

1920.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

HOUSE OF REPRESENTATIVES.

SELECT COMMITTEE

ON

AUSTRALIAN OVERSEAS AND
INTER-STATE SEA CARRIAGE.

FINAL REPORT

(Dated 29th October, 1920),

TOGETHER WITH

MINUTES OF PROCEEDINGS OF THE COMMITTEE.

Ordered by the House to be printed, 29th October, 1920.

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EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE HOUSE OF REPRESENTATIVES.

THURSDAY, 15TH APRIL, 1920.

2. SEA CARRIAGE—SELECT COMMITTEE.—The Order of the Day having been read for the resumption of the debate on the following motion of Mr. McWilliams :—That a Select Committee, consisting of seven Members of this House, be appointed to inquire into and report upon the conditions of the Australian Overseas and Inter-State Sea Carriage—*et* Mr. Corser moved, as an amendment, That all the words after the word “ upon ” be omitted, with a view to the insertion of the following words in place thereof :—

- “ (1) The organization and control of Inter-State shipping ;
(2) Oversea shipping in relation to Australian products for oversea markets and imports generally ;
(3) Methods to improve mail cargo and passenger service with oversea countries.”

Amendment agreed to, after debate.

Motion, as amended, agreed to.

Sir Joseph Cook moved, That the following Members constitute the Select Committee : Mr. Atkinson, Mr. Burchell, Mr. Corser, Mr. R. W. Foster, Mr. Mahony, Mr. Watkins, and the Mover of the original motion (Mr. McWilliams) : three to form a quorum.

Debate ensued.

Question—put and passed.

Sir Joseph Cook moved, That the Committee have power to send for persons, papers, and records, and have leave to adjourn from place to place, and do report this day three months.

Question—put and passed.

THURSDAY, 13TH MAY, 1920.

4. SEA CARRIAGE—SELECT COMMITTEE—INTERIM REPORT.—Mr. McWilliams, Chairman, brought up an Interim Report from the Select Committee appointed to inquire into and report upon Australian Overseas and Inter-State Sea Carriage. Ordered to lie on the Table, and to be printed.

WEDNESDAY, 14TH JULY, 1920.

2. SEA CARRIAGE—EXTENSION OF TIME FOR REPORT OF SELECT COMMITTEE.—Mr. Hughes, by leave, moved, That the time for bringing up the Report of the Select Committee on Sea Carriage be extended to 15th October next.
Question—put and passed.

THURSDAY, 19TH AUGUST, 1920.

2. SEA CARRIAGE—SELECT COMMITTEE.—Sir Joseph Cook moved, by leave, That the Select Committee on Sea Carriage have leave to sit during the sittings of the House.
Question—put and passed.

19TH AND 20TH AUGUST, 1920.

7. SEA CARRIAGE—SELECT COMMITTEE—SECOND INTERIM REPORT.—Mr. R. W. Foster, for the Chairman, brought up the Second Interim Report from the Select Committee appointed to inquire into and report upon Australian Overseas and Inter-State Sea Carriage.
Ordered to lie on the Table, and to be printed.

FRIDAY, 1ST OCTOBER, 1920.

8. SEA CARRIAGE—SELECT COMMITTEE—THIRD INTERIM REPORT.—Mr. R. W. Foster, for the Chairman, brought up the Third Interim Report from the Select Committee appointed to inquire into and report upon Australian Overseas and Inter-State Sea Carriage.
Ordered to lie on the Table, and to be printed.

THURSDAY, 14TH OCTOBER, 1920.

2. SEA CARRIAGE—EXTENSION OF TIME FOR REPORT OF SELECT COMMITTEE.—Mr. McWilliams moved, by leave, That the time for bringing up the Report of the Select Committee on Sea Carriage be extended to 30th instant.
Question—put and passed.

FRIDAY, 20TH OCTOBER, 1920.

8. SEA CARRIAGE—SELECT COMMITTEE—REPORT.—Mr. McWilliams, Chairman, brought up the Final Report from the Select Committee appointed to inquire into and report upon Australian Overseas and Inter-State Sea Carriage.
Ordered to lie on the Table, and to be printed.

LIST OF WITNESSES.

