Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
INTERNATIONALISATION OF THE Rotorua Economy and Changing Local -

GLOBAL LINKS: THE RESTRUCTURING OF MANUFACTURING, WHOLESALE AND

STATE SECTOR ACTIVITY BETWEEN 1985 - 1991

This thesis is presented in partial fulfilment of the requirements for the

Degree of Master of Arts in Geography

By

ROBERT MARTIN FRANS SCHLOTJES

Massey University

1993
CONTENTS

List of Figures vi
List of Tables vii
Acknowledgements ix
Abstract x

1 INTRODUCTION - WHAT'S WRONG TOM?

Introduction 1
Vacant Floorspace as an indicator of local economic change 2
Industrial mix of the Rotorua economy 6
Capitalism and crises - a perspective on restructuring in New Zealand 10
Post World War II Boom and Crises 13
Research Methodology 14
Thesis Organisation 20

2 Rotorua's Global - Local Links.
FUNCTIONAL RELATIONSHIP OF ACTIVITY IN Rotorua Within National and International Economies: A THEORETICAL APPROACH

Introduction 23
Core-Periphery Model 23
Uneven Development 27
Circuits of Capital 30
The Role of the State 32
Conclusion 35

3 ORGANISATIONAL AND TECHNOLOGICAL CHANGES:
DYNAMIC PROCESSES CONTRIBUTING TO RESTRUCTURING OF ACTIVITY AND RE-EVALUATION OF PLACE

Introduction 36
Concentration and Centralisation of Capital 37
Global Capitalism 40
Technological Developments 44
Tertiary Mechanisation in Manufacturing 47
Tertiary Mechanisation of Service Industries 49
Spatial Implications of Technological Change for
Activity in Rotorua 50
Organisational Structures of Capitalist Enterprises 52
Technology and Restructuring - Geographic Impacts at
an Enterprise level 54
Conclusion 56

4 THE INTERNATIONAL AND NATIONAL CONTEXT OF
ROTORUA'S RESTRUCTURING

Introduction 58
Historical Development of Dualistic Tendencies
in New Zealand's economy 59
International Changes since the 1970s 60
State action since 1984 63
Internationalisation of New Zealand Capital 65
Restructuring of Government Departments 68
Conclusion 73

5 RESTRUCTURING WITHIN ROTORUA'S PRIVATE MANUFACTURING
AND WHOLESALING SECTOR

Introduction 75
Rotorua's Industrial Structure in 1983 76
Changes within Rotorua's Food Processing Industries 81
Changes within Rotorua's Clothing Manufacturing 88
Changes within Rotorua's Timber Milling and Timber
Using Industries 98
Changes within Rotorua's Paper and Paper Products,
Printing and Publishing Industries 108
Changes within Rotorua's Fabricated Metal Products,
Machinery and Equipment Industries 109
Changes within Rotorua's "Other" Industries 116
Changes within Rotorua's Wholesaling Operations 117
Final Comments 121
## 6 Restructuring of Rotorua's State Services Sector

**Introduction**

Changing Employment within Government Departments in Rotorua

- Welfare, Health and Community Services
- Education
- Research and Development
- State Owned Enterprises
- Government Commercial
- Government Non-Commercial

**Conclusion**

Rotorua's State Sector's wider functional (National) links

- District Offices
- Regional Offices and Specialised Functions
- Towards Agency Status - Technology and Service Delivery changes
- Specialised National Processing Centres
- Contracting
- International links of Rotorua's State Sector Organisations

**Conclusions - Future Directions for the State Sector in Rotorua**

## 7 Rotorua's Internationalisation: Changing National - Local and Local - Global Links

**Introduction**

Globalisation or Internationalisation of Manufacturing

- Food Processing Activities
- Clothing Manufacturing
- Timber Activities
- Fabricated Metal Products, Machinery and Equipment
- Wholesaling

National and Global context of State Sector Organisations

**Integration and Part-processing and Cloning Structures**

**Conclusion**
8 WHAT DO WE DO NOW TOM? - TRYING TO MAKE THE RIGHT CONNECTION

Introduction 188
Policy Implications 189
Conclusion 195

9 APPENDICES
1. What's Wrong Tom? 196
2. Circuits of Capital 198
3. State Sector Business Statistics and Survey Data 200
4. Theme Questionnaire - Private Sector 204
5. Theme Questionnaire - State Sector 205
6. Pilot Questionnaire - State Sector 207
7. Pilot Questionnaire - Private Sector 214

