.¹⁴⁶ The joint management committee refused to negotiate. The committee's chairman, a Mr. Roberts, argued that the workers were offered the

¹⁴¹ Morris, 'Explaining the Egmont Amalgamation', p.82.

¹⁴² *The Daily News*, 2 October 1982.

The Alton cheese factory also opted to amalgamate with the Kiwi co-operative at the same time as the Taranaki co-operative. There is little media coverage of this merger and there seems to have been no industrial strife caused by it. With just 50 suppliers the company was some 16 times smaller than the Taranaki co-op alone and can't have employed many people. Figures for employment at Alton could not be found. (*The New Zealand Dairy Exporter*, Volume 59, No.5, November 1983.)

¹⁴³ *Auckland Star*, 16 October 1982.

¹⁴⁴ *The Daily News*, 4 October 1982.

¹⁴⁵ *Labour and Employment Gazette*, Volume 32, No.4, December 1982.

¹⁴⁶ *The Daily News*, 2 October 1982.

best employment, housing, and retiring plans ever seen in the dairy industry. The companies concern for the welfare of workers was said to be evident in the guaranteed retention of salaries and working conditions.¹⁴⁷ However, the committee had no wish to retain factories it had no use for, being committed instead to the development of the single site operation of the Kiwi Co-operative.¹⁴⁸ Ray Potroz, the man chosen by workers from the Taranaki Co-operative to represent them in the dispute, would later argue that this commitment to closing the four smaller factories reflected the imbalance that existed between the companies involved in the merger.

The Kiwi Co-operative was the company in the driving seat of the merger process. It made clear that a single site operation was a condition of any merger and that the Kiwi Co-operative had at no time approached any other company for merger talks.¹⁴⁹ A joint management committee made up of members from the management teams of both co-operatives was overseeing the merger process, but the management of the Kiwi Co-operative was clearly in control. Of the five people on the committee four were from Kiwi.¹⁵⁰ The workers felt there was a lack of acknowledgement for the concerns of Taranaki Co-operative workers, and this led to their decision to on the 1st of October 1982 to issue the threat of 48-hour rolling stoppages.¹⁵¹

The members of the merger's joint committee expressed shock and disappointment at the decision of workers to take industrial action. This shock is understandable considering the traditionally settled and non-confrontational nature of the industries labour relations. There was no history in the Taranaki dairy industry of such strike action. Mergers and factory closures were simply an accepted part of the industry. The strike action also came at a time when the dairy companies commitment to developing and streamlining their industry was being praised by the government. John Faloon, the associate Minister of Finance in the

¹⁴⁷ *The Daily News*, 4 October 1982.

¹⁴⁸ *Ibid.*

¹⁴⁹ *Ibid.*

¹⁵⁰ *Ibid.*

¹⁵¹ *The Daily News*, 2 October 1982.

National government praised both the dairy companies and the dairy farmers of New Zealand for being the first industry to truly Think Big.¹⁵² Faloon pointed to the commitment by the industry to invest \$700 000 over ten years in development projects but was most impressed by their efforts to restructure their industry. He professed that the drive by the dairy industry to become more efficient and maximise returns to shareholders through amalgamation and rationalisation, was a fine example to all of New Zealand's industries.¹⁵³ It is quite ironic that the failure of the actual Think Big process to deliver the jobs that Taranaki residents had been expecting was a major factor in the decision of Taranaki Co-operative workers to take strike action.

There had been warnings from within the industry that amalgamations and the development of larger manufacturing units were leading toward industrial problems. At the 1981 conference of the Federated Farmers Dominion Dairy Produce Section dairy farmers from the West Coast announced that, 'the rationalisation policy within the industry leading to larger manufacturing units with their attendant problems of industrial relations, disharmony, quality control, and the problems of social disruption in smaller centres', were of huge concern to them.¹⁵⁴

The plan by workers to hold a 48 hour stoppage meant that farmers would have to spill half the milk they collected during the strike.¹⁵⁵ This spilling of milk was almost without precedence. In 1978, dairy industry workers in the Waikato region had staged work stoppages during a wage dispute that led to farmers dumping milk. Much of that milk was disposed of in the Waikato River. The resulting pollution and loss of river life was so bad that a clause was added to all the following dairy factory workers pay awards, committing both the dairy companies and workers to the prevention of any further spills and damage to the

¹⁵² *The New Zealand Dairy Exporter*, Volume 58, No.4, October 1982.

¹⁵³ *Ibid.*

¹⁵⁴ Federated Farmers of New Zealand (Inc), Dominion Dairy Produce Section, 'Remits – 36th Annual Conference of the section held in Wellington on Thursday and Friday 2nd and 3rd July 1981', Ministry of Agriculture and Forestry Records, ABMF 515, W4882/185, 8/3/16/5, New Zealand National Archives.

¹⁵⁵ *Auckland Star*, 16 October 1982.

environment.¹⁵⁶ This commitment would suggest that management and unions committed themselves to negotiating settlements. Reflecting this commitment to negotiation the workers gave the merger committee fourteen days notice of their intended strike action hoping that the company would choose to negotiate further. Yet, there appears to have been a misunderstanding, or rather a miscalculation by the committee, of the strength of workers concerns for the towns which were to lose their only major industry. The company refused to negotiate over the adoption of a single factory operation thus committing themselves to factory closures.¹⁵⁷

The management of the Kiwi Co-operative Company attempted to calm the fears of workers over the adoption of a single site operation by offering generous housing plans and retirement packages for workers. Staff of the Taranaki Co-operative who owned their homes were offered a \$3000 relocation allowance, if they committed themselves to working for the company through to 1985. Those who did not own their homes were offered a Taranaki Co-operative owned house at 25 percent below market value, rent free accommodation to help the family raise the 10 percent deposit for a loan, and had legal costs and stamp duties covered. For those workers who chose early retirement an allowance of one weeks pay for each year of service to the company, to a maximum of 26 weeks pay, was offered.¹⁵⁸ Roberts said that these special offers were simply a manifestation of the gratitude that the management of the merged company had for the loyal service of the workers at the Taranaki Co-operative Company. Roberts also pointed out that no other workers in the dairy industry had received such comprehensive housing, retirement, and allowance packages as the result of a merger.¹⁵⁹ Yet, no matter how generous the company may have believed their offer to be, it missed the point. Many workers did not want to leave the towns they lived in. They were attached to their communities and did not wish to see the basis of their towns prosperity taken away.

¹⁵⁶ *The Daily News*, 4 October 1982.

¹⁵⁷ *Ibid.*

¹⁵⁸ *Ibid.*

¹⁵⁹ *Ibid.*

The workers chose Ray Potroz of the Taranaki Trades Council to be their delegate in negotiations with the merger committee. This choice reflected both Potroz's experience in labour disputes and the dairy workers lack of experience. Unlike most of the dairy workers, Potroz had a long history of involvement in industrial disputes and was a well known former freezing worker and member of the Meat Workers Union. Potroz also represented the Federation of Labour in the dispute as the Taranaki Trades Council was appointed to represent the Federation.¹⁶⁰ In response to the companies claims of generosity and concern for their workers, Potroz claimed the workers deplored the paternalistic, company knows best attitude from management.¹⁶¹ He also argued that the companies offer of cheap housing was not all that it might seem. The houses offered at 25 percent below market value were in towns that were scheduled to lose a major employer. In Midhurst and Kaponga the dairy factories supplied nearly all of the employment and supported small service industries. With the loss of their major employer, houses in both towns would lose up to 50 percent of their value.¹⁶²

The management of Kiwi had argued that the workers claims and their fears were unfounded as the merger of Taranaki and Kiwi was simply the continuation of rationalisation in the dairy industry and had always occurred. Rationalisation within the industry was crucial if the New Zealand dairy industry was to stay competitive in the world market, and the stability of the regional economy was to be assured.¹⁶³ The workers rejected this claim. Potroz argued that the plans to close down four plants and removing their employment base could not be considered as adding to the stability of those towns.¹⁶⁴ In particular, he took issue with the proposed closure of the factory in Midhurst. At the time the plant was just six years old and had cost \$10 million to build. He argued its closure would be a complete waste of a modern facility.¹⁶⁵

¹⁶⁰ *New Zealand Parliamentary Debates*, 26 October 1982.

¹⁶¹ *The Daily News*, 5 October 1982.

¹⁶² *Ibid.*

¹⁶³ *The Daily News*, 4 October 1982.

¹⁶⁴ *The Daily News*, 5 October 1982.

¹⁶⁵ *Ibid.*

On the 9th of October the threatened strike action was called off as union delegates for the Taranaki Co-operative workers went into talks with the merger committee.¹⁶⁶ One week later the strike was back on. The talks between the committee and the union delegates had broken down. The committee had refused to consider keeping any of the factories operating, and had made a small concession by granting the payment of a travel allowance for half a year.¹⁶⁷ This offer was not enough for the union and a 48-hour work stoppage was again called for.

The two-day strike by workers of the Taranaki Co-operative affected more than 800 dairy farmers and saw the loss of 1.7 million litres of milk. Milk was poured down offal pits, into settling ponds, down drains, and sprayed over pasture.¹⁶⁸ Concerns over possible pollution from milk being disposed of in streams and rivers saw Taranaki Catchment Officers out in force, using spotter planes to watch for any illegal dumping. Tensions were high as farmers waited until the last minute to dump milk, hoping for a resolution to the industrial action. An unfortunate Catchment Officer bore the brunt of one farmer's anger when he attempted to check how the farmer was disposing of milk. The farmer attacked the officer, punching him in the face and threatened two others. Police were called in to escort the officers for the rest of the two-day stoppage.¹⁶⁹ It was a sign that tensions were beginning to grow in the region between farmers and dairy factory workers. Ray Potroz became the next target of farmers frustrations.

At a meeting of the joint merger committee, 1000 farmers arrived to voice their support for the stand that the committee had taken against the demands of the workers.¹⁷⁰ Potroz was singled out for attack as the farmers felt that he was to blame for the current industrial unrest. In their eyes he was a troublesome freezing worker introducing leadership styles foreign to the dairy industry, creating a confrontation between the companies and the workers.¹⁷¹ This type of

¹⁶⁶ *The Daily News*, 9 October 1982.

¹⁶⁷ *The Daily News*, 16 October 1982.

¹⁶⁸ *New Zealand Herald*, 18 October 1982.

¹⁶⁹ *Auckland Star*, 18 October 1982.

¹⁷⁰ *Auckland Star*, 19 October 1982.

¹⁷¹ *Ibid.*

confrontational dispute had not been seen before in the Taranaki dairy industry. Farmers claimed that Potroz had changed the nature of the Dairy Workers Union, and had used threats against individual workers to make sure that no workers dared to break the strike. In one farmers opinion the situation had become, 'industrial anarchy.'¹⁷² Farmers frustration with the dispute was reaching boiling point and a group of them decided to vent their frustration by targeting the person they saw as almost completely to blame.

Ray Potroz was not foreign to industrial disputes. When he was chosen by the Taranaki Co-operative workers to be their union delegate, Taranaki Federated Farmers chairman Doug Harvey, expressed much concern. Like the local farmers Harvey was worried about the effect Potroz might have and pointed to his involvement with the union at the Patea freezing works, which had announced its closure earlier in the year.¹⁷³ The dairy workers decision to take industrial action was evidence enough for many farmers that Potroz was having a damaging effect on their industry and they decided to confront him. A group of 20 farmers, their wives, and children gathered outside a small store in Eltham owned by the wife of Potroz and proceeded to drench the front of the store in hundreds of litres of milk. Two similar attacks were launched on the family's home. His children were targeted at school for taunting and abuse by the children of frustrated farmers.¹⁷⁴ The attacks were widely reported in the media both locally and nationally and did little to help the farmers cause. Though many people sympathised with them over their loss of milk, such direct attacks and the targeting of Ray Potroz's family were considered unacceptable.¹⁷⁵ However, attacks continued after the 48-hour strike ended and escalated to death threats received over the phone. The attacks forced the Potroz family to leave their home in Eltham for the duration of the dispute, and even the parents of Ray Potroz, residents of Taranaki for some 70 years, began to receive phone threats.¹⁷⁶

¹⁷² *Auckland Star*, 19 October 1982.

¹⁷³ *The Daily News*, 5 October 1982.

¹⁷⁴ *Auckland Star*, 19 October 1982.

¹⁷⁵ *Ibid.*

¹⁷⁶ *Auckland Star*, 21 October 1982.

Another feature of the dispute was the lack of any substantial government involvement. When quizzed as to the extent his involvement in the dispute the Minister of Labour, Jim Bolger, said he was informed in early October by his department that notice of industrial action had been issued by workers from the Taranaki Co-operative Dairy Company, and that it would expire on the 9th of October. He was then told that the Federation of Labour had become involved through the Taranaki Trades Council and was in negotiation with the national employers union. When those negotiations broke up late on the Friday and strike action was announced for the Sunday, the short time frame made it impossible for the Department of Labour to act to prevent the stoppage. Bolger claimed that he was keeping in close contact with both sides and was prepared to use any means at his disposal to prevent further industrial action.¹⁷⁷ He did not get that chance as no further stoppages were announced and negotiations continued.

Ray Potroz continued to be the target of farmers frustrations and anger as the negotiations between the dairy companies merger committee and the workers union dragged on. Agreement was reached between the two parties on the 11th of November, with workers receiving guarantees of work for all Taranaki Co-operative workers, and the promised relocation and retirement packages, but losing the four Taranaki Co-operative factories. Most farmers felt it was a welcome end to an unfortunate chapter in their industry's history.¹⁷⁸ In the calm following the settlement many farmers expressed their dissatisfaction over the merger committees handling of the dispute. It was suggested that the dispute was allowed to escalate too far and that farmers would have rather taken a financial loss than dump milk down drains.¹⁷⁹ Similarly, the secretary of the Dairy Workers Union, a Mr. Wheatly, expressed dismay over the loss of milk and therefore of production.¹⁸⁰ Seeing farmers as the meat in the sandwich, he felt that the problem throughout the dispute was communication. He went on to say, 'I could never see

¹⁷⁷ *New Zealand Parliamentary Debates*, 26 October 1982.

¹⁷⁸ *The Daily News*, 12 November 1982.

¹⁷⁹ *The New Zealand Dairy Exporter*, Volume 58, No.5, November 1982.

¹⁸⁰ *Ibid.*

why we should take it out on farmers.’¹⁸¹ At no time during the dispute was he heard to say this, but this may have been due to the leadership role assumed by Ray Potroz during the dispute and the focusing of media attention on him.

The strike action had taken an obvious toll on both sides, straining the traditionally friendly relationship between dairy farmers and dairy workers. During the dispute the struggle between the two sides was more akin to the fiery relationship that existed between sheep and beef farmers and freezing workers. There was a clear sense of relief on both sides when the dispute ended. Yet, far from being an isolated event, the dispute of 1982 set the tone for industrial relations in the Taranaki and New Zealand dairy industry for the rest of the 1980s with disputes becoming a common occurrence. Though the retention of all workers was part of the Taranaki – Kiwi merger agreement, dairy workers fears of job losses were confirmed when the newly merged Kiwi Co-operative trimmed job numbers from 529, the number of workers in the two merged companies, to 450 one year later.¹⁸² Ray Potroz had predicted such losses after the dispute, suggesting that staff levels could drop to as low 360 over a couple of seasons.¹⁸³ The dispute also acted as a clear signal to dairy workers and farmers in the region that any merger involving the Kiwi Co-operative would involve factory closures. This realisation would shape all the mergers that took place as the decade progressed.

The Okato Dairy Company Merger.

Three years after the merger of the Taranaki and Kiwi Co-operatives, another potential threat to the dairy industry’s industrial relations arose when the possibility of a new merger was announced. By this time there had been a change of government and the Labour Party was in power and pursuing its plan of free market reforms. Though the new government had made cuts to farm related subsidies like Supplementary Minimum Prices this had had little effect on dairy farmers as they were not covered by them. They were however effected by the

¹⁸¹ *The New Zealand Dairy Exporter*, Volume 58, No.5, November 1982.

¹⁸² *Ibid.*

¹⁸³ *Ibid.*

1988 Commerce Act and this will be discussed later in the chapter.¹⁸⁴ In 1985 the independent Okato Dairy Company called for merger proposals from the three large Taranaki based co-operatives, Egmont, Moa-Nui, and Kiwi. The Okato Dairy Company was a cheese factory owned and supplied by 144 farmers located on Taranaki's north-western coast, south of New Plymouth.¹⁸⁵ The company decided to merge to ensure the maximum return to farmers. Being a cheese only operation the company had begun to incur production penalties from the New Zealand Dairy Board. Cheddar cheese was not a product that the Dairy Board wanted to buy a lot of, as there was no growth in export markets for the product. As a result co-operatives like Okato which produced only cheddar cheese or little else incurred penalties. For Okato farmers this meant a loss of sixteen cents per kilogram of milk fat produced.¹⁸⁶ In short it meant that they were not receiving as much for their milk as farmers who supplied milk to Egmont, Moa-Nui, or Kiwi.

Just as the merger between the Taranaki and Kiwi Co-operatives had raised fears over the future of the Taranaki Co-operative's factories, so the announcement of possible merger raised fears of a factory closure and strike action in Okato. The difference in the case of the Okato merger was that the farmers who owned the Co-operative were just as worried about a closure as the workers. This concern was reflected in their choice of who to merge with. From the very start the Okato farmers split their support between the Egmont Co-operative which was the closest to Okato, and the Kiwi Co-operative who could offer higher returns through the economies of scale offered by a single factory operation. The Moa-Nui Co-operative did not have the size to compete with Kiwi or the closeness of identity with coastal farmers that the Egmont Co-operative could claim.¹⁸⁷

The Kiwi Co-operative was by this time a major player both locally and nationally due to its sheer size and the high payout that its single factory operation offered farmers. Where as the Egmont Co-operative processed 12 million

¹⁸⁴ Morris, 'Explaining the Egmont Amalgamation', p.86.

