
The tobacco industry:

its deregulation, control, and Significance to New Zealand

The tobacco industry was a reliable and, prosperous industry for many growers in its time. However social and political attitudes shifted and resulted in the deregulation of the production industry, along with the control of the use of tobacco. This event results in significance for the tobacco growers, the Motueka district, and New Zealand society as a whole.

To draw conclusions and significance from the tobacco industry itself, first it is important to understand how this 'golden weed' grew into the multi-million-dollar crop that it became. Tobacco was first grown in New Zealand in 1839 by a group of Maoris in Rotorua¹. Then in the 1900s it became increasingly popular as interest was further sparked by sealers and whalers. The first commercial grower – Horatio Everett of Umukuri grew his first crop in 1888. Shortly followed by Charles E Lowe of Motueka in 1916, and then Cecil Nash of Brightwater in 1920². This sparked the interest of entrepreneurs like Gerhard Husheer and overseas tobacco companies as more and more successful crops were being grown in New Zealand. As a result the New Zealand tobacco company was formed by Gerhard Husheer³ in 1913, followed by the arrival of W.D. & H.O Wills (Wills) in 1919,⁴ and then the creation of the National tobacco company in 1921⁵. Despite this, the tobacco industry didn't truly evolve onto a commercial scale until the late 1920s⁶. By 1927 the first major commercial crop was purchased by W.D. & H.O Wills of 6000Kg from the Motueka district⁷. We can evidently see the dramatic increase in tobacco growers and the establishment of the industry as during the 1926-27 season there were a recorded 140 growers which increased exponentially to 314 growers in the following 1927-28 season. Then to an astounding 632 growers in the 1928-29 season⁸. By the 1930s, commercial growing of tobacco, up to 90%⁹ of it, was grown in the Motueka - Riwaka district, due to the favorable sunny and windless conditions. The dramatic increase in growers however, caused a surplus of domestic

¹ Stephens, J., 'Tobacco', *The Prow*, <http://www.theprow.org.nz/enterprise/tobacco/#.V4xy9pN96-V>

² McAloon, J., 'Hops, tobacco and hemp - Tobacco', *Te Ara - the Encyclopaedia of New Zealand*, <http://www.TeAra.govt.nz/en/hops-tobacco-and-hemp/page-2>,

³ Daniel-Smith, D., 'Nelson refinery and Tobacco', *The Prow*, <http://www.theprow.org.nz/arts/nelson-refinery-and-tobacco/#.V4xy-JN96-V>

⁴ O'shea, P., (1997), *The Golden Harvest - History of tobacco growing in New Zealand*, Hazard Press: Christchurch

⁵ *ibid.*

⁶ Munro, I., Taylor, S., Anderson, M., (1999), *Back then... Threads from Motueka's past*, Motueka High school: Motueka

⁷ *ibid.*

⁸) O'shea, P., (1997), *The Golden Harvest - History of tobacco growing in New Zealand*, Hazard Press: Christchurch

⁹ Stephens, J., 'Tobacco', *The Prow*, <http://www.theprow.org.nz/enterprise/tobacco/#.V4xy9pN96-V>

tobacco leaf being produced, which there was not enough demand for in New Zealand's relatively small market. In a move to stabilize the saturated market, the government created the 1935 Tobacco-Growing Industry act¹⁰ to regulate the industry's output. It did this by introducing licensing of tobacco growers, a guaranteed average price, and a regulation that

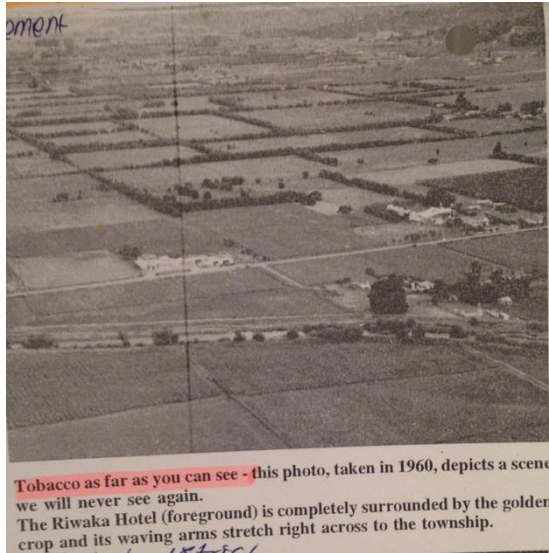


Figure 1 A picture showing just how dominating tobacco was throughout the Motueka district

