

From "Provincial Pride" No 7, August 1961

OTAGO 1861 - 1961

Extracts from a guest editorial, by W. P. MORRELL, D.Phil. (Oxon.), M.A., professor of history at the University of Otago, printed in the "Otago Daily Times."

December 31, 1960.

On New Year's Eve, 1860, the most memorable year in the history of the province of Otago was about to dawn. The province could look back on twelve years of chequered fortune—a slow start, then undeniable progress, but finally a sudden and alarming crisis. The slow spread of pioneer settlers over the drier parts of the Taieri Plain, the Tokomairiro and the lower valley of the Clutha had been followed from about 1854 by an influx of pastoralists from the north and from Australia, especially at first to the open plains of Southland. The new provincial land regulations of 1856, followed by the appointment of John Turnbull Thomson, as Chief Surveyor, marked the starting point of a rapid and more systematic advance. This "austere, stand-off man" was one of the most efficient servants the province ever had. He and his assistants made a reconnaissance survey of the southern districts in the summer of 1857 and in the following summer a similar survey of the practically unknown interior and of the north. These surveys prepared the province for the pastoral occupation and by the summer of 1859-60 there was little available land that had not been taken up for sheep runs. The provincial land revenue in 1859 was £71,500, the largest in the colony ; sheep had increased from 220,000 to 380,000 in a single year. Over the last two or three years some two thousand assisted immigrants, chiefly from Scotland, had been introduced by the Provincial Government. The resignation, towards the end of 1859, of Captain Cargill, co-founder of the province and its first Superintendent, was the end of an era. Who could better typify the spirit of the future than his successor, the genial, open-handed, enterprising James Macandrew, whose head was buzzing with schemes of trunk roads and trunk railways, loans for immigration and subsidised steam communication with Melbourne and even with Panama?

This was a false dawn. When Macandrew met his Provincial Council at the close of his first year of office, he announced his approaching retirement to devote attention to his private affairs. His embarrassments were a severe blow to the credit of the province.

In April, 1861, Southland set up for itself as a separate province, as it was entitled to do under the New Provinces Act of 1858. Otago badly needed a tonic of some sort to regain its self-confidence, and Providence was kind. A reward of £500 offered by the Provincial Council in 1857 for the discovery of a payable goldfield had been more than once claimed unsuccessfully ; but on June 4, 1861, Gabriel Read returned from a prospecting trip to tell the new Superintendent, Major Richardson, that he had panned out seven ounces in ten hours' work. After digging down two feet and a-half in the gully ever since known by his name, he "arrived at a beautiful soft slate and saw the gold shining like the stars in Orion on a dark frosty night."

After some preliminary hesitation, the male population of Dunedin decided to set out for the diggings and seek its fortune. Some of the country settlers took up a claim with their men in the slack season and returned at harvest-time.

When the news reached Melbourne thousands of Victorian miners joined in the rush. By the end of October, when the rush began to subside, the province had received an accession of thirteen thousand souls, doubling its population. Some returned to Victoria disappointed; but in the depth of winter in 1862—a severe winter when tent life tried the hardest spirits—there were still seven thousand on the Tuapeka fields. Then in mid-August another sensational find became known. Horatio Hartley and Christopher Reilly, two miners who had learned on the California goldfields how to work riverbed claims, had been working all winter in the bed of the Clutha at the foot of the Dunstan mountains, fobbing off the neighbouring run-holder, William Fraser, with the story that they were "just making tucker." When they made their way to Dunedin to secure their claim as discoverers, they brought with them 87 pounds weight of gold—worth at present prices over £13,000. Dunedin was in a fever of excitement and so were the Tuapeka diggings : five thousand left for the Dunstan in a week. When a rise in the river drove them off their claims, they prospected neighbouring gullies, often with success. In November William Fox, a sailor, who had come down to the Dunstan for supplies, was tracked

down by the smoke of his camp fires, to the gorge of the Arrow, where some thirty men were found to be making good money. In the same month Thomas Arthur and his mate found rich gold at Arthur's Point on the Shotover. A new rush, of course, set in. Nine thousand more miners had arrived from Victoria in October, and a further fifteen thousand, chiefly from the same quarter, arrived in the first six months of 1863. The first two seasons of the Otago goldfields had produced nearly a million ounces, worth at present values over £12,500,000. The third season yielded nearly another half-million ounces and there were further discoveries—at Naseby underneath Mount Ida, at Hamilton's, eighteen miles south, at St. Bathans and Blackstone Hill ; but the rush had passed its peak. In 1864 seven thousand people left Otago in three months, chiefly for Wakamarina in Marlborough, which turned out disappointingly. The rich discoveries on the West Coast caused a further exodus in 1865.

The Otago gold rush fills a large place in its history, though it lasted only three years and the ebb of the tide was a time of reaction and retrenchment. This soon passed and the fillip the gold rush had given to the province was felt for a generation. The more provident of the successful gold miners generally stayed in Otago. Sometimes they settled down on small holdings near their claims to grow fruit or run a few sheep. More often perhaps—"still nursing the unconquerable hope"—they invested their gains in quartz claims or sluicing claims. Central Otago, in spite of its dry climate, was well supplied with creeks, and many thousands of pounds were invested in the water races which tapped them and which still score the sides of the mountains. "Goldfields water-works"—races and dams—appear as an item in all the early Public Works Statements. Blue Spur and St. Bathans were still in their heyday. The reefs needed stamp batteries for crushing the ore ; and the making of these and of other mining equipment was a continuing stimulus to Dunedin's engineering industry. The first use of hydro-electric power in Otago, and probably in New Zealand, was to drive a battery at a Skippers quartz reef.