¹⁸⁵ *The New Zealand Dairy Exporter*, Volume 60, No.11, May 1985.

¹⁸⁶ *The New Zealand Dairy Exporter*, Volume 61, No.2, August 1985.

¹⁸⁷ Morris, 'Explaining the Egmont Amalgamation', p.79.

kilograms of milk fat yearly, Kiwi processed 35 million kilograms which enabled it to utilise the full capacity of its processing facilities. The Co-operative was also diverse enough in its product base to avoid any Dairy Board penalties.¹⁸⁸ The problem with the merger proposal offered by Kiwi was that it insisted that the Okato factory must be closed. There was to be no negotiation of the Kiwi Co-operative's single factory policy.¹⁸⁹

The Egmont proposal guaranteed not only that the Okato factory remained open but also that its own Warea cheese plant would close, with the equipment being moved to Okato. An Egmont merger meant that 30 of the approximately 38 jobs at Okato would be retained.¹⁹⁰ An Okato farmer summed up his decision to choose the Egmont proposal saying that, 'an Egmont/Okato amalgamation would keep some heart in the district and would keep Okato open with regards district, township, and factory.'¹⁹¹ On the 29th of August 1985 the Okato farmers voted to accept a merger with the Egmont Co-operative in order to save their factory and a major employer for the town. This decision had some symbolic significance as the date of the decision fell on the centenary of the opening of the first Taranaki co-operative in Opunake, the town that was home to the Egmont Co-operative. The decision may have also avoided a repeat of the industrial action taken by Taranaki Co-operative workers in 1982 by maintaining both jobs and Okato's factory.

Industrial Unrest, New Legislation, and a Joint Venture.

In 1988 workers concerns over a possible casualisation of the dairy industry workforce sparked a nationwide dispute that ran for over two months.¹⁹² A pay dispute that began in October of 1988 soon turned out to be more than just a pay dispute. Though pay was an issue, with the workers claiming an increase of 5.9 percent and the company offering 4.5 percent, both sides recognised that the real issue was the level of full time work available.¹⁹³ The return to industrial

¹⁸⁸ Morris, 'Explaining the Egmont Amalgamation', p.79.

¹⁸⁹ *The New Zealand Dairy Exporter*, Volume 61, No.2, August 1985.

¹⁹⁰ *Ibid.*

¹⁹¹ Morris, 'Explaining the Egmont Amalgamation', p.79.

¹⁹² *The Daily News*, 7 December 1988.

¹⁹³ *The Daily News*, 12 November 1988.

action in 1988 was motivated by concern over employment levels in the industry and was supported by all dairy industry workers.

After a month of negotiation the dairy companies, speaking through their advocate in the dispute Graeme Perfect, claimed that the workers did not want to settle the dispute. He argued that the companies had given the union many assurances that casualisation of the workforce would not occur but that the union kept returning to the issue.¹⁹⁴ Ray Potroz, delegate in the negotiations for the Dairy Workers Union, argued that the only assurance that the unions had received was that dairy companies would consult their local workers unions if they were to bring on more temporary staff.¹⁹⁵ This assurance was not enough for the union who argued that casualisation was already underway in many areas of New Zealand, with some factories having 33 percent of their workforce on temporary work.¹⁹⁶

Negotiations between the two parties continued to struggle over the next two-months. Nation wide strike action was called for by the union and supported by workers throughout the country. The response of the employers was to call on the courts to stop selective strike action by the union.¹⁹⁷ Following court injunctions that stopped selective types of action like working to rule and go slows, the union resorted to traditional blanket strikes. Industrial unrest hit the entire country and led to the loss of millions of litres of milk.¹⁹⁸ An agreement was finally reached in December and saw a five percent increase in wages, giving dairy workers the highest award rates in the national award round. More importantly there was a settlement on the issue of temporary staff. It was agreed that no more than five people or five percent of the workers at any one site were to be temporary staff, with the union to be consulted if more were needed.¹⁹⁹

Two other events occurred during 1988 that made it a significant year for the future of the Taranaki dairy industry. Firstly, the government passed the

¹⁹⁴ *The Daily News*, 12 November 1988.

¹⁹⁵ *Ibid.*

¹⁹⁶ *Ibid.*

¹⁹⁷ *The Daily News*, 21 November 1988.

¹⁹⁸ *The Daily News*, 25 November 1988.

¹⁹⁹ *The Daily News*, 7 December 1988.

Commerce Act which made any monopolies or agreements that restricted free trade illegal. The major effect for the dairy industry was that it made dairy co-operative boundaries illegal. Within the dairy industry there were agreements between co-operatives, some formal and others implied, that rival companies would not take suppliers from other companies unless they had already agreed to release the supplier. Farmers were obliged to become a supplier of the co-operative whose boundaries they found themselves in. The Commerce Act made these agreements illegal and thus allowed farmers to switch supply to new companies.²⁰⁰ Formerly they had only been able to change companies after a merger by invoking a seven day rule under section 24 of the Co-operative Dairy Companies Act 1949. This stated that if a supplier did not wish to accept a merger they could inform their supplier within seven days of the merger vote occurring, and choose another company. However, this was hardly ever used as farmers tended to accept majority decisions.²⁰¹ The new freedom of farmers to switch their company would help shape the course of the dairy industry in Taranaki for the following three years.

The second significant event in 1988 was the announcement of a joint venture between the Egmont and Moa-Nui Co-operatives. The joint venture was named Megamilk and involved pooling the milk supplies of the two companies so as to obtain the best product mix by better utilising the production facilities of both companies.²⁰² Both companies possessed under utilised butter plants and the joint venture would see Egmont close its plant and send its cream to Moa-Nui's Inglewood plant for production. Skim milk, a by-product of butter production, would be sent from Inglewood to Egmont's Pungarehu casein plant.²⁰³ Shareholders were told that the deal would bring better returns and would also keep the Pungarehu factory open. The Kiwi Co-operative had offered a similar deal but had not included the return of skim-milk to Pungarehu, instead proposing to use its own facilities which would have led to Pungarehu's closure. This move

²⁰⁰ Morris, 'Explaining the Egmont Amalgamation', p.86.

²⁰¹ Morris, 'Explaining the Egmont Amalgamation', p.88.

²⁰² *The New Zealand Dairy Exporter*, Volume 65, No.2, August 1989.

²⁰³ *Ibid.*

towards a joint venture followed an announcement by the Dairy Board that there simply was no sustainable way for three co-operatives to operate in Taranaki.²⁰⁴ Some of the Egmont Co-operatives farmers voiced concern over the joint venture as they had not been consulted, and many felt the venture was simply a first step towards amalgamation between the co-operatives.²⁰⁵ This anger would manifest itself the following year when some of them chose to utilise their new freedoms under the Commerce Act and chose to leave the co-operative.

At the beginning of the 1989/1990 season about 50 farmers, primarily from around Okato, chose to leave the Egmont co-operative and were picked up by Kiwi. The Egmont Co-operative's payouts had continued to fall in relation to both the Moa-Nui and Kiwi companies throughout the 1980s. As Egmont's production consisted mainly of cheese the company continued to be penalised by the Dairy Board and returns from the Megamilk venture were failing to cover this loss. The farmers who left were those Okato farmers who had favoured Kiwi as a merger partner in 1985 but who had accepted the will of the majority and co-operative boundary agreements. The Commerce Act freed them of their obligation to be members of the Egmont Co-operative. This trouble was followed by the failure of two attempts to diversify production by producing mozzarella cheese at Okato, and skim milk cheese at Pungarehu. The equipment used by Egmont for both processors proved to be out of date and caused problems. Then the company lost its buyer for the products.²⁰⁶ With the continually low returns and the new freedom of suppliers to leave companies the only option for the Egmont Co-operative was to seek a merger.

The Egmont/Moa-Nui Merger and More Industrial Action.

When the decision to seek a merger was announced in August of 1989 it did not come as a surprise to many Egmont co-operative suppliers. When a decision was reached as to which company they would merge with, there was even less surprise. As mentioned earlier, many of Egmont's suppliers had viewed

²⁰⁴ *The New Zealand Dairy Exporter*, Volume 65, No.2, August 1989.

²⁰⁵ Morris, 'Explaining the Egmont Amalgamation', p.91.

²⁰⁶ Morris, 'Explaining the Egmont Amalgamation', p.96 & 97.

the Megamilk joint venture as simply the first step along the road to amalgamation with the Moa-Nui Co-operative. The directors of Egmont had said at the time that no merger discussions had taken place but that it was not ruled out as a future option.²⁰⁷ The merger proposals from Moa-Nui and Kiwi maintained patterns established through earlier amalgamations with Moa-Nui offering to keep Egmont's Opunake and Pungarehu facilities open, whilst Kiwi offered higher returns but the non negotiable closure of all of Egmont's factories. The choice to go with Moa-Nui aimed to keep the Opunake and Pungarehu factories open and supply employment for 150 people.²⁰⁸ In November of 1989 the Egmont Co-operative announced that it had chosen to merge with the Moa-Nui Co-operative of Inglewood.²⁰⁹ Following the announcement 54 of Egmont's suppliers based around Okato invoked the seven day rule and left the newly amalgamated companies, joining the Kiwi Co-operative.²¹⁰ The reason behind their move to Kiwi stemmed from the fact that Moa-Nui would close the cheese factory in Okato. The retention of the factory had been the reason why many former members of the Okato Co-operative had chosen to merge with Egmont. With the loss of the factory the farmers had little reason to stay loyal to Moa-Nui and chose to take the higher payout offered by Kiwi.

The Moa-Nui/Egmont merger did not spark any localised industrial unrest. This was probably due to the announcement by the company managers that four factories operated by the two co-operatives would continue to run at full capacity into the near future and that no jobs would be lost.²¹¹ More significantly, the merger went through whilst a nation wide dairy industry dispute was occurring. The dispute was over pay with the Dairy Workers Union asking for 10.75 percent pay increase, and the employers offering 5.5 percent. Negotiations saw the union drop their demand to 8.2 percent and the employers raise their offer to 6.25 percent, but at this point negotiations stalled, and it became apparent both parties

²⁰⁷ *The New Zealand Dairy Exporter*, Volume 65, No.2, August 1989.

²⁰⁸ Morris, 'Explaining the Egmont Amalgamation', p.100.

²⁰⁹ *The New Zealand Dairy Exporter*, Volume 65, No.5, November 1989.

²¹⁰ Morris, 'Explaining the Egmont Amalgamation', p.109.

²¹¹ *The New Zealand Dairy Exporter*, Volume 65, No.5, November 1989.

were unwilling to move any further.²¹² Nationally, workers responded by threatening industrial action, including go slows and daily stop-work meetings. Staff at the Moa-Nui, Kiwi, and Egmont co-operatives all made a commitment not to take any industrial action that would lead to the dumping of milk but workers at other companies made no such guarantees. However, they did engage in actions including refusing to take milk samples from vats on odd numbered days and reducing the documentation completed on even days.²¹³

The response of the management at the Co-operatives was swift. When laboratory staff at Moa-Nui's Inglewood site took a half-hour stop work meeting the management of the Moa-Nui Co-operative immediately suspended them from work. Companies had agreed through the employers union to take a hard line approach and suspend any workers who took any form of action. The response of the packing staff employed on the site was to strike. They were joined by most of the tanker drivers and this action effectively left the Inglewood factory inoperable, though twice the number of workers on strike or suspended remained on the job.²¹⁴ About half of one day's milk take of some 1.3 million litres of milk could not be collected for processing and had to be dumped or given away by farmers.²¹⁵

Frank Cotty, general manager of the Moa-Nui Co-operative, reinforced his companies commitment to the hard-line approach in wage negotiations saying that workers who stayed at their job and took part in no abnormal work practise did not risk being suspended. Yet, he went on to say that the risk would be that much less apparent if workers would simply accept the employers wage offer of a 6.25 percent wage increase.²¹⁶ By the time that these comments were made suspensions for abnormal practice had spread to the Kiwi Co-operative with 18 workers sent home for attending stop work meetings.²¹⁷

²¹² *The Daily News*, 31 October 1989.

²¹³ *Ibid.*

²¹⁴ *The Daily News*, 2 November 1989.

²¹⁵ *The Daily News*, 3 November 1989.

²¹⁶ *Ibid.*

²¹⁷ *Ibid.*

Just one day later the number of staff suspended at Kiwi's single site operation had grown to 60 and the farmers supplying Kiwi, who had avoided dumping milk so far in the dispute, were forced to dump half a million litres of milk.²¹⁸ The management of the Kiwi Co-operative had claimed that stop work meetings held by workers were threatening the quality of production at the factory.²¹⁹ Despite the fact that the suspensions of workers were causing milk to be wasted, farmers pledged their support to the companies.²²⁰ It was announced on the 6th of November that the two parties involved in the dispute had agreed to continue negotiations. These took place in Wellington with the Council of Trade Unions representing the workers and the Employers association representing the companies. All employees returned to work and factories were back to full production. Chairman of the Dairy Sector of Federated Farmers, Richard Alspatch, urged the employers to hold steady to their figure of 6.25 percent. By this time 3 million litres of milk had been dumped in Taranaki in just four days.²²¹

Twelve days after the employers and workers unions entered negotiations, the workers voted to accept the employers offer of a 6.25 percent wage increase. This could be seen as a vindication of the companies decision to take a hard-line on their wage offer. More importantly for farmers, there was also an assurance made by the Council of Trade Unions that no milk would be dumped in future disputes.²²² The Council worked with the New Zealand Dairy Factories Industrial Union of Employers and the Dairy Workers Union toward this end, and the two sides negotiated a 30 month strike free accord.²²³ This accord would see workers receive a wage increase of four percent over the first 18 months to November 1991, and two percent for the remaining 12 months.²²⁴ The strike action that had begun in 1982 with the merging of the Taranaki and Kiwi Co-operatives and

²¹⁸ *The Daily News*, 4 November 1989.

²¹⁹ *Ibid.*

²²⁰ *The Daily News*, 6 November 1989.

²²¹ *Ibid.*

²²² *The Daily News*, 18 November 1989.

²²³ *The New Zealand Dairy Exporter*, Volume 65, No.11, May 1990.

²²⁴ *Ibid.*

spread to envelop the dairy industry throughout New Zealand effectively ended with end of the 1989 dispute.

The Final Taranaki Dairy Industry Merger.

The beginning of 1990 saw just two co-operative dairy companies remaining in the Taranaki region. The Kiwi Co-operative Dairy company had successfully absorbed the Taranaki Co-operative and the Alton Dairy Company in 1982 and was operating as a single site company. The Moa-Nui Co-operative had absorbed the Egmont Co-operative and by the end of the year had closed Egmont's Opunake factory. Eight years of rationalisation in Taranaki had seen the emergence of large-scale industrial unrest in the dairy industry and the closing down of nine dairy processing factories. Just four dairy factories were operating in Taranaki in 1990 run by the two remaining co-operatives.²²⁵

In November of 1991 the management of the Moa-Nui Co-operative turned down a merger proposal put forward by the Kiwi Co-operative.²²⁶ In an effort to further streamline its operations the company announced the closure of its Brixton cheese factory and Pungarehu casein factory, and the centralisation of operations to its Inglewood site. Most staff were to be offered jobs in Inglewood as the existing plant would have to expand to cope with the centralisation.²²⁷ Moa-Nui then attempted to secure its position by demanding its suppliers sign five-year supply guarantees or face financial penalties.²²⁸ The Kiwi Co-operative countered this move by offering to cover any legal costs faced by any Moa-Nui supplier who wished to sign up with Kiwi.²²⁹ Arguments raged between the management of the Moa-Nui Co-operative and its suppliers. Then, ten days after the management demanded suppliers sign supply guarantees, a meeting of 900 of Moa-Nui's 1000

²²⁵ *The Daily News*, 26 November 1991.

The Moa-Nui Co-operative Dairy Company also owned to pallet companies located in Bell Block and Waverly. (Moa-Nui Co-operative Dairies Ltd, Annual Report and Accounts, Massey University Library Dairy Archive, May 1990.)

²²⁶ *The Daily News*, 26 November 1991.

²²⁷ *Ibid.*

²²⁸ *The Daily News*, 2 December 1991.

²²⁹ *Ibid.*

suppliers voted to restart merger negotiations with Kiwi.²³⁰ The ball was set rolling once again and this time the management of the Moa-Nui Co-operative were under pressure to accept. They did and in 1992, just ten years after industrial unrest began over the merging of the Kiwi and Taranaki Co-operatives, Kiwi became the sole Co-operative company and sole factory in Taranaki.²³¹

²³⁰ *The Daily News*, 12 December 1991.

²³¹ Moa-Nui Co-operative Dairies Limited (In Liquidation) 1991-1992, Annual Report and Accounts, Massey University Library Archive, p.3.

The Closure of the Patea Freezing Works.

A Brief History of the Freezing Works.