- ADAMS, H. M., General Secretary, Australian Steamship Owners' Federation.
- BRAME, J. F., Secretary, Inter-State Central Shipping Committee.
- CADDEN, J. W., Secretary, Wharf Labourers' Union, Melbourne.
- CLARKSON, Rear-Admiral Sir Wm., Controller of Shipping.
- CLAYTON, J., Manager, Newcastle Coal-mining Company.
- COX, Sir OWEN, Manager, Birt & Co. Ltd., Sydney.
- CRAWFORD, Senator T. W.
- CUMPTON, Dr. J. H. L., Director of Quarantine.
- CUTLER, E. A., General Manager, Walsh Island Dockyards.
- DOUGLAS, A. E., General Manager, Newcastle Wallsend Coal Company.
- DOWDELL, D. L., General Manager, Orient Line, Sydney.
- EVA, E. A., Australian Manager, Commonwealth Line of Steamers.
- EARP, C. A., Manager, Earp Bros. & Co., Colliery and Shipping Agents, Newcastle.
- FLOOD, Capt. T. A., Berthing Master, Bullock Island, Newcastle.
- GAMBLE, F. R., General Manager, The Darling Harbor Stevedoring & Lighterage Co. Ltd., Sydney.
- GREGORY, Hon. H., Member of the House of Representatives.
- HARRISON, J., Manager, Shipping and Trading Agency Pty. Ltd.
- HOLDEN, G. F., Chairman, Melbourne Harbor Trust.
- KING, C. W., Engineer-in-Charge, Public Works, Newcastle.
- MARTIN, H., Manager, Coal Dept., J. & A. Brown, Newcastle.
- MCDONALD, C. M., Secretary, Northern Collieries Association.
- MCMBEKAN, J., Manager's Assistant, Broken Hill Pty. Steel Works, Newcastle.
- MCKEILL, A. J., Manager, West Australian Sawmillers' Association.
- MORRISON, D. N., President, Chamber of Manufactures, Newcastle.
- MOXON, W. E., representing Australasian Steamship Owners' Federation.
- NEWMAN, F. W., Manager, Caledonian Collieries Ltd., Newcastle.
- PATRISH, L. R., Manager, American Trading Company of Australia, Melbourne.
- PATON, JOHN, President, Newcastle Chamber of Commerce.
- PATRICK, Capt. J. R., representing The Patrick Steamship Company, Sydney.
- PAXTON, J. M., Shipping Agent.
- PIGOTT, J. P., Manager, Port Huon Fruit-growers' Co-operative Association Ltd.
- REID, J. C., Shipping and Colliery Agent, Newcastle.
- SCOTT, M. H., Chairman, Central Fruit Committee of Tasmania.
- TURNER, S., Coal Viewer, Newcastle.
- UNDERDOWN, R., Shipping Manager, Sydney.
- WARD, J. M., Tasmanian Government Fruit Expert.

REPORT.

The Select Committee on Sea Carriage, appointed by the House of Representatives on the 15th April, 1920, to inquire into and report upon :—

- (1) The organization and control of Inter-State shipping ;
- (2) Oversea shipping in relation to Australian products for oversea markets and imports generally ;
- (3) Methods to improve mail cargo and passenger service with oversea countries,

has the honour to submit the following Report :—

Shortly after the Committee began its sittings, it became evident that an investigation into shipping matters affecting all ports of Australia could be best conducted by a Royal Commission, but the Government upon being appealed to, declined to adopt a recommendation to this effect.

CONTROL OF SHIPPING DURING THE WAR.

In order to understand the shipping situation to-day, it is necessary to review the events in connexion with the control of shipping during the war.

When war broke out and the demand for the despatch of Australian troops oversea arose, the duty of finding transports and equipping them for the conveyance of the troops devolved upon the Department of the Navy, in accordance with the past practice of the British Government.

As the transports, in addition to carrying troops, had also to lift Australian produce and manufactures for oversea markets, the Navy Department had to provide and make the necessary arrangements for the utilization of transports for this purpose. They had also to arrange for the employment of ex-enemy ships which had been interned in Australian waters, and eventually about 75 per cent. of the whole of the oversea trade from Australia was managed by the Department of the Navy.

In 1917 the Commonwealth Shipping Board, under the Chairmanship of Rear-Admiral Sir Wm. Clarkson, was formed to deal with difficulties which had arisen as to the quantities of produce and manufactures which were to be despatched oversea in the respective steamers. This Board sat until January, 1919, and acted in an advisory capacity to the Government in all matters pertaining to shipping, both oversea and Inter-State.