Industry in Otago, in the shape of sawmills, flourmills, tanneries, brickyards and the like—all on a small scale—had begun before the goldrush. But Otago's industrial development rests on a foundation of gold. Much of the gold won in the rush stuck to the fingers of Dunedin merchants, storekeepers, contractors and professional men. It provided, much more rapidly than could have been expected, the "primitive accumulation" of capital needed to set industry on its feet. We can still see around us the stone buildings of the seventies, bespeaking their confidence in the future. It was no doubt profits from harbour shipping that enabled James Mills and his co-directors to launch in 1875 the Union Steam Ship Company, which soon acquired a dominant position in the intercolonial as well as the New Zealand coastal trade. The Bank of Otago (later merged in the National Bank) was not a local enterprise, but the ill-omened Colonial Bank, founded in 1874, had its head office in Dunedin. The gold also provided the revenue which enabled the Provincial Council to offer a bonus for the first woollen mill in Otago, won in 1871 by A. J. Burns, son of Dr. Thomas Burns, when he opened the Mosgiel Woollen Mills. The Otago Boys' and Girls' High Schools and the University of Otago—the two latter the first of their kind in New Zealand—owe their origin to provincial encouragement and show that the optimism of the gold era was tinged with idealism. Dunedin could pride itself for a generation on being the commercial, industrial, financial and educational capital of New Zealand.

All was not well, however, with the land. It was not without reason that Otago members took a leading part in debates on land policy both before and after the abolition of the province's Provincial Council in 1876. There were many complaints of land monopoly. Some of the charges were true, but aggregation had its compensations. It was the largest land company in New Zealand, the New Zealand and Australian Land Company, which pioneered both the shipment of frozen meat, from its estate at Totara, and the export of cheese, from its factory at Edendale. It was the runholders with large holdings and no capital to develop them when prices collapsed in the late seventies who were the real source of the trouble. The great North Otago farms indeed, most of them freehold, in the seventies and early eighties raised their share of the largest wheat crops ever harvested in New Zealand—though the heavy cropping of these virgin lands often exhausted the soil. But the sheep farmers of Central Otago were fighting a losing battle, except on the higher slopes, with the rabbits which had spread over their lands like a plague. With the land locked up

and losing its carrying capacity, no wonder that there was a cry for land reform or that the North Island land, with its virgin soils and the prospects refrigeration opened up, drew many away from the South.

Land reform came in the nineties and the North Otago estates were subdivided one by one. But the true position of the province was not realised, for eyes were dazzled by the dredging boom. Ever since the Dunstan rush, inventive minds had been engaged on the problem of getting the gold from the river bottoms. Steam-driven bucket dredges, with elevators to clear away the tailings, were the answer ; and this Otago invention was used as far afield as the Klondike and Siberia. These dredges made handsome profits not only from the river bottoms but from alluvial flats at Waipori, Waikaia, Macraes and elsewhere. By 1900 there were a hundred and eighty-seven at work in Otago. The yield was about 200,000 ounces of gold annually. There was feverish speculation on the Dunedin Stock Exchange. But after 1901 the trend was downward. With its gold output declining and the sheep population of its inland counties decreasing, Otago was falling behind. In 1901 Greater Dunedin, with 52,000 inhabitants, still held its own with Christchurch (57,000) and Wellington (49,000), if not with Auckland (67,000). By 1911 it was clearly fourth in the race. As against its 67,000 Auckland had nearly 116,000, Christchurch 87,000, Wellington (thanks to the Welfare State bureaucracy) nearly 83,000.

The inter-war years were not very prosperous for New Zealand generally, and certainly not for Otago. But since the Second World War Otago has again been moving forward and at an accelerating pace. On the land, in particular, deterioration has at last given place to improvement. Over some initial opposition, rabbit control has been seriously taken in hand. Rabbits were the prime cause of overgrazing and hence of erosion. Their disappearance has transformed country which was overgrown with California thistle, if not with scabweed and other desert plants. The only disadvantages so far apparent is the spread in the gullies of sweetbriar, which the rabbit used to eat and which is a perfect trap for the woolly sheep. But some effective spray or insect will surely be found by the scientists. Next in importance to rabbit control is aerial topdressing, which has made it possible to improve pastures which could never be brought under the plough. Its scale and speed are such that, though expensive, it may also be worthwhile on some cultivable land. Bulk spreading of lime is another labour-saving technique developed since the war. Molybdenum and clover inoculation have made good clover, and hence good pasture possible in many areas hitherto considered marginal. The services of Invermay as an experimental farm demonstrating improved techniques in farming Poor hill pastures, must not be overlooked. This more intensive exploitation of the land has by no means reached its limit. Irrigation, in particular, could be tackled on a much bigger scale. But the whole process here described augurs well for the future of Otago.

On the industrial side progress has not been so marked, but one has only to look at the commercial and industrial building now going on in Dunedin to see that the city is on the move. Rating on unimproved values, though it may have caused hardship to some, has undoubtedly promoted the replacement of obsolescent house properties by factories and warehouses. There is no reason why new industries should not appear in Otago, especially if transport is not an important element in total costs. The promised aluminium industry in Southland cannot fail to stimulate subsidiary industries in Dunedin.

Otago, in short, should be able in the centennial year of its gold rush, to face the future with well-grounded confidence. But a warning note is not perhaps out of place. Excessive land values have been the curse of New Zealand in the past. We cannot buy the future on hire purchase. Let us eat, drink and be merry when we have realised our prospects and not before.