The year 1982 was particularly significant for the people of the Taranaki region. The energy projects utilising gas from the offshore Maui gas field were at various stages of construction and billions of dollars of government investment began flowing into the north of the region. However, it also saw the rise of industrial unrest within the region's dairy industry, which then spread throughout New Zealand and became a feature of that industry for the rest of the decade. The year also saw the closure of one of the largest employers in southern Taranaki, the Patea freezing works. In May 1982, after years of speculation and doubt concerning the future of the works, and following millions of dollars of investment into modernisation projects at the works, it was announced that they would close at the end of August.²³²

Patea is a small community located at the southern boundary of the Taranaki province and is regarded by locals as the "gateway to Taranaki". Established near the mouth of the Patea river, the town was first based around its harbour. At its height the harbour was the busiest cheese exporting port in the world, handling the produce of the many dairy factories that were established throughout Taranaki.²³³ By the 1950s the trend toward larger ships had seen the small port at Patea reduced to a coastal shipping role, taking goods to Wellington for export.²³⁴ The freezing works began to dominate the town, both economically and socially.

Patea had had a meat processing works of some kind since the 1880s with many closures and changes in ownership. The West Coast Meat and Produce Export Company which produced tinned meat was the first to open in 1883, but was destroyed by fire in 1885.²³⁵ In 1888 the Western Packing and Canning

²³² *The Daily News*, 22 May 1982.

²³³ *The New Zealand Listener*, 3 July 1982.

²³⁴ Richard Towers, 'The Mountain, the River, and the Big Blue: The 1951 waterfront dispute as it occurred in the Taranaki and Wanganui region.', Research Essay, Massey University, 2001.

²³⁵ Ian Church, Margaret Leslie, Livingston Baker, *Patea: A centennial history*, Palmerston North, Dunmore Press, 1981, p.71.

Company opened and lost its slaughter house to a fire in 1897. The slaughter house was rebuilt and opened in 1898, then the works were sold in 1904 to Thomas E. Thompson of the Southland Frozen Meat Company. Thompson started meat freezing at the Patea works following the destruction of the Waitara freezing works in a fire in 1904.²³⁶ With the slow decline of the port and the growth of the freezing works, Patea became a freezing works town. In 1981 the position of the freezing works as the major employer in the town was further reinforced when the local Twilight Clothing Factory closed down.

In 1982 Patea was a town of a little under 2000 people. Of the approximately 1000 jobs in the town, between 700 and 800 were located at the freezing works. Nearly 70 percent of the households in the town derived an income from the freezing works. Besides supplying most of the jobs in the town the works provided the economic base for the entire community, with both the factory and its workers being customers for the 60 local businesses, the schools and the hospital.²³⁷ Local businesses depended on the freezing works or freezing workers to different degrees, depending on their type of business. Those least dependant on the works or freezing workers were farm suppliers, farming contractors, and freight services, but these businesses employed just five percent of the workforce. Local retail stores derived half their turnover from freezing works families, as did five local auto mechanics. Three local taverns derived two thirds of their business from freezing workers.²³⁸ The works also provided valuable employment for communities near-by. Those freezing workers who did not live in Patea came from as far afield as Wanganui, but more often from Hawera, Waverly, Kakaramea, Mokoia, and other even smaller communities. When the closure was announced, between 100 and 200 workers were commuting to Patea from the towns of Hawera and Manaia.²³⁹ There was also a distinctive

²³⁶ Church, et al, p.71.

²³⁷ Peter Melser (Ministry of Works and Development), Jacky Lloyd & Charlie Moore (Department of Social Welfare), Allan Levett (Consultant Sociologist), 'Patea After the Freezing Works: An assessment of the Social and Economic impact on Patea of the closure of the Patea Freezing Company', Wellington, Town and Country Planning Division, Ministry of Works and Development, August 1982, p.1.

²³⁸ 'Patea After the Freezing Works', p.23 & 24.

²³⁹ *The Hawera Star*, 16 July 1982.

ethnic dimension to the workforce with some 70 percent of the freezing workers being Maori from the local iwi of the area.²⁴⁰

Initial Reaction to the Closure.

The closure of the Patea Freezing works was not unexpected by most in the community as rumours of its demise had regularly circulated through the community in the years leading up to the closure. Yet, when the closure was announced many were shocked. Norman Mackay, the mayor of the town summed up the feelings of many when he told reporters from *The Daily News* that rumours of the impending closure had been circulating in the community, but it was still shocking when it actually happened.²⁴¹ It seems the constant predictions of the works demise had somewhat numbed the community to the possibility of it happening, hence the shock expressed when it did.

The workers at the Patea site were among those who initially failed to come to terms with the announced closure. Union members were said to be completely stunned by the news and many could not accept the fact that the freezing works could actually close.²⁴² Though such a reaction may seem odd today the reality of the time was that freezing works were large employers throughout the country and very few had ever closed. The closure at the Southdown works in Auckland had occurred not long before the Patea closure but this was considered an isolated event at the time.²⁴³ The shock expressed by workers over the decision to close the works may also reflect the level of dominance and control over the day to day operations of the works that some members of the union had assumed.

When the news of the closure reached the town and surrounding districts, the overwhelming response was to blame the closure on the freezing workers union. Local business owners, farmers from the surrounding district, and many wives of freezing workers blamed the militant union for pushing the owners of the

²⁴⁰ *New Zealand Parliamentary Debates*, 22 July 1982.

²⁴¹ *The Daily News*, 22 May 1982.

²⁴² *Ibid.*

²⁴³ *Ibid.*

works to far by striking once to often.²⁴⁴ The shock expressed by workers could be related to the fact that little had changed in the industrial relations situation at the works over the months leading up to the closure. If anything, industrial relations had improved and productivity at the works was rising as a result. In March of 1980 the Patea freezing works had increased its beef kill by 33 percent and its mutton kill by 40 percent from the previous year. These gains in productivity were put down to the efforts of the local union and the works management to negotiate their way through disputes without work stoppages. However, even with such gains in production the works was still only operating at just 60 percent of its capacity.²⁴⁵ This poor performance was blamed on the works poor history of industrial disputes and in particular on an ultra-militant union.

The New Zealand meat industry has a long history of industrial unrest. Through the 1970s the militancy of freezing workers unions nation wide increased. Benefits were gained, and worker autonomy grew to a point where many workers resented being dictated to by management.²⁴⁶ Yet even within an industry already considered militant, the workers at the Patea freezing works were a breed apart. By the late 1970s the Patea union had established itself as one of the most militant branches of the national Meat Workers Union, and perhaps even the most militant union of any industry in New Zealand. One estimate cited by Jim Bolger, the Minister of Labour, put the number of stoppages at the Patea works between May of 1981 and May of 1982 at 205 with the loss of 35 388 man days and \$2.25 million in wages.²⁴⁷ Another put stoppages for the busy half of the 1981-1982 season at 140, when the national average for freezing works was 42.²⁴⁸ The real significance of these figures is that they did not represent the worst excesses of the union. They were in fact a reflection of efforts made by the

²⁴⁴ Nancy Angrove, 'Worker Indiscipline in the Freezing Industry: A Patea case study,' Research essay, Massey University, 1990, p.12.

²⁴⁵ Angrove, 'Worker Indiscipline in the Freezing Industry', p.16.

²⁴⁶ Angrove, 'Worker Indiscipline in the Freezing Industry', p.2.

²⁴⁷ *The New Zealand Herald*, 23 July 1982.

²⁴⁸ Angrove, 'Worker Indiscipline in the Freezing Industry', p.16.

management and local union leaders, along with leaders of the West Coast branch of the national Meat Workers Union to curb militancy at the works.²⁴⁹

The union at Patea was brought into closer contact with national the body of the Meat Workers Union on December 11 1979. On that day the small Taranaki Branch of the New Zealand Meat Workers Union, of which Patea was a member, merged with the larger West Coast branch.²⁵⁰ Leaders of the national union and even some union leaders in Patea hoped that the association might curb the excesses of the militant Patea union. The Patea freezing workers had developed an independent identity within the industry and preferred to handle their disputes their own way, without outside interference. Many Patea unionists were unwilling to increase links with the national union body, preferring to maintain their independence. Much of the militancy at the works was blamed on one group of workers, the mutton butchers, whose decisions to stop work could halt all work on the mutton chains. Just as these workers rejected interference in their work rates by the management of the works, this group of workers seemed also to reject the interference of the West Coast branch leaders in their disputes.²⁵¹ Wildcat strikes had been their preferred mode of action before association with the West Coast branch of the Meat Workers Union, and though discouraged they continued after the Taranaki branch merger.

An issue that caused much discontent amongst workers was that an international company based in England owned the works. W & R Fletchers (NZ) Ltd was the company who owned and ran the works and were themselves owned by the wealthy Lord Vestey of Britain. During many disputes over pay and conditions the attitude of 'Vesteys can afford it' was common amongst workers.²⁵² There was a high level of antagonism between some union members and the management and this probably accounts for the unions preferred use of strike action over negotiation. The company's view was that the inability of

²⁴⁹ *The Daily News*, 22 May 1982.

²⁵⁰ *New Zealand Meat Worker*, December 1980.

²⁵¹ Angrove, 'Worker Indiscipline in the Freezing Industry', p.3.

²⁵² Federation of Labour, 'Notes from meeting of union representatives concerned with the Patea closure', 28 July 1982, Herbert Otto Roth Papers, 94-106-39/14, Alexander Turnbull Library, p.1.

workers to maintain consistent work patterns had effected production to the extent that closure was the only realistic option. The company had invested millions of dollars into upgrading the works so it could meet European Union hygiene standards and was still in the process of upgrading when the decision to close the works was made.²⁵³ Alan Parker, the manager of the Patea works, spoke for the company saying, 'I feel absolutely broken hearted about this. It's a disaster for the town. But does anybody really think that we would walk away from a \$30 million investment without thoroughly exploring the options? If there had been any way to save it we would have.'²⁵⁴ As far as the company was concerned the decision to close the Patea freezing works was final.

Finding a Solution to the Closure.

Following the initial shock of losing its main employer and the town's economic base, the community of Patea turned their energies to finding a solution to the problem of economic decline that now faced them all. Their first attempt to solve the problems arising from the closure was simple. The community set about finding a way to keep the freezing works open. A community meeting was called by Mayor Mackay. It brought together concerned groups including the local representatives of the Federated Farmers, union leaders, members of the hospital board, concerned residents of Waverly, and the MP for the Waitotara electorate and Minister of Social Welfare, Venn Young.²⁵⁵ The meeting discussed the future facing the community of Patea and the surrounding districts if the works was allowed to close. Plans of action were put forward and that most eagerly received suggested negotiating with W & R Fletcher to keep the works running.²⁵⁶ Alternative plans included finding another buyer for the works, establishing a new meat cutting and packaging plant in the town, siting future gas related energy projects in the town, and seeking the wide spread provision of government work schemes. There was also a suggestion that due to special circumstances such as its

²⁵³ *The Daily News*, 22 May 1982.

²⁵⁴ *The New Zealand Listener*, 2 July 1982.

²⁵⁵ *The Hawera Star*, 25 May 1982.

²⁵⁶ *Ibid*

geographical isolation, Patea could be considered a disaster area, thereby eliciting direct help from the government.²⁵⁷

Patea's main problem revolved around the fact that it was a freezing works town and most of the people living there were long time freezing workers. Many had relied in the past on work at local dairy factories to keep them employed in the off season but this work had disappeared as factories merged and job numbers in the dairy industry fell.²⁵⁸ The majority of locals did not have the skills to take advantage of work available with the energy development schemes in the region. Tony Raimona, a prominent freezing worker and leader in the community summed up the situation. 'If people on the dole can't get work at petrochem plants, I don't see the freezing workers will be able to.'²⁵⁹ After much discussion most agreed that the best way to save the community was to keep freezing works open. Colleen Ngarewa, the wife of a freezing worker was typical of Patea locals. She told the *New Zealand Listener*, 'We're optimists and we haven't given up hope that something will happen so the works can stay open. We're literally finding it impossible to plan for anything else.'²⁶⁰

Having made the decision to fight the closure, community leaders then had to find financial support. Led by the mayor, members of the local council travelled to Wellington to meet with Prime Minister Robert Muldoon. The meeting was encouraging for the Patea delegation. Mayor Mackay was heartened by a commitment made by the Prime Minister to help set up another industry in Patea if one could be found.²⁶¹ The Prime Minister did not specify the type of industry, and for the delegation this meant pursuing their plan to utilise the skills that most residents in Patea had, by keeping the works open.

The people of Patea realised their workforce was severely limited in the types of work it could handle. This view was further reinforced by a profile put together by the Taranaki United Council. The key finding of the profile was that

²⁵⁷ *The Hawera Star*, 25 May 1982.

²⁵⁸ *The Daily News*, 22 May 1982.

²⁵⁹ *Ibid.*

²⁶⁰ *The New Zealand Listener*, 3 July 1982.

²⁶¹ *The Hawera Star*, 8 June 1982.

the people of Patea exhibited very strong ties to the town, wanted very much to remain in the community, but had very little in the way of adaptable skills with which to acquire work.²⁶² Some 80 percent of the workers surveyed for the workforce profile expressed their desire to stay in the town and 50 percent owned their homes. The survey noted that 39 percent of the workforce at the Patea works were over 40 years of age, whilst another 21 percent were aged between 30 and 39 years.²⁶³ The workforce was predominantly settled, with adult children or growing families and with many years of experience in the freezing industry. Of those surveyed, 64 percent said they had no other skill, and of the remaining 36 percent most listed farm labouring and construction as their only other work experience.²⁶⁴ Neither of these fields would offer work for many in the community as the local construction industry relied on the freezing works to supply work. Patea supported two builders at this time and both relied on the works for at least one third of their work, as did the local plumber, electrician, painter, and a joinery firm.²⁶⁵ Of particular concern to the regional council was the impact that the closure would have on local Maori.

Since the 1950s Maori from surrounding area had drifted into the town as other employment sources dried up. In particular the closure of dairy factories and the mechanisation of local agriculture had reduced employment options drastically. From the late 1950s the Maori population of the town had begun to grow rapidly following the zoning of all Marae as rural thereby restricting the building of homes. Along the same lines, the Department of Maori Affairs had adopted the practice of only approving mortgage loans for Maori wanting to buy homes in Pakeha settlements. In 1951 Maori made up 8.1 percent of Patea's population, but in 1981 they accounted for 32.7 percent.²⁶⁶ With strong ties to local Marae and whanau in the area the closure of the works would have been of huge concern for the Maori community.

²⁶² Taranaki United Council, 'Profile on Patea', nd. Nancy Angrove Papers, P8 Shelf 3, South Taranaki Museum Archive, p.8.

²⁶³ *The Hawera Star*, 25 June 1982.

²⁶⁴ *Ibid.*

²⁶⁵ 'Patea after the Freezing Works', p.24.

²⁶⁶ 'Patea after the Freezing Works', p.8, p.32.

Perhaps it was this level of concern over the closure which caused many in the community not to believe the works would, or rather could ever close. By the end of June many in the community had still failed to make any concrete plans for after the closure, believing that the announcement of closure was just another manifestation of a long talked about closure that would never come.²⁶⁷ This unwillingness to accept the impending closure meant that many remained unaware of the help available to them through the Department of Social Welfare. As many believed that the works would continue to operate few bothered to seek financial help through unemployment benefits and subsidised work-schemes.²⁶⁸

Despite the refusal of some to believe the works would close, local business owners, farmers, union leaders, and members of the local borough and county councils got together to form the Patea Action Committee.²⁶⁹ The committee enabled better communication between and contact with all of the groups involved. Whilst much effort was going toward ensuring that the freezing works did not close, many local business owners were keen to move on and see new industry come to town. Far from seeing the closure of the freezing works as a disaster for the town they viewed as the perfect opportunity to reinvigorate the town.²⁷⁰

Gary Kempton, a local shop owner, believed that the closure of the works would finally clear the air for the local business community. In his view there had been little confidence within the business community over the preceding three or so years as the cloud of closure hung over the town. The closure offered a new start and an opportunity to raise business confidence.²⁷¹ Similarly, the local chemist and editor of the *Patea Mail*, Howard Anderson, suggested the town was bound to bounce back. Agreeing with the analysis of Kempton, he saw the closure of the works as a fresh opportunity for the town and believed that the establishment of a new industry in the town was only a matter of time.²⁷² In their

²⁶⁷ *The New Zealand Listener*, 2 July 1982.

²⁶⁸ Taranaki United Council, 'Profile on Patea', p.8.

²⁶⁹ *Ibid.*

²⁷⁰ *The Daily News*, 17 June 1982.

²⁷¹ *Ibid.*

²⁷² *The Hawera Star*, 8 July 1982.

view the freezing works had effectively held back the development of new industry in the town by monopolising most of the male workforce and by maintaining a high level of wages locally that new industries could not have matched. With the works gone new industries had a perfect opportunity to take advantage of Patea's settled workforce. Local businesses would benefit as they had been unable to plan for development with the works closure hanging over their heads but could do so once new industries established themselves.²⁷³ Though he was busy talking with interested buyers and trying to obtain a concrete proposal to keep the works open, Mayor Mackay also believed the time was right for Patea to promote its strengths to new industry. He believed Patea had the services that a town of twice the size would be proud of with abundant land, water, electrical, and rail resources.²⁷⁴ Despite the enthusiasm of the business community for new industry most of those employed by the works were set on keeping them open. The freezing industry was the only industry that many of them knew and they were reluctant to let go.

Initial Efforts to Save the Freezing Works.

More than one plan to save the works would capture the town's attention but the first to really excite was the idea of the town purchasing the works and running it as a co-operative. The idea seems to have arisen at a large town meeting of some 500 residents held at the Patea High School. In attendance at the meeting were the local MP Venn Young, Maori MP Koro Wetere, and leader of the Social Credit party Bruce Betham. Russell Marshall, MP for Wanganui also attended as representative for the Wanganui Regional Development Council.²⁷⁵ The Wanganui United Council, Wanganui's regional government body, had offered its help to Patea following the announcement of closure. Though Patea was clearly inside the boundary of the Taranaki United Council there were said to be strong links between the communities and Patea was in part administered from

²⁷³ *The Hawera Star*, 8 July 1982.