all New Zealand leaf is to be used in domestic production by the tobacco companies.¹¹ The successful Motueka leaf sparked the interest of more overseas companies, and by the late 1950 – early 1960s, Rothmans of Pall Mall (Rothmans) entered the New Zealand market (There is debate over the entry time of Rothmans, some sources quote 1955¹², others 1956¹³, but also their move was cited to be during the 1960s¹⁴). The security of the regulated market and the lack of a monopoly due to the existence of two competing tobacco companies (Wills and Rothmans), created a stable industry that continued to prosper in the now exclusively Motueka district area. This resulted in a peak number in growers at 763 during the early 1960s¹⁵. The once humble, small tobacco farms, had now become a multi-million-dollar industry, comprising of hundreds of New Zealand growers. This whole new industry resulted in change for the Motueka area as the increase in growers required a massive number of seasonal workers. This influx in circulation of revenue boosted the region's economy and allowed for its expansion. Of which would have never been possible without the successful tobacco industry, a truly remarkable event for the small town.

¹⁰ McAloon, J., 'Hops, tobacco and hemp - Tobacco', Te Ara - the Encyclopaedia of New Zealand, <http://www.TeAra.govt.nz/en/hops-tobacco-and-hemp/page-2>

¹¹ 'The end of the golden leaf', (July 10, 1995), The Guardian p.10-20

¹² Smith, C., 'History of Rothmans Factory recounted', *Motueka Online*, <http://www.motuekaonline.org.nz/news/stories12/311012s2.html>

¹³ O'shea, P., (1997), *The Golden Harvest - History of tobacco growing in New Zealand*, Hazard Press: Christchurch

¹⁴ # Munro, I., Taylor, S., Anderson, M., (1999), *Back then... Threads from Motueka's past*, Motueka High school: Motueka

¹⁵ New Zealand Tobacco Industry Historic Trust, 'The end of the Golden Weed', New Zealand, Motueka

The discovery of the link between tobacco use and health issues sparked a change in social attitudes surrounding tobacco products. This left growers feeling unwanted as the values and attitudes towards the tobacco crops changed. Furthermore, the anti-social and negative health impacts from tobacco forced the government to remove its control over the industry, consequently putting an end to commercial tobacco production within New Zealand. As early as the 1950s, the United States of America and the United Kingdom began to research into identifying lung cancer as a consequence of smoking¹⁶. However, this did not result in any social changes until the surgeon general's report was released in 1964. This linked smoking to health problems such as heart disease, lung cancer (as well as many other types of cancer), along with respiratory illnesses and heart disease. Statistics were also released by health professionals to encourage public education. Statements such as "tobacco is the only legal product that kills half its users when it is used as the manufacturer intended"¹⁷ helped to increase public awareness. Tobacco became the leading cause of preventable deaths in New Zealand, accounting for 4,300 to 5,000 deaths annually¹⁸. The report along with all the other released statistics at the time educated the public on the negative externalities of consumption, which led to the significant change in social attitudes. When the link between smoking tobacco and ill health became evident, it was natural for the general population of New Zealand to change their social attitude towards the harmful substance. This shift in public view caused the government's position on tobacco to follow suit, henceforth a major contributing factor to the deregulation and subsequent end of the industry. Gerald Hunt, the last president of the Tobacco growers federation stated that "smoking is no longer a fashionable habit"¹⁹. However, this shift in social attitudes in relation to the consumption of tobacco, impacted upon many growers as it left the majority of them feeling like outcasts in their own society due to their "unfashionable" crops. This reveals to us much about the nature of trends within New Zealand. The once respectable and productive industry overtime had turned into one that the general population disagreed with, and wished to eradicate from New Zealand. These distinctive changes in beliefs are revealing to us about the development of our country, and how overtime New Zealanders and their values, as well as attitudes have evolved into what they now are today.