Early in 1918 the Imperial Government pressed the Australian Government, as an extremely urgent matter, to release more ships from the Australian coastal fleets in order to engage in War Service. In April, 1918, the Inter-State steamers belonging to the principal Australian Steam-ship Companies were requisitioned, and the Inter-State Central Committee was formed with the primary object of running the vessels as one fleet, and by regulating their employment in the most efficient manner, to make available the largest number possible for requirements of the Empire.

The requisitioned vessels were taken over by the Commonwealth Government, on a Standard Charter Party, as provided in the regulations, the owners receiving the Blue Book Charter Rates, which had been adopted by the British Admiralty after the most careful consideration.

The Inter-State Central Committee was purely an advisory body, comprised of the managers of the principal Inter-State Shipping Companies of Australia, under the chairmanship of Rear-Admiral Sir Wm. Clarkson, K.B.E., in whom was reserved full power to veto any decisions of the Committee.

As a result of their labours, a number of the largest passenger steamers and cargo vessels were released for war service, in addition to numerous other Inter-State vessels which had already been sent oversea under Imperial and Australian requisition. Inter-State steamers were also despatched by the Controller of Shipping to India for woolpacks ; to America with Australian jams for military purposes ; to Canada for paper, and in other directions the interests of Empire were assisted. In all, approximately 45 per cent. of the Inter-State tonnage was, during the war, withdrawn from the coast for Imperial and Oversea purposes. At the same time the Australian coastal trade, which had doubled since pre-war days, owing to the growth of local manufactures and products, was more or less satisfactorily catered for until the influenza restrictions and industrial disputes with seamen and engineers interrupted the services, caused long delays, and resulted in enormous accumulations of cargo at the various ports.

The Inter-State boats were kept under requisition until April, 1920, when they were released by the Government on condition that they were kept on the Australian coast and that freights and fares were not to be increased beyond a mean of 20 per cent. above the rates then existing. The principal Inter-State ship-owners agreed to these conditions up to the end of 1920. (For subsequent action, see page 4.)

On the release of the vessels from requisition, the Inter-State Steam-ship Owners also agreed, at the request of the Prime Minister, to continue running their steamers as one fleet in order to obtain the greatest efficiency, and the vessels are, at the present time, being employed in this way.

In addition to Inter-State and oversea shipping, Rear-Admiral Sir Wm. Clarkson also administered the regulations relating to the sale of Australian vessels during the war and permits for vessels to leave the Commonwealth, in addition to which he acted as Director of Transports, Chairman of the Central Coal Board, and of the Commonwealth Coal Administration. In carrying out these onerous duties, his efforts were directed firstly towards meeting the needs of the Empire during the war, and secondly towards providing, with as little interference as possible, for the ordinary trade of the Commonwealth under the abnormal conditions that existed.

It is natural that in carrying out these comprehensive duties complaints would arise, but according to the evidence it must be admitted that the whole scheme of control had been well managed by Rear-Admiral Sir Wm. Clarkson and the gentlemen associated with him.

In the opinion of your Committee, the control of shipping during the war was wisely inaugurated, the ends sought were gained with a minimum of inconvenience, and the community enjoyed far better shipping facilities than would have been possible without such an organization.

ACCUMULATIONS OF CARGO.

At the outset your Select Committee investigated the insufficiency of shipping facilities on the Australian coast to cope with the cargo offering, and it being clearly established that there was a serious congestion of cargo at numerous Australian ports, and that from fifteen to twenty additional vessels were urgently required to cater for requirements, your Committee submitted an Interim Report on the 13th May, 1920, urging upon the Government the necessity for making such arrangements immediately as would permit of the most suitable Commonwealth Government Line vessels—in numbers sufficient to meet requirements—being employed in the Inter-State trade, whilst the necessity for their utilization in that service continued.

It is satisfactory to note that eight of the Commonwealth-owned vessels have been temporarily placed in the coastal trade, and other Commonwealth vessels have carried coastal cargoes whilst proceeding from one port to another in prosecuting their oversea voyages. At one time there were as many as thirteen Commonwealth vessels engaged in Inter-State work. In consequence of this, and the return to coastal employment of the large Inter-State passenger and cargo liners which had been away on war service, the congestion of general cargo throughout Australia has been materially relieved.