²⁷⁴ *The Daily News*, 17 June 1982.

²⁷⁵ *The Hawera Star*, 8 July 1982.

Wanganui by the Wanganui Hospital Board, Wanganui District Road Council, and Wanganui's headquarters for the Ministry of Works.²⁷⁶

The meetings purpose was to encourage the local community to voice their ideas about how to best ensure that the freezing works were kept open. Jack Boyd, a 72 year old retired farmer from Hawera stood to pledge \$1000 to the establishment of a co-operative company to set up a new industry and urged all freezing workers and anyone who wanted to ensure the towns future to do the same.²⁷⁷ He did not specify any particular industry, simply suggesting an appropriate industry for the town should be found. Boyd believed that \$2.5 million could be raised in Patea with the help of farmers and that the government should match this dollar for dollar. In his opinion \$5 million was a good start for any industry, freezing works or other, and all the town had to do was pick an appropriate one.²⁷⁸ His idea of a co-operative industry for the town quickly caught on. Inevitably, given the reluctance of most to see the freezing works close, those at the meeting identified a freezing works as the perfect candidate.

Within days of the meeting support for a co-operatively run freezing works for Patea was high and many local businesses had pledged money toward the idea. Bruce Betham, the leader of the Social Credit Party, believed the co-operative to be a good idea and saw a freezing works as the only viable option for the town. Workers supported the idea of a co-operative as they believed it would give them some control over the management of works.²⁷⁹ Venn Young was not so supportive of the idea arguing that similar types of schemes had been attempted in the King Country and had failed to get off the ground. Furthermore he said that the government would not fund any feasibility study for a co-operative or any other idea that could not stand on its own feet.²⁸⁰ Not to be deterred, the community set about raising the \$20 000 that would be needed to pay for a feasibility study to see if the works could be kept running. There does

²⁷⁶ *The Daily News*, 26 May 1982.

²⁷⁷ *The Daily News*, 8 July 1982.

²⁷⁸ *Ibid.*

²⁷⁹ *The Taranaki Herald*, 10 July 1982.

²⁸⁰ *Ibid.*

not seem to have been any consideration of the nature of the industry itself nor the changes that were occurring within it. The Patea works was old and the investment needed to bring it up to European Union hygiene standards and keep it running was a factor in the closure.²⁸¹ Yet most of the community were determined to keep the works operating.

The Mayor appealed to the communities of Hawera and Manaia for funds as both towns benefited from having people working in Patea.²⁸² The four week feasibility study was begun on the 20th of July by Christchurch based consultants Nicholls, North, and Nicholls. Just \$2500 had been collected for the study, but a further \$5000 in pledges were to be collected and the Patea sub-branch of the Meat Workers Union had pledged between \$6000 and \$8000.²⁸³ At a local union meeting more details of the co-operative plan were revealed. Whilst the works would be kept running by the co-operative with its workers as the shareholders, Maritime Pacific would handle distribution. Maritime Pacific was a Wellington based import/export company that specialised in agricultural products.²⁸⁴ With the feasibility study under way and the co-operative proposal on the table, two further proposals came forward to save the freezing works.

The first of these was put forward by a group known as the "Auckland Consortium."²⁸⁵ The consortium's members were an Auckland based lawyer, Mike Molly, an Auckland city councillor, Dr. Manahi Paehai, and a former secretary and president of the Gear Meat Works branch of the New Zealand Meat Workers Union, Ben Matthews. The consortium approached the local council and was welcomed by Mayor Mackay who saw the approach as a result of all the publicity generated by the community's positive actions.²⁸⁶ Details of their proposal were released in late July, as leaders of the Patea branch union continued to negotiate with Maritime Pacific. The plan involved the Patea Borough Council purchasing the works by way of a loan part funded by the government and partly

²⁸¹ *The New Zealand Listener*, 2 July 1982.

²⁸² *The Hawera Star*, 16 July 1982.

²⁸³ *The Hawera Star*, 20 July 1982.

²⁸⁴ *The New Zealand Herald*, 30 July 1982.

²⁸⁵ *The Hawera Star*, 3 August 1982.

²⁸⁶ *Ibid.*

by private finance with government guarantees. A public share float would be needed to raise operating capital, and the employees, who would themselves be shareholders, would elect the management body of the works.²⁸⁷ Though the policy of the local authority was to not get involved in industry local support for the plan grew and the council felt obliged to investigate it.²⁸⁸ However, the plan did not take account of existing taxation and labour laws. It was proposed that workers as shareholders would be paid a share based pay out, yet as employees of the company there was the possibility that they would be entitled to a wage. The Minister of Labour, Jim Bolger, who viewed the proposal as radically different and hard to get off the ground, picked up on these difficulties.²⁸⁹ Ultimately, the difficulties with labour and taxation legislation saw the proposal abandoned.

Meanwhile, a new proposal was put forward by Maritime Pacific, the Wellington based firm who were already part of the co-operative plan. They approached the government with a proposal to run a beef killing only operation at Patea and received the funding required for another feasibility study.²⁹⁰ It is curious that the government was so willing to fund this proposal when it had refused to fund that put forward by the community. Though this may have simply been a case of backing a company with experience in the industry it also reflects the attitudes that many members of government had expressed toward the workers of Patea. There was little sympathy shown for the workers of Patea and at the time another industrial dispute was brewing over redundancy payments at the soon to be closed freezing works.

Redundancy Negotiations and the Governments Role.

The announcement of closure at the works was followed by negotiations between the company and the Patea sub-branch of the Freezing Workers Union over the extent of redundancy payments to be paid to workers. The negotiation process was successful and produced an agreement that both sides felt was fair.

²⁸⁷ *The Wanganui Chronicle*, 31 July 1982..

²⁸⁸ *Ibid.*

²⁸⁹ *Ibid.*

²⁹⁰ *The Hawera Star*, 2 September 1982.

The agreement saw all workers receive four weeks pay as redundancy. Another three weeks pay was paid as a redundancy allowance to those that had worked with the company for over a year.²⁹¹ A weeks wages was deemed to be the average weekly wage over the preceding twelve months or the present weekly wage, depending on which was higher. All workers would also receive all the sick leave unused, and those who had served with the company for over a year would receive a further 13.5 percent of the average weeks wage for every year served with the company.²⁹² All superannuation that workers had in their credit would be paid out, and to help the redundant workers the company further agreed to contribute \$25 for each of the redundant employees to a local Unemployed Workers Rights Centre.²⁹³ Both parties were discussing these terms and preparing for the final months of work when the government passed their Wage Adjustment Regulations of July 1982, which threw the negotiations and industrial relations at Patea into turmoil.²⁹⁴

The government regulations set a maximum limit on all redundancy agreements and replaced any agreement reached between employers and employees.²⁹⁵ Where earlier regulations had allowed for agreements between employers and workers to stand the new regulations did not. Fred Gerbric, the Labour MP for Onehunga, believed that both the timing and intent of the government's regulations seemed to be aimed at two particular high profile industrial negotiations. One was the negotiation of the Patea freezing workers redundancy agreement and the other was Air New Zealand redundancy negotiations. The regulations were passed after an agreement had been reached between Air New Zealand and a group of its employees, and was backdated to include that agreement and the Patea freezing works agreement. Patea's freezing workers and the community faced a much reduced redundancy settlement.²⁹⁶ The

²⁹¹ Redundancy Agreement included with a letter from Ken Douglas Secretary of the Federation of Labour to Mr. P Johnson General Manager of W. & R. Fletcher Ltd, nd., Herbert Otto Roth Papers, 94-106-39/14, Alexander Turnbull Library.

²⁹² Ibid.

²⁹³ Ibid.

²⁹⁴ *New Zealand Parliamentary Debates*, 11 August 1982.

²⁹⁵ Ibid.

²⁹⁶ *New Zealand Parliamentary Debates*, 11 August 1982.

new regulations restricted any redundancy payments to workers with more than one year of service with the company, and restricted the amount of redundancy received to eight percent of the average wage earned in a season.²⁹⁷ How many workers would miss out on redundancy payments due to working less than one year with the company was hotly debated, with the numbers varying as much as those for the actual number of workers.

Gerbric had a particular interest in the Patea settlement having seen the Southdown freezing works, which was close to his electorate, close down. He claimed that of some 681 meat workers at Patea, 184 would not be eligible for payments due to their short term of service with the works. He also argued that the regulations were completely discriminatory, anti union, and anti workers as they saved W & R Fletchers Ltd some \$3 million on an original settlement costing some \$5 million.²⁹⁸ This claim was one that was supported by the Patea workers and was not denied by the company. The company simply argued that its revised redundancy offer was the maximum that it was allowed to give under the government regulations. To give any more was legally impossible.²⁹⁹

Responding for the government, Bell of Gisbourne said that of the 784 employees at Patea just 134 had served for less than one year with the company and the Department of Labour had decided to include them in the Patea settlement. The only workers who would miss out would be some 92 workers who left the Patea works prior to the notice of closure or without company permission.³⁰⁰ Margaret Shields, the Labour MP for Kapiti, argued that 90 percent of the Patea workforce had over 20 years of experience in the freezing works industry and they would be collectively losing 704 years worth of redundancy pay under the new regulations.³⁰¹ Ruth Richardson the government MP for Selwyn and argued that just 140 of the 784 workers at Patea had more than 20 years of service with the company and thus only 140 of Patea's workers would be

²⁹⁷ Ibid.

²⁹⁸ Ibid.

²⁹⁹ *Auckland Star*, 7 September 1982.

³⁰⁰ *New Zealand Parliamentary Debates*, 11 August 1982.

³⁰¹ Ibid.

detrimentally affected by the regulations.³⁰² On a more personal note she also said that she herself had once tried to have stock killed at the Patea works but was very disappointed as industrial action had prevented the killing of the stock. In her view the government was dealing with a workforce that was notoriously unreliable.³⁰³

Richardson's view of the Patea workforce echoed earlier comments made by the Minister of Labour Jim Bolger. He said the workers at the Patea freezing works were the authors of their own misfortune as they had followed an industrial policy that was not far short of mayhem at a time when they knew the Patea works were old and the cost of upgrading high.³⁰⁴ Even Patea's MP and the minister of Social Welfare, Venn Young, was not shy of pointing the finger of blame. Discussing the future of Patea in parliament he said there was, 'no point in going back over the sad history of deplorable industrial relations at the Patea works, but if the works remain unoccupied and unused they will become a monument to the stupidity of bad industrial relations and the lack of discipline within the unions.'³⁰⁵ Such comments led opposition MPs like Gerbric to believe that the governments wage regulations were intended purely as some kind of attack on the Patea union. However, the government said the new wage regulations were designed to put a cap on redundancy agreements that they felt had been growing out of hand since becoming common practice through the 1970s.³⁰⁶ The result for Patea was stalled redundancy negotiations which then escalated into a final act of industrial action by the Patea workers.

With the new regulations in place the management of the Patea works approached the union with a new redundancy package, offering two weeks pay based on the average wage plus a further weeks wages for every year of service with the company to a maximum of 19 weeks.³⁰⁷ This offer was rejected by a meeting of 350 workers with 98 percent opposed and calling for the company to

³⁰² *New Zealand Parliamentary Debates*, 11 August 1982.

³⁰³ *Ibid.*

³⁰⁴ *The New Zealand Herald*, 23 July 1982.

³⁰⁵ *New Zealand Parliamentary Debates*, 22 July 1982.

³⁰⁶ *New Zealand Parliamentary Debates*, 11 August 1982.

³⁰⁷ *The New Zealand Herald*, 31 August 1982.

pay four weeks redundancy with two weeks extra for every year of service.³⁰⁸ By this time 300 seasonal staff had already finished working and 500 remained to process the last of the years bobby calf kill.³⁰⁹ Just one week later negotiations between the company and the union had broken down and about 70 staff who were working to load out the last carcasses imposed a load out ban and were ordered off the premises.³¹⁰ The general manager of the Patea works called the actions of the workers pointless as the company was simply offering the workers the only settlement they could under the new Wage Adjustment Regulations. In his view the workers should have been taking their fight to the government.³¹¹

Continued Efforts to Save the Freezing Works.

In mid September the Ministry of Works and Development released their economic impact report titled 'Patea after the Freezing Works'.³¹² Put together by an employee from the Ministry of Works and Development, two from the Ministry of Social Welfare, and a consultant sociologist, the report said that though the government would have seriously considered any concrete development proposal put forward by the community the town lacked initiative like many small communities.³¹³ This conclusion seems to be based on the concentration of the town's efforts in resurrecting the freezing works and effectively sidelining other options. Patea's Mayor felt that the authors of the report were perhaps confusing initiative with experience.³¹⁴ He argued that since the announcement of the closure Patea's residents had exhibited much enthusiasm and taken such steps as setting up the Patea Action Committee to improve communication amongst community leaders and also established the Patea Development Board. The Board was comprised of sub committees looking into such things as local employment opportunities, possibilities for new industry, the

³⁰⁸ *The New Zealand Herald*, 31 August 1982.

³⁰⁹ *The Auckland Star*, 31 August 1982.

³¹⁰ *The Auckland Star*, 6 September 1982.

³¹¹ *The Auckland Star*, 7 September 1982.

³¹² *The Hawera Star*, 16 September 1982.

³¹³ *Ibid.*

³¹⁴ *Ibid.*

promotion of the district, and ways to retain workers.³¹⁵ The main problem for Patea was a lack of experience in dealing with such issues not initiative as suggested in the report. Yet, the report did perhaps identify the biggest weakness in the community.

Despite all the efforts by the Mayor and the business community to identify all the options open to the town, most of the community seemed unable to see a future for the town without a freezing works. As efforts to keep the works open continued, new proposals for local industry came forward from the Patea Development Board including a glass works and cheese factory. Neither idea was taken seriously by the community as they would have employed just 20 twenty people each. Most in the community were waiting for a large industry to establish itself in the town and believed it was not far off.³¹⁶ Having become used to having a single major employer for the town many in the community could not contemplate a different situation.

In late September the proposal put forward by Maritime Pacific to establish a beef kill only operation in Patea fell through. Maritime Pacific failed to meet a required deadline to produce a large deposit for the purchase of the works.³¹⁷ However, it was revealed that a joint proposal developed in private by a group of local farmers and business owners was well advanced. Their plan was to establish a beef kill only plant employing 200.³¹⁸ In mid October it appeared as though the plan had been finalised. Mayor Mackay told reporters that the government had agreed to \$1.5 million for a beef kill only plant in the town.³¹⁹ There were conditions attached to the loan, including raising \$3.3 million amongst the shareholders and ensuring the availability of sufficient finance for continued operation from other sources. A regional development suspensory loan of \$100 000 would also be made available by the government.³²⁰ Though the plant would only employ 200 staff the community supported its establishment and local

³¹⁵ *The Hawera Star*, 2 September 1982.

³¹⁶ *The Auckland Star*, 31 August 1982.

³¹⁷ *The Hawera Star*, 29 September 1982.

³¹⁸ *Ibid.*

³¹⁹ *The Hawera Star*, 14 October 1982.

³²⁰ *Ibid.*

business owners hoped that the smaller freezing works would attract more industry to the town and help avert a catastrophe should the new works fail to maintain viability. Details of who exactly the local farmers and business owners were, were not released to the public as a feasibility study on the new works was still under way.³²¹

October also saw the end of industrial action at the Patea freezing works with the finalisation of a redundancy package. The agreement saw 600 workers receive between \$4000 and \$6000 each.³²² This amounted to eight percent of the average yearly wage plus an extra four percent for each year of service to a maximum of 20 years.³²³ This agreement was the maximum allowed under the government's Wage Adjustment Regulations. Though most workers voted to accept the offer they were not entirely happy with the situation under which it had been negotiated. One worker summed up their feelings saying that workers felt they 'had been done' by the government.³²⁴ With the last stock to be killed at the works finally being shipped to other works for further processing or to ports for export, the community was looking to get on with the business of building a future for their town.

The final plan to save the Patea freezing works was abandoned in December of 1982. The architects of the plan to open a beef kill only plant were Daniel Meyers, William Meyers, Mervyn Cleaver, Michael Mulligan, Cedric Grantham, Ross Cleaver, and Alan Henson. All were local farmers and many were also stock traders.³²⁵ The proposal failed because the shareholders were unable to secure all of the funding needed to purchase, modernise, and operate the plant.³²⁶ With the failure of this final scheme, the people of Patea had to face up to a future without a freezing works and start looking for new alternatives.

³²¹ Ibid.

³²² *The Auckland Star*, 23 October 1982

³²³ Ibid.

³²⁴ Ibid.

³²⁵ Hutchison, Hull & Co, 'A Study of the Proposed Beef Plant at Patea', 30 September 1982, Nancy Angrove Papers, Box P10, South Taranaki Museum Archive, p.3.

³²⁶ Bill Birch – Minister of Regional Development, Memorandum to all members of cabinet, 21 December 1982, Nancy Angrove Papers, Box P10, South Taranaki Museum Archive, p.1.

The Effects of Closure.