The event of the deregulation and end of the commercial tobacco industry in New Zealand was caused by changing social attitudes surrounding tobacco products. This forced the government to remove its control of the industry, and consequently putting an end to commercial tobacco production within New Zealand. An announcement was made in July of 1980²⁰ stating the new government position on tobacco, and their 5 year plan of deregulation. This plan included the end of enforcement of the domestic percentage regulation; abolished the quotas and licensing system; and the disassemble of the restrictions on imported tobacco and cigarettes. Throughout the industry's history since the

¹⁶ Unknown, 'The history of tobacco control in New Zealand', *The Smokefree Coalition*, <http://www.sfc.org.nz/infohistory.php>

¹⁷ Parliamentary counsel office, 'Smoke-Free Environments Act 1990', *New Zealand Legislation* <http://www.legislation.govt.nz/act/public/1990/0108/latest/DLM223191.html>

¹⁸ *ibid.*

¹⁹ 'The end of the golden leaf', (July 10, 1995), *The Guardian* p.10-20

²⁰ O'shea, P., (1997), *The Golden Harvest - History of tobacco growing in New Zealand*, Hazard Press: Christchurch

1960s, overproduction (that led to massive stockpiles) and how expensive New Zealand leaf is, has always been a problem for the tobacco manufacturers. Due to the government intervention, manufacturers had no choice but to accept these problems as it was a requirement for them to purchase all of the domestic crop. However, once the government deregulated the industry, the minimum domestic requirement and all of the protective tariffs were eradicated, leaving New Zealand tobacco open to free market prices and demand. This impacted hugely on the growers of New Zealand as the high prices of domestic leaf and its inferior quality to cheap overseas leaf, was significantly less appealing to the tobacco manufacturing companies. No regulations and laws were left to ensure the purchase of domestic leaf and finally in 1986²¹ Wills closed its packing plant. The tariffs on imported tobacco had now been reduced to below 12%²², low enough to make a larger profit off an imported crop than a domestic crop. Only one manufacturer remained, however Rothmans was soon to follow the exit on New Zealand tobacco. 1995 saw the withdrawal of Rothmans (again due to the uncompetitive pricing of New Zealand leaf) and the final season of commercial tobacco production in New Zealand. Rothmans' processing plant ceased its operation on the 30th of June 1995²³. This day was extremely significant to the people of the Motueka and New Zealand as it signified the end of an industry that had been providing work and income for New Zealanders for 70 years²⁴. The end of this industry is a result of government decontrol which led to an exit by all tobacco companies, due to their new found ability to run a more profitable business off imported rather than domestic tobacco. The change in government and social attitudes towards tobacco and the New Zealand industry, has affected New Zealanders significantly in both the long and short terms. The loss of livelihood and circulation of profit deeply impacted upon Motueka's growers and district as a whole; as well as resulting in change for the whole of New Zealand as the government proceeded with bringing in new laws and taxes to suit.

The end of the tobacco industry in New Zealand had a significant effect on both the livelihood and way of life of the tobacco growers. The Motueka area provides difficult farming land with its small plot sizes, harsh sunlight hours, and windless climate. Farmers struggled to find a crop other than tobacco that would be able to survive, and also make a profit from such small plots of land. All of the substituted crops such as hops, kiwifruit, and apples, required much larger plots than tobacco did, therefore, leaving farmers with plots that were too small to make a profitable conversion from. The government offered \$7000²⁵ per hectare worth of compensation for tobacco grower to make the conversions. However, this was not enough to cover the conversion, as unlike tobacco, these crops were not cash crops and many farmers fell into debt and struggled financially due to the lack of returns. Tom Turner, a local tobacco grower recounted how when him and his family made the conversion to kiwi fruit, they gained no returns from it for the first 4 years of production. In conjunction with this, a local grower exclaimed that "there will be hundreds of thousands of

²¹ O'shea, P., (1997), *The Golden Harvest - History of tobacco growing in New Zealand*, Hazard Press: Christchurch

²² *ibid.*

²³ 'The end of the golden leaf', (July 10, 1995), *The Guardian* p.10-20

²⁴ Munro, I., Taylor, S., Anderson, M., (1999), *Back then... Threads from Motueka's past*, Motueka High school: Motueka