So far as the general cargo trade is concerned, the quantity of cargo has been found to fluctuate, and the evidence shows that moderate accumulations must, even in normal times, be expected to arise at short notice from time to time at different ports owing to varying circumstances. The present fleet, your Committee is assured, will be able to lift all shipments within reasonable time, and so far as this particular branch of the Inter-State trade is concerned it is confidently anticipated, subject to no unforeseen interruption occurring, that ample shipping space will be available.

BULK CARGOES.

Unfortunately, adequate tonnage has not been available for some time past for the carriage of the constantly increasing quantities of bulk cargoes such as coal, coke, ore, timber, sugar, fruit, &c.

The necessity for sending wheat and fodder to Queensland, New South Wales, and Tasmania from Victoria, South Australia, and Western Australia materially accentuated the shortage of shipping during the past twelve months, and although the situation will be relieved when, owing to the cessation of the drought conditions, these shipments are discontinued, there are indications that the space available will not be fully commensurate with the demand, unless some steps are taken to insure the supply of additional tonnage for the trade.

During the months of July and August this year many complaints were voiced on behalf of public utilities and manufacturers that sufficient coal could not be obtained to keep their industries working, whilst at the same time coal was being exported from Australia to other countries in vessels which were receiving preference over Inter-State colliers.

Your Select Committee, after examining representatives of the Colliery Proprietors, Steam-ship Owners, and others interested in the Australian and oversea coal trade, recommended to the Government in a Second Interim Report, dated 19th August, 1920, that—

- (a) the coal belonging to the Commonwealth Government which is now stacked on the Dyke at Newcastle, should be immediately made available for shipment to Inter-State ports by steamers that would otherwise be kept waiting for coal loading;
- (b) efforts be made by the Commonwealth Government to provide as many additional steamers of the Commonwealth Government Line as possible for the purpose of assisting to carry to Inter-State ports the aforementioned coal now stacked on the Dyke at Newcastle.

Almost simultaneously with this recommendation the Commonwealth Government placed a limited embargo on the export of Maitland coal, and appointed Commander J. G. Fearnley, as Coal Administrator at Newcastle, to see that no Maitland coal was exported to oversea countries whilst Inter-State colliers were awaiting loadings. Since this action was taken the detention of Inter-State colliers caused by lack of coal has considerably diminished.

The evidence taken by your Committee at Sydney and Newcastle clearly demonstrated the necessity for fostering the oversea coal trade. Much of the oversea trade formerly held by New South Wales Collieries was lost during the war, and as all export business is particularly at the present time of much value to the Commonwealth, every facility should be afforded to the collieries to regain their trade. In the past many collieries relied mainly on the export of coal, and the closing of this outlet was chiefly responsible for the depression in the coal trade in 1917, when the Commonwealth Government purchased coal for stacking purposes in order to provide employment for the miners. Any action that might cause a repetition of this experience should be avoided. Your Committee recommends that hereafter the only restrictions, if any are found necessary, should be a first preference to Australian requirements.

Your Committee reiterates its recommendations that the coal on the Dyke should be made available for early shipment to Inter-State ports, as tonnage could be provided to lift it. The evidence submitted to the Committee was overwhelmingly in favour of its removal for the following reasons :—

- (a) that it was deteriorating ;
- (b) that at the present time it could be disposed of to advantage financially ;
- (c) that it was of more service as a reserve stock at ports where it would be consumed than at Newcastle ;
- (d) that Australian industries at Victoria, South Australia, Western Australia, and Tasmania were urgently in need of greater supplies.

Evidence was placed before your Committee that a record sugar crop would be available next year in Queensland. This season, with only a moderate crop, the tonnage available has not been sufficient to remove the sugar to the Southern Refineries without delay, and serious congestion has arisen. Therefore, additional tonnage will be absolutely necessary for the expeditious handling of next year's crop in order that the sugar might be removed from the North before the floods and cyclone season with their disastrous effects set in.

Similarly there has been a demand for tonnage for the carriage of timber from Western Australia, Tasmania, and Queensland to other States in order to cope with the increasing demand for building purposes, &c. It will be necessary for additional tonnage to be provided in order to keep pace with requirements in this respect and the same remarks apply in regard to shipments of ironstone required by the Broken Hill Proprietary Company at Newcastle. Extra facilities to transport fruit cargoes from Tasmania to Mainland are also urgently needed.

INCREASES IN INTER-STATE FREIGHTS.