10 BIBLIOGRAPHY 229
LIST OF FIGURES

1.1 Boundaries of Study Area - The Rotorua Urban Area 15
2.1 Capitalist World Order 24
3.1 The Flexible Firm 46
3.2 Spatial Structures of Enterprise 53
5.1 The Production/Consumption Structure for the Hall Manufacturing Range of Clothing Items for 1991 92
5.2 The Production/Consumption Structure for Eloise Range of Clothing 1991 95
6.1 Structure of Rotorua's State Sector Activity 129
6.2 Changing Functional Structure of Government Departments in NZ (late 1980s) 130
6.3A 1991 Boundaries of Government Commercial Activities Administered from Rotorua 156
6.3B 1991 Boundaries of Government Non-Commercial Activities Administered from Rotorua 158
6.3C 1991 Boundaries of Welfare, Health and Community Service Activities Administered from Rotorua 160
6.3D 1991 Boundaries of Educational Activities Administered from Rotorua 162
6.3E 1991 Boundaries of SOEs Administered from Rotorua 163
6.3F 1991 Boundaries of Research and Development Activities Administered from Rotorua 165
7.1 Global-Local Interactions 168
7.2 Organisational Adaption to Global Pressures 169
7.3 Impact of Globalisation on the New Zealand Clothing Industry 174
LIST OF TABLES

1.1 Gross Floorspace per Land Use category in the CBD 1982, 1989 and 1991 4
1.2 Vacant Industrial Buildings 1989 5
1.3 Statistical Description of the Rotorua economy 6
1.4 Changes within Manufacturing Activity in Rotorua 1987-1990 8
1.5 Comparison of Change - Rotorua and New Zealand Manufacturing Industries 9
4.1 Internationalisation of New Zealand’s Prime Movers 67
   A International Extent
   B Type of Assets Held
   C Turnover
5.1 Size of Firms per number of Employees 1983 76
5.2 Food Processing Activity Units and Employment 82
5.3 Food Products Manufactured in Rotorua 1991 85
5.4 Clothing Manufacturing Activity Units and Employment 89
5.5 Timber Milling and Timber Activity Units and Employment 99
5.6 Employment Change in Timber Milling and Timber Activity Units 100
5.7 Timber Products Manufactured in Rotorua 1991 106
5.8 Paper Products, Printing and Publishing Activity Units and Employment 108
5.9 Fabricated Metal Products, Machinery and Equipment Activity Units and Employment 110
5.10 Machinery and Equipment and Metal Products Manufactured in Rotorua 1991 115
5.11 Employment Changes in Wholesaling Activity Units 117
5.12 Employment Change in Wholesale Activity Units by Company 118
6.1 State Employment (including SOEs) in Activity Units Employing 10 or more persons per Major Industrial Division 1987 and 1991 124
6.2 Structure of Rotorua’s State Sector Activity 127
6.3 Employment Changes in Welfare, Health and Community Services 131
6.4 Employment Changes in Education Activities 132
6.5 Employment Changes in Research and Development Activities 133
6.6 Employment Changes in State Owned Enterprises 134
6.7 Employment Changes in Government Commercial Activities 137
6.8 Employment Changes in Government Non-Commercial Activities 138
    A State Sector Organisations Functioning in Rotorua as Sub-offices 145
    B Two Tier Structure 145
    C Three Tier Structure 146
ACKNOWLEDGEMENTS

I am indebted to many people for their assistance in a variety of ways, in the completion of this Thesis. In particular I wish to acknowledge the following:

John Flenley, Head of the Geography Department at Massey University for his support over the two years involved in writing this Thesis. The Massey University Graduate Research Fund is also thanked for providing funding to purchase appropriate Business Statistics Data for this study from the Department of Statistics.

Richard Le Heron for continued interest, suggestions, comments, criticisms and encouragement during the various drafts and final copy.

Daphne Wilford for the careful and meticulous typing and re-typing of four drafts and the final copy of this Thesis.

Ian Rogers and Roger Holmes for the preparation of various maps.

Britta Swears for the preparation of various figures.

My mother-in-law, Mrs A K Goodfellow who made available a quiet study retreat in her home from where a large portion of this thesis was written.

Encouragement and support for this project from the following Senior Staff of the Rotorua District Council: Alan Smith, previous District Planner; Bryan Hughes, Director of Environmental Services; and Hans van Kregten, Divisional Planner Policy.

The managers of the 80 enterprises and state sector services for their generous granting of interview time. Without their assistance the high degree of detail would not have been available.

I am grateful for the support and encouragement of my wife Kathryn, during the writing of the various drafts in 1991.
ABSTRACT

This thesis focuses on changes which have occurred in selected manufacturing, wholesale and state sector services within Rotorua since the mid 1980s, particularly between 1987 and 1990. The period between 1987 and 1990 witnessed considerable and far reaching restructuring of both private and state sector activity within both the Rotorua and New Zealand economy. The year 1987 is of significance for two reasons. Firstly, the state sector restructuring commenced in April and secondly, the stock market crashed in October. The fallout from these two events contribute in part to the ongoing character of the restructuring process in Rotorua and New Zealand.

This thesis emphasises that the current restructuring of activity rests on particular organisational and technological processes which are international in perspective and which alter the direct and indirect (often unrecognised) links activity in Rotorua has to the wider national and international economy. This thesis also argues that the current restructuring of activity comprising the Rotorua economy, through technological and organisational changes, are in fact the local response to a global phenomenon - the continuing internationalisation of production and consumption.