²⁵ *ibid.*

dollars' worth of scrap metal about"²⁶. Kilns, sheds, and specific machinery for tobacco was not inexpensive, and all of these assets became redundant after the industry ended. 'Hundreds and thousands of dollars' is a significant amount of money and this further added to farmers concerns and expenses. Not only did the taxing conversion cost growers their livelihoods, but they also had to forfeit their way of life. Many farmers were second and third generation growers. Failure to make the conversion from tobacco meant that many plots of family owned land had to be forfeited. This significantly affected growers as these generational tobacco growers never knew any other means of living other than tobacco. Furthermore, the forfeit of family land impacted largely upon the emotions of these neglected farmers and their families. The tobacco industry provided a family orientated workspace where women were allowed to bring their children to the farms with them. It was also not uncommon to see a gang of kids working on the farm. Other industries however did not allow this and therefore many households lost sources of income as the women had to stay home looking after the kids from there. This had a deep effect on these families lives as this could have compromised their financial position and resulted financial hardship due to the loss of revenue. As Gerald Hunt, the last president of the New Zealand Tobacco Growers Association said "There is no clear replacement industry for the gap which has been created by the demise of tobacco"²⁷. This is a significant result of the end of the tobacco Industry as all of the hundreds of tobacco growers in the Motueka area had to undergo financial stress and uncertainty. Each grower's life was deeply affected at the time and since the event as many lost their land and their livelihood, whilst others continued to struggle for years after with unproductive crops. Not only was their livelihood effected but their whole way of life was completely altered in the process of conversion. The loss of family land is a traumatic and a devastating event. Whilst it became significantly harder for mothers to join the workforce without the family friendly policies that the tobacco industry had developed. Overall this resulted in significant amounts of financial devastation and hardship for many growers and their families.



Figure 2 An old warehouse on King Edwards street that used to store tobacco, now disused and a reminder of the once productive and powerful industry

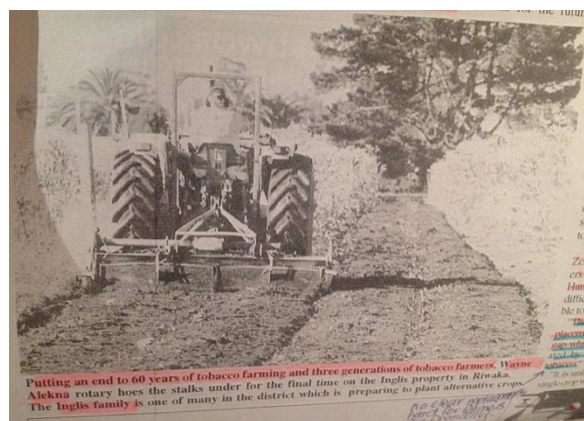


Figure3 Wayne Alekna, a third generation tobacco grower has to end 60 years of family tradition to plant new crops for the conversion.

²⁶) 'The end of the golden leaf', (July 10, 1995), The Guardian p.10-20

²⁷ *ibid.*



Figure 4 Two kids with their father out in the tobacco fields - One of the only child friendly occupations

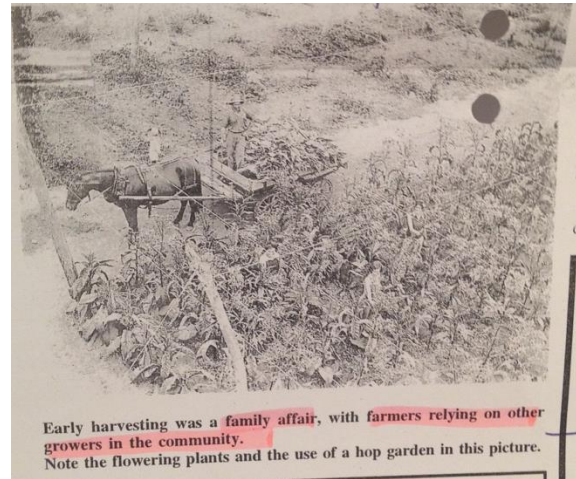


Figure 5 Tobacco was a supportive industry where it was very family orientated and growers had close personal relationships with other growers in the district