By the beginning of 1983 no group had successfully established a new freezing works or any other large industry in Patea. Despite the failure to establish a new industry spirits were still high that an industry would establish itself. The energies of the community were directed toward providing work to maintain the community until an industry did appear. A major provider was a work centre established behind the offices of the Patea Borough and Patea County Councils.³²⁷ The centre was set up by the Borough and County Councils to co-ordinate the various efforts that the councils and members of the community had made to establish government funded subsidised works schemes. Rangitawhi Marae Enterprises supervised 37 Project Employment Programme (PEP) workers under the auspices of the Patea County Council.³²⁸ These workers were supervised by a former freezing works employee, Derek Broughton and saw eleven local Marae involved in horticulture schemes utilising around 25 hectares of Marae land. The horticultural project would produce a good crop of Kumara for sale. Tony Raimona, the former secretary of the Patea sub branch of the Meat Workers Union was hired by Wanganui Boys College as a freelance tutor to run a Young Peoples Training Project (YPTP) programme. Starting in November 1982 with five young men aged 15 to 22 years of age, the programme involved 15 young men by May of 1983. Barry Rangihaeata a former New Plymouth waterfront worker was employed by the Labour Department to run a Work Skills Development Programme (WSDP) for young women of the town, which involved 7 young women by May of 1983.³²⁹ All of these programmes were run from the work centre behind the council offices.

Both the YPTP and WSDP schemes were aimed primarily at school leavers who would have found themselves unemployed regardless of the works closure.³³⁰ Like the rest of the region and the entire country at the time, the steady growth in unemployment in Patea before the closure of the works involved mainly

³²⁷ *The Daily News*, 7 May 1983.

³²⁸ *Ibid.*

³²⁹ *Ibid.*

³³⁰ *Ibid.*

young people with few if any formal qualifications or work skills.³³¹ The training programmes had some early successes with three trainees obtaining jobs in Wanganui via a field trip involving 19 young people visiting local businesses. A young woman also obtained work with the Department of Maori Affairs through the course, whilst another secured a job with the Taranaki Polytechnic.³³² Five of the young men in training under Tony Raimona were expected to make the grade as welders. The Labour Department had expected just two from the course to enter the workforce.³³³

Closely related to these programmes but not a part of the work centre was another PEP scheme run through the Patea Borough Council by the borough inspector Tom Lloyd, involving 48 workers.³³⁴ This scheme had workers involved in the clearing of noxious weeds from the properties of local farmers and also on clearing weeds from Patea's parks and generally cleaning up the town. According to Tom Lloyd, the scheme was providing work that would have otherwise not been available, encouraged workers to take an interest in their town, and had Patea looking better than it ever had.³³⁵ For Nick Pirikahu, the chairman of Rangitawhi Marae Enterprises, the most important result of the schemes was change in attitudes and values of many workers involved. He saw a change in values away from a life dominated by money to one centred around family and home life.³³⁶

No one in Patea or the surrounding area viewed the work and training schemes as a final solution to Patea's employment problem. They were simply a stop gap measure designed to keep morale high and work skills up whilst a new industry was attracted to the town.³³⁷ However, the enthusiasm shown by the town to both get on with life without the freezing works and to find a new industry for the town did not lead to the establishment of new industry. The town was left

³³¹ Taranaki Unemployed Workers Rights Centre, 'Six month report', p.1.

³³² *The Daily News*, 7 May 1983.

³³³ *Ibid.*

³³⁴ *Ibid.*

³³⁵ *The Daily News*, 7 May 1983.

³³⁶ *Ibid.*

³³⁷ *Ibid.*

without an employer for half of its workforce and consequently without a substantial base for its business community. Though the results of this loss for the town became apparent over the following years, they were predicted in the report 'Patea after the Freezing Works.' The authors of the report were concerned for the future of the various community groups in Patea as most of the groups relied on employees of the freezing works or their families for both organisational skill and membership.³³⁸

In 1982 Patea had 25 community clubs and organisation ranging from the Scout club, to craft groups, the Patea Maori Club, and the Fire and Ambulance services. The largest group was the Historical Association, which claimed 118 members from both the town and surrounding districts. The groups most likely to be affected by the closure of the works were sporting clubs and the Maori Club. The Maori Club's members were almost exclusively freezing works employees. Just two of its 50 members were not works employees and most of the leaders were Ministry of Agriculture and Fisheries inspectors at the works who would get transfers to other freezing works.³³⁹ Sporting clubs typically drew half of their membership from freezing workers, relying on skilled staff from the works to run the clubs and on young unmarried workers for committed members. The young and the skilled were identified by the report as the two groups of employee most likely to leave the town for other employment opportunities following the closure of the works. Many of the sports clubs were large and served as focal points of community identity and spirit. The Athletics Club had 260 members, the Surfcasting Club 200, the Squash Club 115, the Golf Club 110, and Indoor Basketball Club 200.³⁴⁰ The closure of the works and the loss of the young and the skilled would see the Swimming Club lose seven of its ten committee members, the closure of the Cricket Club, and the loss of a senior grade rugby team and relegation for the remaining senior team. Even churches, which served

³³⁸ 'Patea After the Freezing Works', p.37.

³³⁹ 'Patea After the Freezing Works', p.39.

³⁴⁰ 'Patea After the Freezing Works', p.41.

to bridge social divisions in the town and had helped keep spirits high after the announcement of closure, were set to lose up to half of their congregations.³⁴¹

These grave predictions of loss for the community of Patea gradually became reality as the decade progressed. There would be no industrial saviour for the town and the abandoned hulk of the freezing works would continue to sit just across the river as a reminder of their loss, as shops gradually shut their doors and people moved away.

³⁴¹ 'Patea After the Freezing Works', p.41.

Tracking the Development of Unemployment in Taranaki.

Early Resistance to the Growth of Unemployment.

The previous three chapters have illustrated three major economic processes that shaped the Taranaki economy throughout the 1980s. The energy development projects of the Muldoon government's Think Big national development programme, the final amalgamations of the Taranaki dairy companies toward a single entity, and the closure of the Patea freezing works. All of these processes or events became major factors of the region's economic development. The impact of all three processes was first felt in 1982 and they continued to effect the region's development throughout the decade. All three had significant effects on particular communities, especially single industry towns, and contributed significantly to the development of large-scale unemployment in the Taranaki region. This chapter will trace the growth of unemployment in Taranaki through the 1980s, illustrating the significance of all three processes and will also identify other significant factors in its development.

By February of 1982 the Taranaki trade union movement had become very alarmed at the rising number of unemployed people in Taranaki. With Ross Donnelly of the Clerical Workers Union as the driving force, they came together to establish the Taranaki Unemployed Workers Rights Centre in New Plymouth to help the unemployed deal with any problems arising from unemployment.³⁴² The operations of the centre will be covered in more detail in the following chapter on the responses to economic downturn. When it was established the official number of registered unemployed workers was 1200. Another 1000 workers were employed by subsidised government work schemes but were not counted amongst the jobless. The closure of the Patea works involved job losses for approximately 800 workers, so the potential increase in unemployment facing

³⁴² Cybele Rachel Locke, 'Demanding "Jobs with Justice": The organisation of Maaori and Paakeha unemployed in Aotearoa/New Zealand during the 1930s and 1980s.', PhD thesis, University of Auckland, 2000.

the region was about 66 percent.³⁴³ Added to this was the loss of jobs from the dairy industry following the merger between the Taranaki and Kiwi Co-operatives. No jobs were lost initially but the beginning of a new milking season in 1983 saw a reduction in job numbers with fewer seasonal workers able to acquire work.³⁴⁴ Also the closure of the small Alton cheese factory added to the job losses.³⁴⁵ In short, events in the freezing and dairy industries in 1982 saw the disappearance of almost 1000 jobs from Taranaki in little over one year. Yet, two years after the establishment of the Taranaki Unemployed Workers Rights Centre the official number of registered unemployed workers in Taranaki was 1349 or 3.3 percent of the workforce.³⁴⁶ How do we explain this lack of growth in registered unemployment?

Though some 1000 jobs were lost to the southern and central Taranaki area between 1982 and 1983, the number of registered unemployed workers did not increase to match this loss. At this time there was some growth in the Taranaki job market due to the construction of the energy development projects. The Taranaki United Council recognised the value of the projects as a major factor in the slow growth of unemployment in the region through the early 1980s.³⁴⁷ Jobs for skilled workers in such fields as heavy engineering and construction numbered into the thousands. There was an increase in the number of company registrations and existing companies increased staff levels to cope with increasing workloads. There was also a boom in residential and commercial building. Job growth in the construction sector insulated the northern areas of the region from the economic decline being experienced in other parts of the region.³⁴⁸ Yet, as demonstrated in the first chapter of this thesis, it is highly unlikely that these projects were able to employ many of the workers made

³⁴³ For a discussion on the number of workers employed at the Patea Freezing Works refer to Chapter three. The figure of 66 percent refers to the 800 Patea jobs lost as compared to the 1200 registered unemployed in Taranaki in February of 1982.

³⁴⁴ *The New Zealand Dairy Exporter*, Volume 59, No.5, November 1983.

³⁴⁵ *Ibid.*

³⁴⁶ 'Taranaki Employment Network- Employment statistics April 1984 – March 1985', nd., Job Research Trust Papers, 98-271-14, Alexander Turnbull Library.

³⁴⁷ Taranaki United Council - Memorandum, 5 September 1986, Taranaki Unemployed Workers Rights Centre Papers, 90-385-3/29, Alexander Turnbull Library, p.1.

³⁴⁸ *Ibid.*

unemployed by the closure of the Patea works or the Taranaki Co-operatives factories. The jobs on the energy project construction sites were skilled jobs requiring specific skills and training. Most of the workers made jobless by the freezing works and dairy factory closures were unskilled or had experience only in the freezing and dairy industries.³⁴⁹ Energy projects may have insulated northern Taranaki from the economic downturn and growth in unemployment suffered elsewhere in New Zealand, but it also attracted skilled workers from regions where job opportunities had dried up.³⁵⁰

The explanation for the slow growth in registered unemployment following the loss of so many jobs has many parts. One of the first factors involved was the reluctance of many people made unemployed to register for the unemployment benefit. The Taranaki Unemployed Workers Rights Centre dealt with over 170 contacts in its first six months of operation.³⁵¹ This was quite a workload considering the centre was run by just one full time employee five days a week.³⁵² Though many of the contacts with the centre involved young school leavers seeking help fulfilling the requirements needed to get the unemployment benefit, some 43 were with unemployed workers looking for help finding work who had not applied for the dole.³⁵³ This was due to reluctance amongst many of the recently unemployed to deal with the Department of Social Welfare. There was similar reluctance to deal with the Department of Labour in search of subsidised work.³⁵⁴ This reluctance is understandable considering the some of the attacks made on New Zealand's unemployed workers in previous years.

In the post second world war period New Zealanders had become accustomed to a system of full employment, achieved through the use of tariff protection, import controls, price controls, and the encouragement of import substitution to develop industry and create jobs.³⁵⁵ Though unemployment began

³⁴⁹ *The Daily News*, 22 May 1982.

³⁵⁰ Taranaki United Council Energy Monitor, Progress report 5, p.2.

³⁵¹ Taranaki Unemployed Workers Rights Centre, 'Six Month Report', p.1.

³⁵² Taranaki Unemployed Workers Rights Centre - Newsletter, nd., Federation of Labour Records, 95-050-70, Alexander Turnbull Library, p.1.

³⁵³ Taranaki Unemployed Workers Rights Centre, 'Six Month Report', p.1.

³⁵⁴ *Ibid.*

³⁵⁵ Easton, p.4.

to grow through the 1970s it was gradual enough for the belief in full employment to remain. In this environment of jobs for everyone anyone who was registered as unemployed was looked upon as being lazy and occasionally came under attack. A former Minister of Social Welfare, George Gair, made one such attack. In his view there was no doubt that, 'many of those who consider themselves left out of the mainstream of New Zealand life are the victims of their own inadequacies, disadvantaged not so much by the lack of material things as by poverty of intellect, of character or of will, or are the worse for their association with drink, gambling or drugs, or are the casualties of broken homes'.³⁵⁶ There was an understandable reluctance to be labelled as mentally deficient, untrustworthy, a drug or alcohol addict, or the product of a broken home by simply applying for the unemployment benefit.

As well as those reluctant to be associated with unemployment and its social stigma, there were those who simply did not know about their rights as unemployed workers or the benefits they were entitled to.³⁵⁷ When the Patea Freezing Works closure was announced in May of 1982 the community pulled together to face the problem. With the help of local, regional, and central government Patea was able to establish local groups to advise residents on how to cope with unemployment.³⁵⁸ But these local groups focused on promotion of the region for new industry, on alternative industry and job types, and on retraining options for former freezing workers to take advantage of jobs within the region. There was no committee set up specifically to help the unemployed apply or qualify for benefits.

The Department of Labour and the Department of Social Welfare did establish a small presence in the town but were only available for two days each a week.³⁵⁹ The Department of Social Welfare was available on Mondays and Wednesdays, whilst the Department of Labour was in town on Tuesdays and

³⁵⁶ 'Unemployment Centre – A broad sheet on causes and effects of unemployment and its effects', 1979?, Herbert Otto Roth Papers, 94-106-68/07, Alexander Turnbull Library.

³⁵⁷ Taranaki Unemployed Workers Rights Centre, 'Six Month Report', p.1.

³⁵⁸ *The Hawera Star*, 2 September 1982.

³⁵⁹ *The Hawera Star*, 29 June 1982.

Thursdays.³⁶⁰ The Taranaki Unemployed Workers Rights Centre attempted to extend its operations out of New Plymouth by setting up a centre in Patea to assist people in dealing with the problems of the works closure. However, it was unable to do so as its application for two full time workers through the Public Sector Job Creation Programme was denied by the Department of Labour and the Department of Social Welfare.³⁶¹ This denial may have been a result of the Patea sub-branch of the Meat Workers Union appointing two full time officials to offer assistance to the unemployed of the region. Despite these appointments the union itself was still confident of resurrecting the freezing works and getting all the unemployed workers back to work.³⁶² The focus of the entire community was on establishing a freezing works or other industry in the town and this may have caused many to put off applying for the unemployment benefit.

Another factor affecting the level of registered unemployment was the complimentary seasonality of freezing and dairy industry employment. In short, many workers at the Patea Freezing Works also worked in local dairy factories.³⁶³ This work was itself largely eliminated in 1982 following the merger between the Taranaki and Kiwi Co-operatives and had been decreasing as dairy factories disappeared from the local landscape as casualties of rationalisation.³⁶⁴ Yet, the fact remains that of the approximately 1000 jobs that were lost in 1982 following the Patea closure and Taranaki-Kiwi merger, many were seasonal and worked by the same person. In the last weeks of operations at the Patea Freezing Works the seasonal staff were laid off leaving the permanent workforce to kill the remaining stock. The seasonal workforce numbered 300 at Patea.³⁶⁵ In the years leading up to the closure the dairy factories were absorbing less and less of the off season Patea workers but some still retained work at dairy factories.³⁶⁶ As the jobs at the

³⁶⁰ *The Hawera Star*, 29 June 1982.

³⁶¹ Taranaki Unemployed Workers Rights Centre, Six Month Report, p.2.

³⁶² *Ibid.*

³⁶³ *The Daily News*, 22 May 1982.

³⁶⁴ *The New Zealand Dairy Exporter*, Volume 59, No.5, November 1983.

³⁶⁵ *The Auckland Star*, 31 August 1982.

³⁶⁶ *The Daily News*, 22 May 1982.

Patea works and in the Taranaki Co-operative factories were lost, some workers lost two jobs but would of course only receive one unemployment benefit.

More significant for the slow growth of unemployment was the absence of workers employed through subsidised work schemes from the ranks of the unemployed. In February of 1982 approximately 1000 workers in Taranaki were involved in fully and partially subsidised work.³⁶⁷ By May of 1983 the combined efforts of the Patea County and Borough Councils had organised subsidised work and training schemes for about 100 people in the town.³⁶⁸ This accounted for slightly less than one third of the Patea Freezing Works workforce that actually lived within the town. Of the approximately 800 jobs at the freezing works 348 or 46 percent were held by people that lived in the town. Though not all of the work and training schemes were aimed at the unemployed freezing workers, many of them did gain work with them and were therefore not enrolled as unemployed.³⁶⁹ No particular figures could be found for workers who lived outside of the town, yet some of the approximately 200 workers who came from Hawera and Manaia may have also gained work with government subsidised programmes.

The subsidised work schemes became the most common form of job placement both in Patea and throughout the region as the decade progressed. By September of 1985 registered unemployment, that is the number of people receiving the unemployment benefit in all of Taranaki, had risen to include 1413 people, an increase of just over 200 people in three and one half years.³⁷⁰ Over the three year period many jobs had been lost from the Taranaki region with 1000 redundancies recorded in the three months from the start of July to the end of September alone. Yet even when such great numbers of jobs were lost, registered unemployment figures rose only gradually, with a six percent rise over the figures for the previous three months.³⁷¹ The three months ending in September of 1985 also showed that there had been 740 job placements in the New Plymouth area

³⁶⁷ Taranaki Unemployed Workers Rights Centre - Newsletter, p.1.

³⁶⁸ *The Daily News*, 7 May 1983.

³⁶⁹ *Ibid.*

³⁷⁰ Taranaki United Council Energy Monitor, Progress report 19, p.8.

³⁷¹ *Ibid.*

and 59 percent of these placements were fully or partially subsidised by government.³⁷² In and around Patea and Waverly in the south of the region, 76 job placements were made with 71 of these coming from public sector subsidised work schemes.³⁷³ The Borough Council by this stage was running eleven separate subsidised work schemes, whilst the County Council ran another two schemes.³⁷⁴ Despite the growing importance of the subsidised work schemes to the region's unemployed, an equally significant factor for the slow growth of unemployment was migration out of the region.