Your Select Committee enquired closely into the increases which have been made in Inter-State Steam-ship Freights. Two increases have been made, one of 10 per cent., which was made in October, 1919, and one of 20 per cent., which came into force in April, 1920. The former increase was authorized by the Commonwealth Government whilst the vessels were under requisition, and the latter was sanctioned by the Government as one of the conditions under which the steamers were released.

Admiral Sir William Clarkson, in his evidence, stated that the two increases referred to were imperative in order to make the revenue of the ships balance the increased expenses. In his figures, the Controller showed that the total yearly revenue of the steamers was £3,600,000, whilst the estimated expenses of running the ships for the twelve months ending 31st March, 1921, was

£4,752,000. In order to defray the latter increased expenditure the sum of £1,155,000 was required, and, after full investigation by him, the 10 per cent. and 20 per cent. increases were authorized in order to yield this amount.

Evidence was given in detail by Mr. H. M. Adams, secretary of the Australasian Steamship Owners' Federation, showing that the increases in wages, cost of bunker coal, &c., which the steam-ship owners would have to bear would amount to £918,714 per annum more than they had to pay for the twelve months ending March, 1919. These figures submitted did not include delays which the steamers have latterly been subjected to from various causes (the cost being practically unassessable) nor increases in port dues which have been levied in nearly every port of the Commonwealth, victualling and stores, repairs, docking, &c., &c. Comprehensive tables showing the percentage increases in the various items were submitted by Mr. W. E. Moxon, on behalf of the Inter-State steam-ship owners, and were corroborated by similar statements furnished by Mr. E. A. Eva, manager in Australia for the Commonwealth Government Line of Steamers. There have also been increases in wages by the Arbitration Court and extra payments to wharf labourers for handling special cargoes since the secretary of the Australasian Steam-ship Owners' Federation submitted his figures to the Committee.

In addition to the figures mentioned your Select Committee asked for and obtained from the Inter-State steam-ship owners a statement showing the total cost of running Inter-State steamers during the six months ending 31st December, 1918, as compared with the six months ending April, 1920. The certificate of Messrs. Troup, Harwood and Company, public accountants, supplied by the steam-ship owners showed that the increase in the latter period amounted to 26·7 per cent.

Mr. J. M. Paxton, representing the Sydney Chamber of Commerce, stated that Australian coastal freights were the cheapest in the world. The manager in Australia for the Commonwealth Government Line, commenting on the vessels of the line which had been run by the Controller of Shipping under Australian requisitioned conditions, stated that it had not been a profitable business.

A comparison was submitted by the Australasian Steam-ship Owners' Federation showing the current coal freights on the Australian coast and those paid for coal from the United Kingdom, from which statement the following are culled :—

Newcastle-Fremantle	2,400 miles	..	22s. per ton.
Wales-Venice	2,836 „	..	92s. 6d. per ton.
Newcastle-Melbourne	600 „	..	11s. 6d. per ton.
Hull-Rouen	330 „	..	97s. 6d. per ton.

The increases of 10 per cent. and 20 per cent. referred to are the only increases that have been made in the Inter-State Freights since 1914. It is understood, however, the abolition of return tickets involved an increase in passage rates. Since that date it has been found necessary to substantially increase the passenger and freight rates charged on the Commonwealth and State Railways throughout Australia. Likewise, increases have been made by most, if not all, Port Authorities and public utilities for services rendered by them.

After reviewing the whole of the circumstances disclosed in evidence, your Committee considers that the increases which have been made in the Inter-State Steam-ship Freights and Fares have not been unreasonable and have been entirely justified. If anything, the increases might have been made earlier, as recommended by the Controller of Shipping. The fact that the Commonwealth Treasury had to find the sum of £154,000 in connexion with the requisition of the Inter-State steamers illustrates this point.

Statements were made to your Committee that the freights on raw sugar had been increased by more than the 20 per cent. authorized by the Government. In reply, the Ship-owners' Representative stated that the sugar freights were expressly excluded from the undertaking given at the de-requisition of the steamers, and are the subject of a special agreement with the freighters. The actual increase for this season by the Inter-State steamer was about 22 per cent. The schedule submitted showed the Through Bill of Lading rates from and to all ports, including sea carriage, drogherage and transhipment dues. The drogher costs have been greatly increased from various causes, including the Navigation Act requirements and the necessity for their maintenance for the whole year to do about six months' work, and it is exceedingly difficult to get small craft owners to undertake the drogherage.

