

OTAGO STEAM SHIP COMPANY LIMITED

by I. J. FARQUHAR

The advent of Trans-Tasman steamer services in the early 1860's provided Otago merchants with something of a regular shipping service. While the steamers were more reliable than the sailing ships, many local merchants felt they were not being fairly treated by the steamer concerns—dominated as they were at the time by Australian owned companies.

Flushed with the growing prosperity following the gold discoveries they considered Otago, which was then supporting the bulk of the trade to Australia, deserved to be a terminal port for the mail contract steamers, and felt that the time was ripe to establish their own steamship company. A line based on Port Chalmers would be of material advantage in fostering trade to and from the port. Shipowning could be profitable too and the Wellington based coastal company—The New Zealand Steam Navigation Co.—had just announced a net profit of £1,530 for three months with only two steamers. Across the Tasman, the Tasmanian Steam Navigation Company of Hobart had recently ordered two new steamers to be paid for entirely out of profits.

The scheme became reality in May, 1863, when the Otago Steam Ship Company Ltd. was registered in Dunedin.

At the time, the venture was the most ambitious commercial enterprise yet attempted in Otago. With the nominal capital of £105,000, John Jones headed the list of initial shareholders with an investment of £5,000. John Cargill, W. H. Reynolds, A. W. Morris and J. A. Douglas were amongst the other principal members of the business community who became shareholders.

Even so, the local support was not enough and to raise the balance of the finance needed, Cargill and Company, the local promoters, enlisted the aid of their Glasgow associates—P. Henderson and Company. Henderson's Albion Line was then the principal sailing ship concern associated with Otago and operated most of the United Kingdom sailings to and from the port. Cargill's reasoned that an investment in their company would help Henderson's own business, as the Otago vessels would channel more produce through Port Chalmers from other coastal ports for shipment overseas in Albion clippers.

The idea was sold and some £26,500 was provided by Scottish investors, mainly partners or associates of P. Henderson and Co. Locally a total of £30,500 was initially subscribed. Mr. E. B. Cargill was elected Chairman with W. H. Reynolds his deputy.

Orders for two first class steamers had been sent to Scotland in May, 1863, and the first of the new vessels arrived at Port Chalmers on March 11, 1864, known merely as "94"—her builders number. At a special function on board at Port Chalmers she was formally christened SCOTIA. The choice of name would seem to have been the privilege of the largest shareholder—John Jones. SCOTIA was the name of one of his first trading schooners which during the early 1850's was possibly Otago's principal contact with Australia. At the same function, shareholders were taken on a short passage outside the Heads and following lunch toasts to the success of the new line were proposed.

The local newspapers were full of praise for SCOTIA. Built by the well-known shipyard of Wm. Denny and Bros. at Dumbarton she was 872 tons gross-209 feet long ; she had accommodation for 306 passengers and could carry about 900 tons of cargo as well. She was able to steam at 10 to 12 knots and her three masts had a fair spread of canvas when the occasion demanded. The Company Motto : "Nulli Secundu" (second to none) seemed aptly chosen !

The prospects looked rosy and SCOTIA left Port Chalmers for Melbourne on March 24, 1864. On her return she made a coastal voyage to Lyttelton, Wellington and Picton before returning to Port Chalmers. The second steamer—ALBION—arrived at Port Chalmers on May 13, 1864. Her name was significant as well, in view of the Albion Company's financial interest in the Otago concern. Slightly smaller than SCOTIA and with two funnels she had attained a speed of 15 knots on trials. She had been built by Scotts of Greenock and had made the run out in 86 days. Of 668 tons gross ALBION was built for £26,500 plus another £6,000 for delivery expenses. She had to carry over 900 tons of coal on the outward passage and this item alone indicates the high delivery cost of British built ships to New Zealand at, that time. There was no room for outward cargo and even then much of the

passage was done under sail.

It was proposed to run SCOTIA via Foveaux Strait and ALBION via Cook Strait with each vessel returning from Melbourne by the opposite route. With the two ships on regular running, the coastal paddle steamer CHARLES EDWARD on passage from the Clyde to New Zealand and a harbour steamer being built on the Dunedin foreshore, the stage was set for the shareholders to reap some of the benefit of their enterprise.