The first area in Taranaki to record a significant fall in population during the 1980s was Patea. Though many attempts were made to keep spirits high following the closure of the works many were unsure of having a future in the town. Feelings like these were echoed by advertisements carried in the region's newspapers by house moving companies. In July of 1982 two New Plymouth house moving firms ran campaigns addressed to 'all Patea residents', advising the towns people of the cost of relocating their homes.³⁷⁵ Such tactics were not appreciated by the town's Mayor, yet it became apparent later in the year that some residents had begun to leave the town for opportunities outside the area and the region. The accommodation woes in northern Taranaki were partly caused by labour from southern Taranaki moving north to find jobs. The closure of the Patea works and four central Taranaki dairy factories increased this pressure. Many young people began to find living tough as unskilled work was not available and rents in and around New Plymouth rose sharply.³⁷⁶ Whilst the residents of northern Taranaki felt the strain of an accommodation shortage, towns like Patea, Normanby, and Kaponga had many empty homes.³⁷⁷ By the census of 1986 the

³⁷² Taranaki United Council Energy Monitor, Progress report 19, p.9.

³⁷³ Taranaki United Council Energy Monitor, Progress report 19, p.37.

³⁷⁴ Ibid.

³⁷⁵ *The Taranaki Herald*, 10 July 1982.

³⁷⁶ Ibid.

³⁷⁷ Ibid.

population of Patea had fallen to 1555 from the 1981 figure of 1938.³⁷⁸ Most of those who had left were young or had management or trade skills.³⁷⁹

The energy development projects of northern Taranaki had attracted many people to the region, both from other regions of New Zealand and from overseas. As the construction phase of these projects began to wind down in 1985, many of those people who had arrived for work with the projects began to leave the area. In 1985 migration out of the New Plymouth area began to exceed arrivals. When the workforce employed on the site of the Synthetic petrol plant decreased from 1185 in June of 1985 to 120 in September of that same year, most of those who lost their jobs left the region. Most of the workers who had lost work were employed as insulators, painters, and sheet metal workers and had only entered the region for the work available.³⁸⁰ Some of the workers were also local women who had gained employment on the site and many returned to work inside the home and did not apply for the unemployment benefit.³⁸¹ With the combination of emigration from the region, and high numbers of people on subsidised work the regions unemployment figures did not rise quickly. But the pressures on this system were growing as increasing numbers of workers were made redundant from the energy projects, and the government planned changes to the subsidised work schemes.

The Rapid Increase in Unemployment Growth.

The June 1985 figure for registered unemployment in the Taranaki region was 3.3 percent of the workforce. This figure was virtually unchanged from the figure for the same month for the previous year. Nationally, registered unemployment had fallen from 4.9 percent in April 1984 to 3.8 by April of 1985.³⁸² Within one year Taranaki's unemployment rate had nearly doubled to be

³⁷⁸ Taranaki United Council, 'Population and Employment in Taranaki', June 1986, Job Research Trust Papers, 98-271/16, Alexander Turnbull Library, p.4.

³⁷⁹ Ibid.

³⁸⁰ Taranaki United Council Energy Monitor, Progress report 19, p.3, p.7

³⁸¹ Ibid.

³⁸² 'Taranaki Employment Network- Employment statistics April 1984 – March 1985', p.1.

6.2 percent and rose to 6.3 percent one month later, or about 2600 people.³⁸³ The number of female unemployed rose by 41 percent over the twelve month period to June 1986, whilst male unemployment rose by 121 percent.³⁸⁴ Whereas in 1985 Taranaki had the third lowest rate of unemployment growth, by late April 1986 it had the fourth highest.³⁸⁵ Having maintained a gradual growth in registered unemployment figures over the first half of the 1980s Taranaki seemed to develop a serious unemployment problem almost overnight. In identifying the causes of this problem the Taranaki United Council pointed to three factors. The first was the final winding down of the energy projects construction phase.³⁸⁶ This process had certainly made thousands of people redundant, yet it has already been shown that many of those made redundant simply left the region.

A second factor was a downturn in farming incomes, which saw many farm labourers lose their jobs as farmers tightened their belts. In 1985 the Labour government took the first step in removing all production subsidies being paid to farmers.³⁸⁷ The removal of Supplementary Minimum Prices and fertiliser subsidies had huge implications for Taranaki's hill country farmers. Based inland from Stratford these sheep and beef farmers relied on subsidies to develop and farm their land. The removal of price guarantees saw prices for sheep plummet with some farmers claiming their stock was worth barely \$1 when the killing fee at local freezing works was \$7 to \$8. On farm costs had to be cut and farm workers and contractors lost their jobs as farmers relied on families to help work the farms.³⁸⁸

By far the most significant of the causes identified by the Council was the government's scrapping of fully subsidised job creation schemes. For the Council the most obvious solution to this problem was the establishment of a large

³⁸³ Taranaki United Council – Submission to Hon K. Burke, p.2.

³⁸⁴ Ibid.

³⁸⁵ *The Daily News*, 29 April 1986.

³⁸⁶ Taranaki United Council – Submission to Hon K. Burke, p.3.

³⁸⁷ Rupert Tipples, 'The Demise of the Farm Labourer and the Rise of the Food Technologist – A century of change in farm employment 1900-1999.', Research Report 99/05, Farm and Horticultural Management Group, Lincoln University, 1999, p.4.

³⁸⁸ *The New Zealand Listener*, 23 November 1985.

subsidised work scheme for the region.³⁸⁹ However, this was never going to be a part the Labour governments agenda.

Under the National government of Robert Muldoon, the rate of growth in registered unemployment was controlled in part through the use of subsidised work and training schemes funded wholly or in part by the government. The schemes included the Project Employment Programme (PEP), the Work Skills Development Programme (WSDP), the Voluntary Organisation Training Programme (VOTP), the Young Persons Training Programme (YPTP), and the School leavers Training and Employment Preparation Scheme (STEPS). The PEP, WSDP, and VOTP schemes were in effect fully subsidised work schemes that enabled those who had lost work in the private sector to undertake valuable community work. The previous chapter on the Patea Freezing Works closure showed that many of those made redundant by the closure were employed by council run PEP schemes which saw them clearing farms of noxious weeds and aiding in the development and beautification of the town. By 1985 PEP workers in Patea were constructing river walkways, storm-water drainage, and footpaths.³⁹⁰ However, much of this kind of community based work and the money earned by those people on them was lost and many people were consigned to the ranks of the unemployed when the fourth Labour government decided to replace subsidised work.

The Training Assistance Programmes replaced the subsidised work schemes in 1986.³⁹¹ This saw a change in focus from providing work for the otherwise unemployed, to training the young and the unemployed for work in the private sector. For school leavers the ACCESS programme was established. This sought to teach work skills and prepare secondary school students for paid employment and was followed by training schemes for all school leavers up to the age of 19 years.³⁹² In essence the ACCESS scheme replaced both the YPTP and

³⁸⁹ *The New Zealand Listener*, 23 November 1985.

³⁹⁰ Taranaki United Council Energy Monitor, Progress report 19, p.37.

³⁹¹ Taranaki Work Trust Central Taranaki Steering Committee – Bulletin, nd., Job Research Trust Papers, 98-271-14, Alexander Turnbull Library, p.1.

³⁹² Taranaki United Council Energy Monitor, Progress report 19, p.27.

STEPS programmes which had formerly focused on the needs of the young unemployed. For those involved in the PEP, WSDP, and VOTP work and work skills programmes there was a more significant change. These fully subsidised schemes were replaced with partially subsidised training programmes teaching particular skills and run by regional bodies.³⁹³ The Taranaki United Council responded to the changes by establishing the Taranaki Work Trust as a regional body with the responsibility of establishing and running employment training modules under the Training Assistance Programme.³⁹⁴ For those who had been employed by the subsidised work schemes the establishment of the new training focused schemes meant a cut to their incomes.

When the changes to unemployment training programmes were announced it became clear that many of the people and communities reliant on the work schemes for income were going to lose out. In April of 1986 500 people in Taranaki were involved in fully subsidised work, mostly under PEP schemes.³⁹⁵ The new Training Assistance Programmes to be established only had enough funding to involve about one third this number in the first year and a further 150 people in the following year, with a full capacity of just 400 people.³⁹⁶ In the first year over 300 people would lose their subsidised work and not be able to enter the new training programmes. They would inevitably have to register themselves as unemployed and learn to live on a reduced income. The number of registered unemployed in Taranaki had already reached 2500 by this stage and the abolition of subsidised work and smaller scale of the new training schemes would see the unemployment growth rate increase.³⁹⁷ Even for those who were able to gain placement with the new schemes a cut in income was inevitable as payment under the new scheme was on an allowance basis not wages.³⁹⁸ Former PEP and other subsidised workers had received wages that were award based, but the new training schemes saw the implementation of training allowances at a rate 10

³⁹³ *The Daily News*, 16 April 1986.

³⁹⁴ Taranaki United Council – Submission to Hon K Burke, p.4.

³⁹⁵ *The Daily News*, 16 April 1986.

³⁹⁶ *Ibid.*

³⁹⁷ *Ibid.*

³⁹⁸ Taranaki Work Trust Central Taranaki Steering Committee – Bulletin, p.1.

percent higher than the unemployment benefit.³⁹⁹ Surviving on the unemployment benefit or an allowance of not much more suddenly became a reality for many more individuals and communities.

The Localised Nature of High Unemployment.

With subsidised work schemes no longer absorbing any unemployment the Taranaki region was set for a rapid increase in the numbers of unemployed. The Taranaki United Council was keen to see the resurrection of subsidised work to avoid the proliferation of the most serious results of unemployment. They identified these as the alienation of large numbers of the population from mainstream society, benefit dependence amongst the alienated, and ever increasing numbers of those considered to be unemployable.⁴⁰⁰ With an economic growth rate of zero percent Taranaki's unemployment problems were projected to get much worse. The Council predicted that if Taranaki maintained zero percent economic growth, the number of unemployed would rise from 2517 or 6.2 percent of the workforce in mid 1986, to 4046 in June of 1987 and 4518 or 11 percent of the workforce in December of that same year.⁴⁰¹ Their fears concerning the rise of unemployment were borne out and Taranaki's unemployment problem continued to grow, with New Plymouth reaching a 10 percent unemployment rate. In February 1989 the unemployment rate for the entire region hit 14 percent or 5895 people, as compared to a national rate of 11.77 percent.⁴⁰² One in seven Taranaki workers was registered as unemployed. Yet the reality was much worse for many communities.

At the same time as the Taranaki recorded 14 percent registered unemployment Waitara recorded 25 percent. Then in November of 1989 Waitara received the news that its freezing works workforce was being slashed by more

³⁹⁹ *The Daily News*, 16 April 1986.

⁴⁰⁰ Taranaki United Council – Submission to Hon K. Burke, p.3.

⁴⁰¹ *Ibid.*

⁴⁰² Taranaki Work Trust, 'A Prospectus: What can you do about unemployment?', nd., Job Research Trust Papers, 98-271-14, Alexander Turnbull Library, p.1.

than half. The job losses were part of a nation-wide reshuffle of five freezing works bought by the AFFCO Meat Company from Waitaki International.⁴⁰³ This was a severe blow for a town that in the preceding nine years had experienced the boom and bust of the energy developments with both the methanol plant and the synthetic petrol plant situated close to the town, and which had also lost its dairy factory. The Waitara freezing works would lose 520 staff from a workforce which peaked at 950, with 40 percent of the tradesmen and administration staff losing their jobs. The job losses at Waitara were part of a total of 2000 jobs slashed by AFFCO from its new works.⁴⁰⁴

Commenting on the Waitara job losses, former mayor of Patea Norm Mackay urged the people of Waitara to stay together. He said that Patea had lost most of its young people and had been left with a population which was both ageing and declining.⁴⁰⁵ Echoing the predictions of the report into Patea's future after the works, he said that the town's clubs had lost most of their members including their executive officers, who were those with management skills and left in pursuit of work opportunities. Also he pointed out that employment options in Patea had not been good in 1982 but they had become even worse.⁴⁰⁶ His final piece of advice for the people of Waitara was that though it would take time most people in the town would learn to live on the dole.⁴⁰⁷ The outlook for both towns did not seem to be especially bright.

Patea, Oakura and Opunake all recorded 50 percent unemployment or greater in 1989.⁴⁰⁸ All three of these towns suffered the closure of factories in the last half of the 1980s, with Opunake having been the base for the Egmont Dairy Co-operative.⁴⁰⁹ With such a rapid rise in unemployment and with some communities suffering the loss of half their jobs it would be easy to assume that the region was overwhelmed by the effects of unemployment and the loss of

⁴⁰³ *The Daily News*, 9 November 1989.

⁴⁰⁴ *Ibid.*

⁴⁰⁵ *The Daily News*, 10 November 1989

⁴⁰⁶ *Ibid.*

⁴⁰⁷ *Ibid.*

⁴⁰⁸ *Ibid.*

⁴⁰⁹ *The New Zealand Dairy Exporter*, Volume 65, No.5, November 1989.

income. Yet, as has been discussed earlier in relation to Patea, many people in the region met the new challenge of unemployment head-on. Though it is true that the final years of the 1980s were years of economic decline for the people of the region, they also witnessed a kind of community renewal. As the numbers of registered unemployed grew so did the number of community and local government based responses to the problem.

Local Responses to Economic Downturn and Unemployment.

The Taranaki Unemployed Workers Rights Centre.

By the end of the 1980s the Taranaki region had one of the highest rates of unemployment in New Zealand. Traditional employers like the dairy industry and large freezing works had shed thousands of jobs. The energy development projects created an employment and economic boom at a time when other regions of the country were experiencing economic decline. However, this boom period came to a sudden end and led to rapid decline for the region's economy and employment prospects. Whilst the first five years of the 1980s were characterised by the resistance of Taranaki's economy to the forces of national economic decline and gradual growth in unemployment, the following five years were ones of rapid decline, especially for small single industry towns. Yet, for many people the entire period was one of growing economic hardship and was characterised by their efforts to cope with the realities of unemployment. This chapter will focus on the responses of individuals, communities, organisations, and local government to economic decline and unemployment.

The Taranaki trade union movement became very concerned with the rising level of unemployment early in the period. Their response was to establish the Taranaki Unemployed Workers Rights Centre in February of 1982.⁴¹⁰ The centre was run by a single full time worker, Ross Donnelly, and was open between 9am and 5pm from Monday to Friday. The Centre sought to assist the unemployed in dealing with new challenges arising from unemployment. The wages for the full time worker were paid by the Department of Labour for the first year, most likely under the Public Sector Job Creation Programme, and after that they came from donations made to the centre by local unions. The Taranaki centre was based on the very successful Palmerston North Unemployed Workers Rights Centre. This Centre was established in 1978 and was the first unemployed workers organisation that took an overtly political stance on unemployment

⁴¹⁰ Taranaki Unemployed Workers Rights Centre - Newsletter, p.1.

issues, demanding changes to government policy.⁴¹¹ As an essential first step in establishing the centre in New Plymouth, the full time worker was sent to Palmerston North for a week of training.⁴¹² A committee of seven managers comprised of three members from the Taranaki Trades Council, three members from the Combined State Unions, and the centre's full time worker, handled the centre's administration.⁴¹³ The Centre was not an employment bureau and so was not directly involved in placing jobless persons in paid employment. However, it did identify the organisation of the unemployed as one of its primary goals. This was to enable them to fight for full employment, a fair minimum wage for all, and government policies that would provide work, adequate social welfare, housing, healthcare, and education facilities, whilst also fighting against discrimination in the granting and payment of benefits.⁴¹⁴

Within six months of opening the centre had dealt with 170 contacts, most of which involved young people, without a formal qualification, who only had work experience gained from subsidised work schemes.⁴¹⁵ It helped these people in a variety of ways including, fulfilling requirements for benefits, gaining employment on new work schemes, giving advice on searching for jobs, finding affordable accommodation, and mediating in disputes between workers and both the Department of Labour and the Department of Social Welfare.⁴¹⁶ In its first six months the Centre helped twelve people get an accommodation benefit, negotiated a waiver for three people who were put on four week stand down from the unemployment benefit by the Department of Social Welfare, and helped eight people into permanent work.⁴¹⁷ As the number of registered unemployed workers did not rise significantly over the first two years of the centres operations it was also able to expand its operations. One such expansion saw the Centre establish a food co-operative. People who became part of the food co-operative pooled their

⁴¹¹ Locke, p.159.

⁴¹² Letter from R. P. Domney (TUWRC worker) to Mr. Douglas Secretary of the Federation of Labour, 17 February 1982, Federation of Labour Papers, 95-050-70, Alexander Turnbull Library, p.1.

⁴¹³ Ibid.

⁴¹⁴ Taranaki Unemployed Workers Rights Centre - newsletter, p.1.

⁴¹⁵ Taranaki Unemployed Workers Rights Centre, 'Six Month Report', p.1.

⁴¹⁶ Ibid.

⁴¹⁷ Ibid.

money so as to purchase fruit and vegetables through wholesale markets, saving 70 to 75 percent on the prices charged at supermarkets.⁴¹⁸ Many people were also able to get casual short-term work through the Centre as members of the community advertised odd jobs there.⁴¹⁹

The Centre identified that youth was continually a factor in Taranaki's unemployment and that this had led to growth in the numbers of street kids in New Plymouth, a trend that was seen throughout the country. Fuelled by underage drinking, youth offences involving violence and vandalism were becoming a significant and growing factor in the region's crime statistics.⁴²⁰ In October of 1985 the Centre applied for a local government development levy to establish an Employment Resource Centre to help deal with the problem of wayward youth. Arguing that the government had little if any idea of the particular needs of the region's youth, the Taranaki Unemployed Workers Rights Centre wished to establish the new Centre as a drop in point for young unemployed, and as a place for job education and information programmes. It would also function as a provider of small business creation schemes.⁴²¹ Yet these programmes and indeed the future of the Centre itself were in jeopardy as it was faced with financial uncertainty. A few days after applying for funding for its youth programmes a further application for funding was made to the government to secure the future of the centre.