POSITION OF THE INTER-STATE STEAM-SHIP OWNERS.

During the first years of the war the only gazetted regulations relating to Inter-State shipping were the prohibition of the sale of vessels and the removal of vessels from the Australian coast without first obtaining permits. Later, restrictions were imposed on Inter-State Freights. During this time the Inter-State ship-owners voluntarily agreed to run their ships under the supervision of the Controller of Shipping, and did so until 1st April, 1918. On this date, as previously mentioned, the Inter-State steamers were requisitioned by the Commonwealth Government.

During the period of requisition the managers of the various Inter-State companies acted as honorary advisors to the Commonwealth and attended meetings almost daily for this purpose. Admiral Sir William Clarkson, in his evidence, stated that it would have been impossible to administer the Regulations without the goodwill of those concerned, and his experience had been that the Inter-State owners almost daily subordinated their own interests, and honestly did their best to assist the Government and himself in the interests of the country.

Mr. W. E. Moxon, who represented the Australasian Steamship Owners' Federation, has informed the Committee that the Australian ship-owner has, during the war period, been confined to the Australian coast at pre-war rates of freight whilst British and foreign ship-owners (also the Commonwealth Line of Steamers to a limited extent) have been free to trade in any part of the world at freights three, four, and five times higher than rates which the Australian ship-owners were receiving.

The Controller of Shipping stated in evidence that efforts made by him to charter additional tonnage for the coastal trade during the war had elicited the information that British ship-owners required a charter rate of 35s. per ton deadweight per month, as compared with the rate of 12s. 6d. per ton deadweight which was paid for the Inter-State companies' requisitioned vessels of the same type.

The Australian ship-owner, Mr. Moxon also stated, did not receive as favorable terms for his ships that were requisitioned by the Commonwealth Government as the British ship-owner obtained for his vessels that were taken over by the Imperial Government. British requisitioned ships were, on completing an outward voyage on Imperial Government Account, often released from requisition for the homeward voyage and were allowed to take cargoes at market freights on owners' account. The British ship-owner, in addition to his Blue-Book rate, also received from the Imperial Government any increases in wages that were paid to the members of the crew above those ruling in 1914. In addition, each ship-owner had some of his vessels running free. In the case of the Australian ship-owner, all Inter-State vessels were requisitioned, excess wages above those ruling in April, 1918, only were reimbursed to the ship-owner, and the vessels remained on requisition the whole time. During the period of requisition several Inter-State vessels were sent oversea, and the profits made on these trips, amounting to many thousands of pounds, instead of going to the ship-owner, benefited the Commonwealth revenue to that extent.

It has been generally admitted that prior to the war, the Australian ship-owner kept ahead of the tonnage requirements of the coastal trade, and the evidence has shown that from the smallest beginnings, developed on sound commercial lines, services had been established on the Australian coast that were better than those provided on any other long-distance coastal trade in the world.

It has been asserted by the Controller of Shipping that during the past six years the Inter-State steam-ship companies have not been able, owing to restrictions on their earnings, to renew their fleets, and to-day the majority of their vessels are either obsolete or are fast becoming so, and there is little prospect of the ships being replaced unless the returns can be made sufficiently high to enable owners to set aside sufficient funds for the purchase of vessels and for the yearly payment of interest, depreciation, and insurance on the high cost of shipbuilding in order to provide for the continuance of their business. In substantiation of this statement it has been pointed out that the total amount of charter money received by the whole of the Inter-State companies during requisition was £1,626,434 per annum, and that even if 25 per cent. of this could be set aside for replacement it would, at present costs, only enable two cargo vessels to be built, not being nearly sufficient to properly maintain the whole fleet of from 80 to 90 vessels.

As the coastal steam-ship services are essential to the well-being of the Commonwealth, the Controller of Shipping considers that the present situation, if not handled with great care, is fraught with grave consequences to the Commonwealth. The only difficulty in the way of solving the problem appears to be the present high cost of acquiring additional tonnage. Although indications point to a drop in the world's charter rates the Inter-State ship-owners state that they cannot take the risk of purchasing or chartering vessels unless they are assured of a fair margin of profit for their shareholders, after meeting all expenses incidental to the venture.

The Inter-State owners have further authoritatively stated, through their representative, Mr. Moxon, that they intend to augment their fleets as soon as practicable to the extent of adequately catering, as formerly, for the whole of the Inter-State trade.