The Motueka area, its economy and its identity was significantly affected by the Tobacco industry and its unfortunate demise. Motueka was built on Tobacco, and without it and the 2,000²⁸ seasonal workers that flooded into the town each year, it would have just remained a through-town. However it instead became a town rich in community with harvest festivals, and in the 1960s, it became the busiest shopping center in the Nelson province²⁹. Shop keepers and service industries boomed in the tobacco season as all of the seasonal growers needed clothes, food, bank accounts, and other necessities alike. A shop keeper in the off season earned \$50 pounds a week, whereas during the harvest season this skyrocketed to \$700 pounds. We can obviously see the positive effects of the tobacco industry here, however after the end of the tobacco industry, there wasn't the same amount of seasonal workers venturing to Motueka. This resulted in devastation for the Motueka economy, and there were a recorded 17 vacant buildings³⁰ on the Motueka High-Street. Farmers also impacted upon the economic uncertainty of Motueka as many women used their secondary incomes to save up and purchase large household items, renovating their house, or building a new one – something that would have been done, and became entirely impossible without the added income from tobacco. Retailers and Growers were not the only ones affected financially by the loss of the tobacco industry. Wills itself had 800³¹ staff listed on its factory payroll. The loss of that many jobs does not come without a consequence to such a small area like Motueka. Along with tobacco, tobacco related

²⁸ Munro, I., Taylor, S., Anderson, M., (1999), *Back then... Threads from Motueka's past*, Motueka High school: Motueka

²⁹ 'The end of the golden leaf', (July 10, 1995), *The Guardian* p.10-20

³⁰ Visit to the Motueka Museum, the Tobacco exhibition created on 8th October 2013

³¹ Munro, I., Taylor, S., Anderson, M., (1999), *Back then... Threads from Motueka's past*, Motueka High school: Motueka

businesses like the supply of calico and plastic for the tobacco beds, chemical suppliers, and along with firms that build and serviced kilns and machinery were all put out of a job due to their reliance on the industry. Not only did the loss of the tobacco industry effect the economy of the area, it also however left behind a lasting legacy. Constant reminders of the occurrence of the industry can be seen throughout the area. One of the first and largest legacies is the Clock tower, built by Rothmans. Its size and position makes it one of the first things you see as you travel into Motueka. This sheds light on how immersed in the community the companies were and the profound effect and influence they had over most the population of Motueka. Also scattered around the area are heritage plots of tobacco, of which are legal as they are for personal use only. A blog called 'The Humidor' reported how the heritage plots were "A reminder of the once prosperous past where tobacco growing brought in millions of dollar for the people in the area"³². Along with the heritage growing, the Motueka museum have created a permanent exhibition in tribute to the tobacco growing industry in New Zealand and Motueka. The clock tower, heritage growing, and the museum exhibition all show us how Motueka does not want to forget the tobacco industry. The tobacco industry was an integral part of Motueka's culture and community life for 70 years. This is a very long period of time and through its time it has significantly affected the whole region's economic situation and community, by creating an influx of seasonal workers that spend their wages back within the community. This is significant to Motueka because they have never been able to re-create the success of the tobacco industry using another crop. The significance of the industry to Motueka as part of its identity is evident as its influence is still evident and remembered to this day. The tobacco industry has had an astounding impact on the economy of the Motueka area, as the loss of it resulted in numerous flow on effects that resulted in financial consequences for retail, service industries, growers, workers at the factory plants, and the supplementary businesses that appeared alongside tobacco. The significant decrease in circulation of money resulted in change for the town and it affected all of the members of the Motueka community, making it an extremely important event to them at the time and thereafter.



Figure 5 Rothmans clock tower - a very prominent and obvious reminder of the history of the tobacco

Figure 6 The tobacco industry created supporting businesses as growers needed to source calico and Seedling beds (like above) in order to produce tobacco. When the tobacco industry fell, so did these little businesses.

³²) Oviden, G., 'Legendary tobacco farms of Motueka', *The Humidor Report*, <http://www.blog.thehumidor.co/#!/Legendary-tobacco-farms-of-Motueka/c1tye/5521d0570cf215f35a410785> date accessed 22/6/16