This was not to be. Returning to Port Chalmers on her second passage from Melbourne the SCOTIA drove on the rocks at Stirling Point, Bluff, at full speed at 11.30 p.m. on June 2, 1864. Valued at £34,000 she was shortly afterwards abandoned by the Company as a total loss. Fortunately no lives were lost. The Master, Captain Gay, had never been to Bluff before but the Inquiry showed that he had been negligent in not approaching the port more slowly and should have signalled for a pilot much sooner than he did. A month later the wreck was sold for £290 to a syndicate who hoped to raise the ship by using canvas bags inflated with air. She never shifted, and by September had completely broken up.

The loss of the SCOTIA was a blow from which the Company never really recovered. Although insured they had to stand some of the loss themselves and in order to carry on with ALBION they immediately advertised CHARLES EDWARD for sale. She was sold to a Melbourne company a few weeks after her arrival there.

The small harbour steamer which had been brought out in sections from Scotland and assembled on the harbourside at Dunedin was launched by Mrs. E. B. Cargill on July 5. Christened BRUCE (after Captain James Bruce—a former whaling master in the employ of John Jones) she was the largest vessel to be constructed in Otago. She was 131 feet long, drew only 3 feet 3 inches of water, and her paddles were propelled by a 45 horsepower engine. On August 3, following trials, she too was sold—the Harbour Steam syndicate headed by John Jones taking her over for £6,500. Two lighters—TRUSTY and FAITHFUL—built on reclaimed land at Dunedin and intended to work between Dunedin and Port Chalmers for the Company were also sold to a group of Port Chalmers lightermen.

Instead of having six vessels, the Otago Steam Ship Company was left only with ALBION. She was then running from Port Chalmers to Melbourne via Bluff, returning via Hokitika, Nelson, Wellington and Lyttelton but in order to carry out the terms of the mail contract which the Otago company had won by undercutting their principal competitors—McMeckan, Blackwood and Company of Melbourne—another steamer was necessary. The 985 ton HERO owned by Bright Bros. and Company of Melbourne was obtained and the two ships ran alternately via Cook or Foveaux Straits. Both vessels ran for their respective owners' account and as a result the local line only received half the mail contract monies.

The HERO, in September 1865, was replaced by the SOUTH AUSTRALIAN and this 633 ton steamer ran until September 1866 when ALBION was left to carry on alone. Then another event occurred which was the proverbial straw that broke the camel's back. The SOUTH AUSTRALIAN was sold to McMeckan, Blackwood and Company. On her first trip across the Tasman under her new owners she was wrecked near Coal Point, 11 miles north of the Clutha River on April 2, 1867. Due to mismanagement on the part of the Otago Company and Samuel White, her former owner, the insurance cover on the ship had not been formally transferred to the new owners. As a result the Otago Company became involved in claims and cross suits relating to her loss and the costly legal proceedings became subsequently more involved on the death of White.

At a meeting of shareholders in Dunedin on April 27, 1867 it was resolved to lay up the ALBION and she was taken out of service the following day. She had, to that date, performed 30 round voyages across the Tasman, mainly carrying passengers, gold and wool. On several trips she took Oamaru stone for the Melbourne building market. In order to secure back loadings from New Zealand, the Company had also carried wool for England with transshipment at Melbourne on a through rate of freight comparable to the direct rate from New Zealand. ALBION had proved a successful ship and at times was running at 144 knots—some of her Port Chalmers to Melbourne passages with the call at Bluff included were done in 51 days.

She lay at Port Chalmers for several months and was then advertised for sale by auction. The buying potential in Dunedin for a ship of her size was logically very limited and the only bid of £10,000 came from Cargills and McLean—the former Managers of the Company who didn't want to see the ship go for a "song" and purchased her as a

speculation. They sold her several months later and between 1871 and 1889 under various owners she again became a frequent visitor to Otago.

Once ALBION had been sold there was little left for the Company but to go into liquidation and this was agreed to at a meeting on November 18, 1867. It was not until August, 1872 that affairs were finally wound up. The bright prospects for the success of the Line had long since faded and in the final analysis shareholders received back only a little over 10d for every invested.