The Centre's existence came under threat at the very time when it was required most. As the construction phase of the energy projects began to wind down and unemployment in Taranaki began to grow the Centre's workload increased. The Centre was reliant on unions and thus union membership for its funding, and as jobs disappeared from the sites of energy projects so did many workers, and union funds available to the centre reduced.⁴²² The Centre also faced

⁴¹⁸ Taranaki Unemployed Workers Rights Centre – Newsletter, 29 August 1985, Taranaki Unemployed Workers Rights Centre Papers, 90-385 3/29, Alexander Turnbull Library, p.1.

⁴¹⁹ Ibid.

⁴²⁰ *The Daily News*, 26 October 1985.

⁴²¹ Ibid.

⁴²² Taranaki Unemployed Workers Rights Centre – State of Finances, 31 October 1985, Taranaki Unemployed Workers Rights Centre Papers, 90-385 3/29, Alexander Turnbull Library, p.3.

with an increasing workload leading up to Christmas of 1985. The Motunui synthetic petrol plant was scheduled to lose 400 workers and there was a corresponding downturn in the retail and service sectors as people began to curb spending in anticipation of the job losses. Others prepared to leave the region in search of work elsewhere.⁴²³ The Centre would be called on to deal with those left jobless by either the job losses at Motunui or the retail and service sector downturn but it could not do this if its funding was not secured. It claimed that the very existence of the Centre was proof enough that there was a shortfall in the services the government was supplying for the unemployed.⁴²⁴ It argued there was a gap in the services for the needy that the government had failed to deal with and that the Taranaki Unemployed Workers Rights Centre was filling the gap. It was the Centre's view that government money was well spent on bodies like itself, which were more attuned to and respectful of the communities needs.⁴²⁵ Neither their application for basic operational funding nor for the establishment of Employment Resource Centre for youth were successful. This was probably due to the changes that the Labour government was making to the subsidised work scheme programs, discussed in the previous chapter. Another probable factor in the failure to secure funding was the development of the Taranaki Work Trust.

The Taranaki Work Trust.

The Taranaki Work Trust was a body established by the Taranaki United Council to provide government funded Training Assistance Programmes, after the abolition of subsidised work schemes.⁴²⁶ Based in New Plymouth, it was also a body that set out to assist the establishment of community enterprise projects. Having established the trust as a body to administer government training programmes, the Taranaki United Council applied for and received the Labour Departments approval for the trust to act as a training provider.⁴²⁷ The Taranaki

⁴²³ Taranaki Unemployed Workers Rights Centre – State of Finances, p.3.

⁴²⁴ Ibid.

⁴²⁵ Ibid.

⁴²⁶ Taranaki United Council – Submission to Hon K Burke, p.4.

⁴²⁷ Taranaki Work Trust, Central Taranaki Steering Committee – Bulletin, nd., Job Research Trust Records, 98-271-14, Alexander Turnbull Library, p.1.

United Council worked closely with other bodies including the Regional Development Council, and the District Employment and Training Advisory Committee (DETAC) to effectively plan their approach to dealing with growing unemployment.⁴²⁸ Having established its work trust as a recognised training provider the council was able to secure approximately \$20 000 from DETAC to establish training programmes. The Taranaki Work Trust started its work in September of 1985 by developing seven training programmes including social and life skills, skills of enterprise, labouring skills, organic gardening, care of the disabled and aged, learning assistance, and home gardening programmes.⁴²⁹ It was decided that five of these suggested training programmes could be initiated as training modules under the Taranaki Work Trust, with the organic gardening and learning assistance programmes cut so as to maximise the funding available.⁴³⁰

A community enterprise team was brought together by the work trust to help develop a local strategy to deal with unemployment. They were instructed to do this by replicating appropriate initiatives that had been undertaken by enterprise schemes in other parts of New Zealand.⁴³¹ The team came up with six main elements it felt would go a long way to dealing with the causes of unemployment and the problems it was producing. These were the development of a regional employment resource centre, developing further the skills of enterprise programme to be run by the work trust, the establishment of a new venture workshop facility, developing a skills bank from community groups, establishing support systems for commercial community enterprise, and establishing a venture capital fund.⁴³² These measures were enthusiastically taken on by the work trust and DETAC was able to secure \$124 000 from community development levies to help fund them, and in particular the venture workshop.⁴³³ The workshop was to be a key component of the work trust and its programmes. It

⁴²⁸ Taranaki Work Trust, Central Taranaki Steering Committee – Bulletin, p.1.

⁴²⁹ Ibid.

⁴³⁰ Taranaki Work Trust – Bulletin, nd., Job Research Trust records, 98-271-14, Alexander Turnbull Library, p.1.

⁴³¹ Taranaki Work Trust, Central Taranaki Steering Committee – Bulletin, p.1.

⁴³² Ibid.

⁴³³ Taranaki Work Trust, – Bulletin, nd., p.1.

included a resource centre to provide information about establishing new businesses, and also sought to initiate a community work pool for anyone collecting a benefit that wanted to work.⁴³⁴ This measure sought to fill the gap in community project work left by the removal of subsidised work schemes.

In a 1986 submission to the Minister of Social Welfare, Kerry Burke, the Taranaki Regional Council pointed to the establishment of the Taranaki Work Trust and the trust's work as proof of its commitment to finding some local solutions to the problem of unemployment.⁴³⁵ The Council also initiated research into the future of the Taranaki employment sector, advising local bodies on the provision of new training schemes for the unemployed to take advantage of new opportunities. Employment creation was seen as the major priority in the allocation of development levies to community groups.⁴³⁶ However, the Regional Council's submission asked the government to supply subsidised work to solve the region's employment problem.⁴³⁷ The Council believed that leadership on the issue of unemployment still had to come from central government. This was not a view shared by Taranaki's various social organisations and church groups.

Community Bodies Respond to the Unemployment Problem.

At a meeting involving the Salvation Army, church groups, community organisations such as the Lions Club, and many smaller community groups it was agreed that the government would never be an effective force in solving what was in reality a local problem. The feeling of the meeting was summed up by one of those in attendance who said that to, 'sit back and expect policies to eliminate unemployment is unrealistic and irresponsible. We can't shrug our shoulders and say the problem is too big for us. Nor can we say the problem is not ours.'⁴³⁸ Those at the meeting considered increasing crime, domestic violence, alcohol abuse, and

⁴³⁴ Taranaki Work Trust, – Bulletin, nd., p.1.

⁴³⁵ Taranaki United Council – Submission to Hon K. Burke, p.4.

⁴³⁶ Ibid.

⁴³⁷ Taranaki United Council – Submission to Hon K. Burke, p.3.

⁴³⁸ *The Daily News*, 21 July 1986.

misuse of the social welfare system, to be local problems attributable to a lack of goals and ambition caused by unemployment.⁴³⁹

Many of those organisations present at the meeting already had a long history of working in the community with those suffering the consequences of job loss. The Salvation Army had become involved in the establishment of an organic garden in 1983. For three years the Salvation Army in New Plymouth supervised subsidised workers in the development of the garden. The cancellation of the subsidised schemes put its future at risk but the Salvation Army and some of those workers who had developed the garden formed the Taranaki Organic Garden Society to maintain the garden as a training facility.⁴⁴⁰ As the regions employment situation worsened the number of community bodies dealing with the consequences grew.

Taranaki developed a large network of community based welfare organisations as economic conditions in the region deteriorated and unemployment grew. The groups ranged in focus from the provision of support for those with general or specific health concerns, to reaching out to those suffering from social isolation such as the aged, to parental development and support programmes. In 1985 there were 62 community based welfare organisations serving the needs of the wider Taranaki region and 123 based in north Taranaki around New Plymouth.⁴⁴¹ Obviously not all of these groups were established as a result of the growing number of unemployed people, nor were they all concerned with the direct consequences of job loss. Many were support groups for those with particular health concerns such as diabetes. Yet there was a significant increase in the number of community welfare groups through the first two to three years of the 1980s. Between 1980 and 1984, 40 new organisations were established in north Taranaki alone.⁴⁴² This increase was caused in part by the migration into northern Taranaki during the construction phase of the energy development projects, and by a growing awareness and demand for such groups

⁴³⁹ *The Daily News*, 21 July 1986.

⁴⁴⁰ *The Sunday Express*, 21 September 1986.

⁴⁴¹ Taranaki United Council Energy Monitor, Progress report 19, p.30.

⁴⁴² Taranaki United Council Energy Monitor, Progress report 19, p.31.

as construction on energy projects came to an end and unemployment began to grow.⁴⁴³

The organisations themselves provided both voluntary and full time paid employment for many people in the region. By 1985 approximately 2338 people were involved in providing the services offered by the groups, with 158 being paid for their work. Only 16 of the 158 paid workers relied on payment from the various schemes run by the Labour Department.⁴⁴⁴ Few then had to worry about their own incomes when the subsidised work schemes were replaced and demand for their services grew. Some 48 of the organisations also offered some kind of training for their workers so as to improve the quality of their services. Half of these groups provided that training themselves. Funding for the groups was found in a number of ways, including through charging for particular services, with most coming from community grants, allowances, subsidies from government and donations from the public. For many of the groups a significant amount of their time was involved with securing the funding needed to offer their services. About 50 percent of the groups needed less than \$6000 per year to operate whilst 75 percent required less than \$15 000.⁴⁴⁵

So as to increase the effectiveness of the services provided, a group of 60 welfare groups operating in northern Taranaki came together to form the North Taranaki Council of Social Services.⁴⁴⁶ The strongly New Plymouth based focus of these groups will be discussed later. The Council was elected yearly from members of the 60 groups whose activities were centred in and around New Plymouth. Its purpose was to be a forum for contact between the groups in which their activities could be discussed, the effectiveness of their efforts could be assessed, and their operations could supported and integrated where possible.⁴⁴⁷ As such it also acted as a base from which new 'projects of need in the community' could be initiated and as a support service for new groups. This

⁴⁴³ Taranaki United Council Energy Monitor, Progress report 19, p.32.

⁴⁴⁴ Taranaki United Council Energy Monitor, Progress report 19, p.30.

⁴⁴⁵ Ibid.

⁴⁴⁶ North Taranaki Council of Social Services – Bulletin, nd., Job Research Trust Records, 98-271-14, Alexander Turnbull Library.

⁴⁴⁷ Ibid.

Council enabled new groups to get in touch with those who could show them where to find the resources they required to operate effectively. Though it was not a lobby group, its members saw raising public awareness of social welfare matters as important and set out both to inform locals and to work closely with the New Plymouth City Council and the government's welfare agencies.⁴⁴⁸ This commitment to working with each other and with local and central government agencies was important as the demand for many of the services increased dramatically following the energy project wind down and the end of subsidised work.⁴⁴⁹

Though the number of registered unemployed people in Taranaki did not rise dramatically in the early part of the decade, demand from those who could not get work with the energy projects or with subsidised work schemes saw an increase in the number of welfare organisations operating in the region. As the number of unemployed began to grow rapidly and the efforts of the North Taranaki Council of Social Services to raise awareness of the services available began to take effect, pressure on some of the services rose sharply. In particular those services dealing with crisis support in areas like housing, struggled to find adequate funding to meet demand.⁴⁵⁰ The increasing demand was also seen by the Budget Advisory Service, which experienced a 100 percent increase in the number of clients in just six months following job losses at the Motunui synthetic fuel plant.⁴⁵¹ As demand increased the workers and volunteers involved with the services began to suffer as pressures on their time increased. The equipment and facilities of many of the services were not designed to deal with such rapid increases in demand and began to falter. Even the North Taranaki Council of Social Services struggled, as the demands placed on its member services increased and its co-ordinating role became even more important.⁴⁵² As the period progressed demand on the services would continue to rise and despite their best

⁴⁴⁸ North Taranaki Council of Social Services – Bulletin.

⁴⁴⁹ Taranaki United Council Energy Monitor, Progress report 19, p.31.

⁴⁵⁰ Ibid.

⁴⁵¹ Taranaki United Council – Submission to Hon K. Burke, p.4.

⁴⁵² Ibid.

efforts to plug gaps in the government's welfare network, many communities had to rely on themselves to deal with the fallout of an economic and employment downturn.

Communities, groups, and individuals coped with the loss of thousands of jobs in many ways. Local councils and groups like the Salvation Army chose to make use of the governments subsidised work schemes and hundreds of workers received both employment and a higher income than they would have if registered as unemployed. Organisations like the Taranaki Unemployed Workers Rights Centre aided people in making the most of the welfare options available to them whilst also offering practical assistance in finding paid employment. The Taranaki Work Trust was established to make the most out of the change from subsidised work schemes to employment training schemes, and aimed to get people back into the work force or working for themselves. These various approaches were successful in helping hundreds avoid the dreaded tag of being simply unemployed. Yet all of these schemes were heavily focused on northern Taranaki. This may of course have been the logical focus as the energy projects, which created a significant boom/bust period for the region, were located in north Taranaki.

North Taranaki was home to many more people than the rest of the region, with New Plymouth being the regions only city. Its suburb of Bell Block became the fastest growing town in the region as it was close to Waitara and the synthetic fuel and methanol plants.⁴⁵³ However, the result of this northern focus meant that the efforts of the Taranaki United Council or the Taranaki Unemployed Workers Rights Centre had little benefit for those not living within easy reach of New Plymouth. For those who lived on Taranaki's western coast in towns like Opunake or in the regions south, efforts to alleviate the ills of unemployment had to be created and run from within. The wives of Patea's unemployed freezing workers were some of the first to make such an effort when most others in the town were still hoping the freezing works could be kept open.

⁴⁵³ London, *A Report on the Social Effects of Energy Development in North Taranaki*, p.16.

Co-operative Responses to Unemployment.

When the Patea Freezing Works closure was announced in May of 1982, many people in the town could not believe that their main employer and the economic basis of the town could simply disappear. For many the announcement was simply another chapter in the on going drama of the works and its future, and as always the works would live.⁴⁵⁴ As the reality of the closure began to hit home the town came together to find a solution to the problem, with most efforts poured into finding ways to keep some kind of freezing works open. Yet, for one group of women in the town it seemed clear that what was really required in Patea were new employment opportunities that could make use of other skills that existed in the town. In August of 1982 a meeting of local women decided that they would set up a co-operative venture, manufacturing clothing designed for women sized 18 to 24, and the Patea Garment Co-operative Society Limited was born.⁴⁵⁵

Patea had been home to clothing factories in the past. The year prior to the closure of the freezing works had seen the loss of the Twilight Clothing Factory.⁴⁵⁶ It was clear then that the town had a relevant skills base with on which to build the new company. The group contacted the Co-operatives Education and Loan Trust (CELT) to obtain advice on how to go about establishing a co-operative company and to find out whether the proposed clothing factory was indeed viable. With the help of CELT market research in the local area showed that the idea of creating clothes tailored to larger sized women was viable and on the 25th of November 1982 the group legally formed an Industrial and Providential Society.⁴⁵⁷ The goal of the group was to create a local industry controlled by locals, and thereby provide a greater sense of job security and a steady income.⁴⁵⁸

Initially the seven members of the Co-operative worked on their own sewing machines and received a payment per garment produced and an extra

⁴⁵⁴ *The Daily News*, 22 May 1982.

⁴⁵⁵ Patea Garment Co-operative Society Ltd – Untitled Report, nd., Job Research Trust Records, 98-271/14, Alexander Turnbull Library, p.2.

⁴⁵⁶ *Ibid.*

⁴⁵⁷ *Ibid.*

⁴⁵⁸ Patea Garment Co-operative Society Ltd – Untitled Report, p.3.

payment per garment equalling 10 percent of the garment labour cost to cover power cost and depreciation in the value of the machine.⁴⁵⁹ Income from the Co-operatives activities was not high. The first members of the Co-operative invested \$200 each, raised \$2000 in the community, and took out a \$3000 loan. They also secured \$2000 from the Department of Internal Affairs under its Small Co-operative Enterprises Scheme, or SCOPE. They did not pay themselves a wage but rather put all returns back into the business.⁴⁶⁰ After nearly three years of operation the average pay-out for the Co-operatives members was just \$50 per month. Workers had to produce 30 garments per day to earn an hourly wage of \$4.50 and this was less than local workers on PEP schemes received.⁴⁶¹ The group also felt they had to work hard for credibility in the community as most locals viewed their efforts as little different from a women's sewing circle. There was a lot of pressure on the Co-operative to prove themselves as serious through producing high quality garments and making a financial return.⁴⁶² This pressure took a toll on many of the Co-operative's members and after three years only two of the seven original members remained with the others having sold their shares to new members.

The Co-operative had its share of difficulties. In its first year it made a huge loss due to poorly constructed garments and through producing designs which simply did not sell. Similar problems occurred in following years when firstly 150 garments had to be unpicked and re-sewn after buyers rejected them. The Co-operatives first major order from a company was for some \$15 000 of clothes but mistakes in manufacturing led to \$5000 worth being sent back.⁴⁶³ The Co-operatives biggest problem was with bad debtors throughout the region, especially in its first year. With limited markets and a need to gain experience in producing their clothes the Co-operative was forced to endure late payment bad debtors. As the co-operative developed and persisted with efforts to improve

⁴⁵⁹ Patea Garment Co-operative Society Ltd – Untitled Report, p.8.