Although the tobacco growing was solely confined to the Motueka district, the mounting evidence of negative effects of tobacco consumption caused significant changes within government policy and the governments goals. This has impacted upon New Zealand ever since. The 1990 Smoke-Free Environments Act (SFE)³³ actioned in August was the first piece of legal legislation that has been implemented by the New Zealand government in direct response to the health effects of tobacco. It was updated later in 1997³⁴ to include a ban on all tobacco sales to individuals under 18 years of age, a ban of cigarettes in less than packs of 20, a ban on incentives to retailers in return for promotion on their product, and lastly to reduce the size of advertising in shops. The SFE requires that there is to be no smoking in licensed premises, workplaces, schools, on public transport, and in certain public places. They implemented this smoke-free indoors in order to reduce the effects of second hand smoke. Second hand smoke is a very real public hazard, it causes lung cancer & heart disease in adults, as well as bronchitis, cor-death, glue ear, and causes asthma in children³⁵. Also under the SFE act is the Tobacco Plain Packaging Amendment Bill³⁶. This bill requires packets of cigarettes to have graphic pictorial health warnings on them. These images on the packaging like lungs filled with tar or rotten teeth were put in place to discourage use of this product as well as to educate the users on tobaccos detrimental health effects. As well as the SFE act, the government has also implemented a goal of a 2025 smoke free New Zealand. After the Maori select committee in 2010 released their report on tobacco consumption in 2010, the government announced its new goal. The smoke-free 2025 goals is going to be accomplished by “Protecting children from exposure to tobacco marketing and promotion; reducing the supply of, and demand for tobacco; and lastly, providing the best possible support for quitting.”³⁷. The 2025 smoke-free goal and the SFE of New Zealand is significant in relation to the tobacco industry and its end. This is as it is revealing to aspects of the past and societies past values. These shifts in views resulted in change for the tobacco industry and henceforth the governments control of tobacco consumption. The SFE act also has a significant impact on New Zealand as this act resulted in change for smokers, non-smokers, and potential smokers. This piece of legislation is important to New Zealand as the smoke-free indoors give non-smokers a safe and healthy environment that they can live, study, and work in. This was something that was not available to them before. The plain

³³ Unknown, 'Legislation', *Smokefree*, <http://smokefree.org.nz/smokefree-environments/legislation> date accessed 12/7/16

³⁴ Unknown, 'The history of tobacco control in New Zealand', *The Smokefree Coalition*, <http://www.sfc.org.nz/infohistory.php>

³⁵ Bates, C., & Rowell, A., 'Tobacco explained - The truth about the tobacco industry... in its own words', *World No Tobacco Day*, <http://www.who.int/tobacco/media/en/TobaccoExplained.pdf>

³⁶ Lotu-Liga, P., 'Smoke-Free Environments (tobacco plain packaging Amendment Bill', *New Zealand Parliament*, https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/OODBHOH_BILL12969_1/smoke-free-environments-tobacco-plain-packaging-amendment date accessed 30/6/16

³⁷ Parliamentary counsel office, 'Smoke-Free Environments Act 1990', *New Zealand Legislation* <http://www.legislation.govt.nz/act/public/1990/0108/latest/DLM223191.html> date accessed 12/7/16

packaging bill is also significant to smokers and prospectus smokers. This is as the pictures will help to educate them on the health effects and stop or reduce their demand for tobacco products. The SFE and the 2025 smoke-free goal are very significant as it has a huge impact on New Zealand's general health and future development of social and political values.

The deregulation and control of the tobacco industry in New Zealand is an extremely significant event in New Zealand's history. The end of the tobacco industry was of great importance to the tobacco growers and the wider Motueka community. Growers lost their livelihood and their way of life which affected them deeply at the time. Furthermore, tobacco could not be replaced by any other industry which made the loss even more significant. Hundreds of growers were affected by the end of the industry as well as the rest of the wider Motueka community. This is due to the loss in revenue from the growers & in conjunction with the loss of the spending power of the seasonal workers who funded Motueka's expansion, resulting in an unstable economy. Motueka was built on tobacco and the industry is still remembered today through the museum, kilns scattered around the district, along with historic plantations and the Clock tower. It is evident that Motueka will always remember the tobacco industry due to its importance in expanding the town. Both the shift in social & political attitudes along with the new government implementations, in comparison to the start of the tobacco industry, reveals a lot about this significant development within society. From promoting and helping the industry grow, to decontrolling it and creating Acts and Bills to now oppose the very same industry. It gives good insight into trends within New Zealand and the changing winds of social and political acceptance. The deregulation and control of the tobacco industry in New Zealand is an extremely significant event due to its importance; how deeply and widely spread its effects were on the growers, the government, and Motueka; and how it resulted one of the most comprehensive tobacco control legislations in the world.