A run of bad luck, coupled with lack of attention to detail in the management were the main reasons for the failure of the line. The entire venture nearly proved the downfall of Cargill and Company. At the instigation of their principal creditors, the former Manager of the Bank of New Zealand joined the Company. This young man was George McLean (later to become Sir George) and under his guiding influence the firm once more prospered.

Many of the early steam companies formed in Australia and New Zealand encountered a similar fate. Locally the Southern Steam Navigation Company formed in Dunedin in 1865 was in liquidation within three years of its incorporation, and the Peninsula Steam Boat Co. Ltd. promoted in 1863, lasted a little over a year.

However, the failure of the Otago Company and other concerns did not daunt such men as E. B. Cargill, A. W. Morris, and Geo. McLean. Along with James Mills they issued a prospectus in 1873 for a Union Steam Ship Company of N.Z. Limited. They too failed to get sufficient local support and once again turned to Scottish associates, and in July 1875, the Company was actually formed. Peter Denny of Dumbarton, Scotland, who had lost £3,000 in the Otago Steam Ship Company a few years before certainly had faith in Otago enterprise and was the principal overseas shareholder in the Union Line—putting up more than a quarter of the starting capital. This time with more "know how", experience and infinitely better luck, the Union Steam Ship Company with initial Capital of £83,500 had within a few years become the largest maritime concern in the Southern hemisphere. In over ninety years it has owned nearly 300 ships and for most of this time has been the largest employer of labour outside Government.

Given a better start, the Otago Steam Ship Company might have done just as well.

VESSELS BUILT FOR OTAGO STEAM SHIP COMPANY LIMITED

- S.S. SCOTIA. 872 gross tons. Built 1863 by Wm. Denny & Bros., Dumbarton.
Wrecked on Stirling Point, Bluff, 2/6/1864.
- S.S. ALBION. 668 gross tons. Built 1863 by Scott and Co., Greenock. Sold Cargills and McLean, Dunedin, 1867-68.
Sold A. McKinnon and C. J. Hoyt, Dunedin, 1868. C. J. Hoyt sole owner, 1868-1871.
Sold McMeckan, Blackwood and Co., Melbourne, 1871-78. Sold Union Steam Ship Co. of N.Z. Ltd., Dunedin, 1878-1883.
Sold J. C. Ellis and J. E. Mitchell, Sydney, 1883-87. Auctioned at Sydney to Captain T. R. Brown, Sydney, 1887, but later repossessed by J. C. Ellis, 1888.
Renamed CENTENNIAL, 1889 (Ellis Line). Foundered following collision with collier KANAHOOKA, inside Sydney Harbour heads, 23/8/1889.
- P.S. CHARLES EDWARD. 141 gross tons. Built 1864 by Arch. Denny, Dumbarton.
Sold Gippsland Lakes Nay. Co. Ltd., Melbourne, 1864. Transferred to Gippsland Steam Nay. Co. Ltd., Melbourne, 1865-68.
Sold N. Edwards & Co., Nelson, 1868-1880, Anchor Steam Shipping Co., Nelson 1880-1901, Anchor Shipping and Foundry Co. Ltd., Nelson 1901-1908. Stranded on Wanganui River Bar 15/12/1908 and became total loss. Wreck sold for salvage but eventually demolished by explosives.
- P.S. BRUCE. 97 gross tons. Built 1863 by Scott and Co. Greenock in sections, and assembled at Dunedin by Kincaid and McQueen.
Sold to Syndicate 1864 headed by John Jones and managed by F. Greer, Dunedin. (In 1867 the syndicate took the title Harbour Steam Company).
Sold to Geo. Harper and E. P. Houghton, Dunedin 1869.
Wrecked at Greymouth 1/7/1869 while outward bound to Westport.
- Sch. TRUSTY. 59 gross tons. Built 1864 by D. Thomson, Dunedin.
An iron lighter employed at Port Chalmers 1864-72, Lyttelton 1872-77, Port Chalmers 1877-1886, Napier 1886-1914.
Wrecked on Westshore Beach, Napier 2/12/1914.
- Sch. FAITHFUL. 59 gross tons. Built 1864 by D. Thomson, Dunedin.
An iron lighter employed at Port Chalmers 1864-74, Lyttelton 1874-77, Port Chalmers 1877—until broken up at Port Chalmers about 1900.