⁴⁶⁰ Nga Rongo Korero – National Hui of Co-operatives and Work Trusts, September 1985, Job Research Trust Records, 98-271-15, Alexander Turnbull Library, p.13.

⁴⁶¹ Nga Rongo Korero – National Hui of Co-operatives and Work Trusts, p.13.

⁴⁶² Ibid.

⁴⁶³ Nga Rongo Korero – National Hui of Co-operatives and Work Trusts, p.14.

quality they were able to stop dealing with their bad debtors and find new buyers.⁴⁶⁴ By 1985 this hard work saw the co-operative was going strong and had an annual turnover of \$250 000. A New Plymouth based buyer was found who took any seconds at cost, cutting down on waste.⁴⁶⁵ The Co-operative continued to be a part of the town into the 1990s.

A less successful but equally ambitious co-operative venture established in Patea was the Patea Producers Co-operative. This Co-operative sought to take advantage of the skills available in the community through the establishment of a rabbit farming and rabbit meat processing venture.⁴⁶⁶ The Co-operative was formed in 1983 and by February of 1984 it included six fully operational farms, had 45 prospective farmers showing interest, and a rabbit abattoir or “rabbitoir” under construction.⁴⁶⁷ Its main focus was to be the raising of rabbits for their meat but it also planned to take advantage of the by products of farming rabbits. Plans were made to tan the hides and prepare them for use in fur items, to bag rabbit manure for sale as fertiliser, and to sell the offal as feed for Fitches, which could also be farmed for their fur.⁴⁶⁸ The plan was ambitious but also very costly to get started, and this Factor would prove to be the largest stumbling block to the Co-operative’s success.

The cost of establishing and running a full time rabbit farm was \$50 000 in the first year of operation. The cost of establishing the new abattoir was about the same.⁴⁶⁹ This cost was hard to bear for the former freezing workers involved in the co-operative. Rabbit farming meant long hours of work and establishing a new industry meant a long wait before a financial return could be realised. The farmers attempted to overcome some of the cost barriers by investing their redundancy packages, and establishing their farms and abattoir whilst collecting the unemployment benefit. But the Department of Social Welfare refused to pay

⁴⁶⁴ Nga Rongo Korero – National Hui of Co-operatives and Work Trusts, p.14.

⁴⁶⁵ Nga Rongo Korero – National Hui of Co-operatives and Work Trusts, p.13.

⁴⁶⁶ ‘The Patea Experience: Government aid and emergent industry in a rural area with high unemployment’ Conference on alternatives to traditional employment – Massey University, 8-9 September 1984, Nancy Angrove Papers, Box P10, South Taranaki Museum Archive, p.13.

⁴⁶⁷ *The New Zealand Listener*, 11 February 1984.

⁴⁶⁸ *Ibid.*

⁴⁶⁹ ‘The Patea Experience’, p.16.

them the dole as they were self employed and the farmers were forced onto PEP schemes to make enough money to support their families. Even then the PEP work only lasted for the six month period of any PEP scheme.⁴⁷⁰ The pressure of low incomes and long hours of work on the PEP schemes and their rabbit farms forced some of the farmers out of the Co-operative and slowed the development of the scheme. Funds were acquired for the co-operative through the Wanganui Regional Development Board but the slow processing of the grants by the Ministry of Regional Development saw the co-operative fall into debt and threatened with law suits.⁴⁷¹ Despite this the Co-operative continued its operations but was never able to expand or make a large return. In 1989 it ceased its operations and sold its abattoir to a fishing company after a lengthy negotiation which began in November of 1988.⁴⁷²

The Patea Co-operatives were just two of the collective responses to unemployment in Taranaki. In April of 1983 a meeting of eight Taranaki tribes at Parihaka came together to support the Te Ati Awa tribe and their claim to the Waitangi Tribunal over the proposed Motunui outfall for effluent from the synthetic petrol plant. Those attending the hui decided to appoint a tribal body to facilitate unity amongst the eight tribes, both their iwi and hapu, and to oversee any and all issues that might arise in reference to the tribal resources of the group. This combined tribal body was named by the kaumatua in attendance the Taranaki Iwi Katea Trust.⁴⁷³ The meeting also decided on a set of objectives for the Trust. The first of these was the acquisition of lands for tribal purposes, held on a tenure system more akin to the concepts of the tribes tupuna. The Trust was to work to have the acquired lands declared papakainga or lands for settlement, and to establish a tribal catchment authority to watch over waterways. Finally, the Trust was to work to replace Pakeha law with Maori law and custom.⁴⁷⁴

⁴⁷⁰ 'The Patea Experience', p.16.

⁴⁷¹ 'The Patea Experience', p.17.

⁴⁷² Tredwell, Gordon & Co. (lawyers), letter to L. I. Gibbs secretary of the Patea Producers Co-operative, 15 March 1989, Patea Producers Co-operative Records, [95-4] Box 2, South Taranaki Museum Archive.

⁴⁷³ Nga Rongo Korero – National Hui of Co-operatives and Work Trusts, p.21.

⁴⁷⁴ Ibid.

The Trust began negotiating to acquire two properties totalling 1000 acres in October of 1983. The land in question was isolated, located within the western North Island hill country near the source of the Whenuakura river at western end of the Matemateonga range. In March of 1984 the land was gifted to the Taranaki Iwi Katea trust by a body called the OHU Incorporated Society. The land included three houses that the trust set about improving, so as to provide accommodation for workers who would work to develop some of the land for agriculture. Young unemployed people began living on the land, as well as on a block of land close to Parihaka. With the help of Internal Affairs a four wheel drive vehicle was purchased which enabled those living on the land to cut down their usual return hike to about 22 kilometres.⁴⁷⁵ Those living on the land not only wished to develop it but also wanted a return to a healthier lifestyle, so did not purchase sugar, butter, cheese, salt, tea, coffee, or any other processed foods. Having established a healthy lifestyle alternative on the isolated piece of land the group, which numbered up to 30 including children, began to fence off and clear some areas to cultivate. They also began nurturing the native bush and waterways, set aside more land for settlement, and planned to build a house where wananga could take place and hospitality could be offered. A major aim of this project was to help the young of the region's tribes as they were suffering the worst affects of growing unemployment. By 1985 the challenges of the project saw the number of young people involved in the settlement and development trust's land fall to 20 with four receiving the unemployment benefit, but the scheme still received much support from the Iwi involved.⁴⁷⁶

Taranaki Business Facilitation Services.

For those people living in southern Taranaki communities, one of the most effective remedies to unemployment was to become self-employed. The Waimate Plains Council, which controlled the area around the town of Manaia between Hawera and Opunake, recognised self-employment as a viable solution to the high

⁴⁷⁵ Nga Rongo Korero – National Hui of Co-operatives and Work Trusts, p.21.

⁴⁷⁶ Ibid.

and growing number of unemployed. The Council took steps towards enabling the jobless to establish their own sources of employment. In 1988 the Council pledged 3 percent of its rate take to the establishment of the Waimate Plains Facilitation Office in the town of Manaia.⁴⁷⁷ The purpose of the Facilitation Office was to operate a community based programme to help in the establishment and growth of new businesses. The Office was initially run by Neville Forman, who was joined by Jim Carter in 1989 as the demand for the Facilitation Office's services grew sharply.⁴⁷⁸

In 1989 the Waimate Plains Council became part of the new South Taranaki District Council. Funding for the facilitation office was taken over by the South Taranaki District Council and the Stratford District Council and its operations extended to cover all of southern Taranaki from Opunake in the north, across Stratford and down to Patea. Funding was also gained from central government through the Local Employment and Enterprise Development funding scheme.⁴⁷⁹ The office was run by a committee of elected community members whose task it was to develop links with central government agencies and lobby both central and local government for funding. The two facilitators employed by the office helped not only those people wanting to establish new businesses, but also existing businesses who needed help restructuring their businesses to avoid closure. Within three years, the facilitation office helped to diversify and restructure the operations of 54 existing businesses in southern Taranaki, helping most avoid complete closure.⁴⁸⁰ However, the offices primary focus was helping to establish new businesses and it had much success.

Within three years of opening the southern Taranaki facilitation office handled 736 contacts. This led directly to the 207 new business start-ups within its region of operation and the creation of 400 new jobs. The estimated savings to the government were \$2 283 200, based on the accumulated total of 400 single person

⁴⁷⁷ Waimate Plains Local Enterprise Board – 'Dreams to Reality: One example of a community based approach to helping new and existing business', nd., Job Research Trust Records, 98-271-19, Alexander Turnbull Library, p.8.

⁴⁷⁸ Ibid.

⁴⁷⁹ Waimate Plains Local Enterprise Board – 'Dreams to reality', p.9.

⁴⁸⁰ Ibid.

unemployment benefit payouts over the period.⁴⁸¹ One of the more successful businesses that the facilitators helped establish was an engine repair clinic run by Kerry Wallis. In 1989 Wallis was unemployed and unable to find work in Opunake. Three years later his engine repair business had a turnover of approximately \$45 000 per month.⁴⁸² The facilitators also had much to do with the opening of the Te Mahana rest home in Patea. The Facilitators Office helped to cut through local council red tape to buy appropriate land for the rest home after the initial plan to purchase and convert the Catholic Presbytery fell through.⁴⁸³ The rest home provided ongoing employment for local people and is still operating today.

The Facilitation Office's success was achieved on a budget of just \$130 000 per year, which covered all costs including the salaries of the two full time facilitators and a secretary.⁴⁸⁴ However, not all of the businesses that the facilitators helped to create were successful. By 1992 the businesses that the facilitators helped establish were employing 64 full time staff and 57 part timers.⁴⁸⁵ Even so, the Facilitators Office was still the most effective employment scheme funded by the South Taranaki District Council and as such accounted for most of the \$50 000 per year that the council spent dealing with unemployment.⁴⁸⁶ The success of the centre was recognised elsewhere in the country and the Manaia Facilitators Office began to aid in the creation of facilitation offices through out New Zealand, helping to open 12 between 1991 and 1992.⁴⁸⁷ The success of the facilitators in southern Taranaki also saw New Plymouth District Council establish their own facilitators office.

In 1990 the New Plymouth District Council established an enterprise facilitation service through the Taranaki Work Trust based at the community

⁴⁸¹ Waimate Plains Local Enterprise Board – 'Dreams to reality', p.9

⁴⁸² Ibid.

⁴⁸³ *The Daily News*, 30 November 1989.

⁴⁸⁴ Waimate Plains Local Enterprise Board – 'Dreams to reality', p.9.

⁴⁸⁵ *The Daily News*, 4 April 1992.

⁴⁸⁶ Ibid.

⁴⁸⁷ Waimate Plains Local Enterprise Board – 'Dreams to reality', p.9.

employment and enterprise centre known as Starting Point.⁴⁸⁸ In the first two years of operation the single facilitator employed in New Plymouth handled 668 clients, with 40 percent returning for further consultation.⁴⁸⁹ A survey of 153 clients who had set up businesses found that 112 businesses were solely owned and operated with 52 having operated for over a year. Some 38 businesses employed one other person whilst 20 of the businesses employed between two and eight additional employees. In total, the establishment of 153 businesses had seen the creation of 271 jobs.⁴⁹⁰ This was achieved despite the severe limitations that the single facilitator was operating under.

The office was set up to help facilitate new business growth. This focus on business creation probably reflected the dominance that the business model of development enjoyed under the economic changes of the Labour government and the National government which followed it from 1990. This approach was not without its problems. Key parts of the business development plan were research assistance and follow up visits to deal with problems as they arose. Yet the volume of clients saw the office reduced to supplying advice only and unable to conduct follow up visits. Staff time was devoted almost entirely to dealing with the initial contact phase, with 59 percent of the facilitators time spent with new clients and another 39 percent dealing with people returning for further advice on establishing businesses.⁴⁹¹ The single New Plymouth facilitator was serving a population twice the size of south Taranaki's which was served by two facilitators. In essence the New Plymouth facilitator had four times the workload of the southern Taranaki facilitators. Not surprisingly, steps were taken to employ a second facilitator in New Plymouth.⁴⁹²

The commitment of local government to find local solutions to unemployment was also picked up by local business leaders who came together

⁴⁸⁸ Enterprise facilitation and the New Plymouth District Council: What have we accomplished? What more needs to be done? – Survey update, April 1992, Job Research Trust Papers, 98-270-12, Alexander Turnbull Library, p.1.

⁴⁸⁹ Enterprise facilitation and the New Plymouth District Council, Survey update, p.2.

⁴⁹⁰ Enterprise facilitation and the New Plymouth District Council, Survey update, p.1.

⁴⁹¹ Enterprise facilitation and the New Plymouth District Council, Survey update, p.3.

⁴⁹² Ibid.

on the 22nd of August 1991 to discuss opportunities for business development in Taranaki. The meeting involved the New Plymouth Chamber of Commerce and a body named the Taranaki Business Development Board coming together to discuss the integration of their efforts. The conclusion of the meeting was that despite the negative national economic indicators like high unemployment, the trade deficit, and government debt, there were positive indicators for local business growth. Factors like lower wage costs could help in establishing new businesses by keeping operation costs down.⁴⁹³ The meeting proclaimed that instead of waiting for the government to act on the problem of high unemployment the Taranaki business community should take action to encourage and support growth.

The best way to do this in the short term was through the dissemination of state of the art business management practices.⁴⁹⁴ Bodies like enterprise facilitation offices, the Chamber of Commerce, and the Business Development Board could work together and with existing businesses to see these management practices introduced into new and existing businesses.⁴⁹⁵ Banks should be encouraged to lend money to those good management resources rather than being solely concerned with spreading their risk.⁴⁹⁶ This approach was not as hands on as others but rather made use of existing resources. Its impact on the problem of unemployment or on the establishment and development of new businesses is hard to gauge. What can be said is that this approach by local business leaders strongly reinforced the idea that the best solutions to local problems most often came from and were controlled by local people.

⁴⁹³ The Taranaki Business Development Board and The Chamber of Commerce – Growth in Taranaki: conclusions of the Inter Planning seminar held in New Plymouth on 22 August 1991, nd., Job Research Trust Papers, 98-270-12, Alexander Turnbull Library, p.1.

⁴⁹⁴ Ibid.

⁴⁹⁵ The Taranaki Business Development Board and The Chamber of Commerce, p.2.

⁴⁹⁶ The Taranaki Business Development Board and The Chamber of Commerce, p.3.

Conclusion.

Since the election of the Fourth Labour government in 1984 and the subsequent introduction of Rogernomics, the transformation of New Zealand's economy and the social effects of this change have been popular topics for research and debate. This popularity has led some commentators to re-evaluate the years before the Fourth Labour Government, and argue that these were also years of much importance and change for New Zealand. A common theme that runs through most works, regardless of time frame, is their focus on changes to the nation's economy, and the social effects of these for New Zealand as a whole. This thesis has been an attempt to shift this focus, and look at the economic and social changes that occurred in a particular region, and thus to pose the question of whether a national picture of the economic and social changes of the 1980s can be used with confidence.

The three economic processes discussed in this thesis were not exclusive to the Taranaki region. The energy projects were part of a national development programme, directed by the government from Wellington and involving projects that stretched from Northland to Otago and Southland. The massive increase in overseas borrowing needed to fund the projects effected the New Zealand economy and government spending well into the 1990s. Yet, the direct effects of the projects on the towns where the projects were located were more particular to those places. Housing problems may have been a national concern at the time but those experienced in New Plymouth were directly attributable to the migration caused by the energy projects. The projects may not have made an economic contribution to the country, but the jobs they provided helped insulate Taranaki, at least temporarily, from an economic downturn that saw unemployment in the Auckland, Wellington and other regions rise significantly and steadily through the 1980s.

Though rationalisation in the dairy industry occurred across New Zealand it was a process with a significantly rural basis, as most dairy companies and factories were based in rural communities. The final amalgamations in Taranaki sparked industrial action that was almost unprecedented in the dairy industry and

became a feature of the industry nation wide for the rest of the decade. Perhaps more significantly, the rationalisation process in Taranaki saw the loss of hundreds of jobs and many factories, which were the economic basis for many small Taranaki communities. In essence this process sought to cut costs and strengthen an industry that was already an important an export earner for New Zealand, yet did so whilst effectively closing down whole communities.

The Patea freezing works closure was one of the first closures of a freezing works. Its impact was huge as the town relied on the works as its single industry. The isolation of the town from other sources of employment was reflected in the efforts of the community to save the only industry that many of them had ever worked in. The closure also illustrated the variety of experience that can occur not just between different regions but within a region. For example, it would be easy to assume that a body named the Taranaki Unemployed Workers Rights Centre, or the Taranaki Work Trust was effective in confronting the problems of unemployment across the entire region. This thesis has shown that this was not the case.

As unemployment grew so did the number of organisations that were established to deal with the effects of job loss and long term unemployment. The failure of central government to offer enough viable alternatives to life on the unemployment benefit led to this growth of independent organisations. But even these were hampered in their effectiveness by being heavily focussed around New Plymouth. Both the Taranaki Unemployed Workers Rights Centre and the Taranaki Work Trust were based in the city and could not effectively spread their services elsewhere. The effect of this northern focus was to encourage some people in southern Taranaki communities to find their own unique solutions to the lack of employment opportunities.

These specific community based responses point to the underlying theme of this thesis. Taranaki in and of itself was not completely unique to the rest of the country. Regions and individual communities around New Zealand were affected by the same processes that shaped Taranaki through the 1980s. Yet, in looking at the experiences of Taranaki and the communities which make up the region, this

thesis has illustrated how processes of national importance have specific local effects. Every region of New Zealand would have experienced these same processes in different ways, and I would argue that it is only through a full understanding of these regional variations that a more complete national picture can be seen.

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