Your Committee therefore recommends that the Government should take an early opportunity of conferring with the Inter-State steam-ship companies with a view to a comprehensive arrangement being arrived at to ensure the provision by the Inter-State companies of a fleet that would be capable of carrying out all requirements.

Your Committee is also of the opinion that, in order to eliminate waste of tonnage, the present arrangement with the Government whereby the Inter-State vessels are run collectively should be continued.

MECHANICAL DISCHARGE OF COAL.

A good deal of evidence has been submitted to the Committee on the antiquated methods of discharging coal at the main ports of Australia and the serious effect that the absence of mechanical appliances has had upon the maintenance of the coal supplies to Australian consumers.

In 1917 representations were made by Admiral Sir William Clarkson, on behalf of the Commonwealth Government, to induce the State of Victoria to take steps to instal mechanical appliances at the port of Melbourne, either by placing the work in the hands of the Melbourne Harbor Trust or by allowing the ship-owners to erect and work the plant at their own expense. The Commonwealth Government were, at that time, disposed to go to some lengths to assist the project. The ship-owners were prepared to erect the plant at their own expense, but were unable to obtain a Victoria dock site to warrant the expenditure.

Mr. J. W. Cadden, the Secretary of the Melbourne Wharf Labourers' Union, stated in evidence that the whole trend of unionism was to curtail night work, particularly in connexion with the occupation of coal lumping. Therefore, it is unquestionable that the use of mechanical appliances would have effected a vast improvement not only in the actual rate of discharge, but there would have been the added advantage of the plant being able to work throughout the 24 hours of the day as in the case of a similar plant at the Newcastle Steel Works. The steamer's stay in port being thus reduced, more trips would have been made and a far greater quantity of coal would have been imported into Victoria.

The Chairman of the Melbourne Harbor Trust Commissioners, in his evidence, informed your Committee that the Trust was strongly in favor of mechanical appliances. The Commissioners had first taken the subject in hand in 1913, but no start has yet been made with the erection of this much-needed plant.

At Port Pirie a mechanical coal discharging plant was installed in a few months, and, had the Melbourne project received sympathetic consideration, there does not appear to be any good reason why a similar result could not have been achieved here. In that case, it is certain that the extreme shortage of coal which has been experienced in Victoria of late years would not have occurred. The position certainly could not possibly have been so acute. It is probable also that the Victorian Government would have been spared much of the heavy expense involved in conveying coal overland from New South Wales.

Your Select Committee considers that the immediate provision of the most up-to-date mechanical appliances at ports where the volume of trade warrants it is an essential factor in providing adequate shipping facilities for the future.

QUARANTINE.

During the time that the Inter-State vessels were under requisition they were mulcted in considerable expenditure owing to the Quarantine Regulations imposed in consequence of the influenza epidemic. Evidence was submitted to your Committee that private enterprise could not afford to run ships under such conditions, and that if there were a recrudescence of infectious disease and similar restrictions were imposed the whole of the Inter-State passenger services would immediately cease.

As a Quarantine Bill was before the House of Representatives your Select Committee deemed it expedient to place before the House the result of its investigations into this matter, and did so fully in a Third Interim Report dated 1st October, 1920, also making a recommendation that a provision should be inserted in the Quarantine Act empowering the Government, in the event of an outbreak of infectious epidemic, to make fair and reasonable financial arrangements with the shipping companies by which a possible stoppage of Inter-State sea-carriage would be obviated.

The Government acceded to this request and the required provision has been inserted in the Quarantine Bill now before Parliament.

THROUGH BILLS OF LADING.

Your Committee received complaints chiefly from Queensland that the Inter-State steam-ship companies were not granting the same facilities as in pre-war days in regard to the issue of Through Bills of Lading on the coast, and that in consequence merchants desiring to order goods from ports where transshipment was involved had to consign to the transshipping port and make arrangements with agents there to forward goods on to destination. It was also asserted that merchants were aggrieved because they could not order goods from United Kingdom, and have them consigned on Through Bills of Lading to Australian ports at which the oversea steamer did not call. At the request of the Committee, the former matter was taken up by Mr. Moxon, on behalf of the Inter-State steam-ship companies, and he subsequently advised that the Inter-State

steam-ship companies desired to restore to the coastal trade all the pre-war privileges as soon as circumstances warranted it. As a first step, they had agreed to revert to the system of Through Bills of Lading on coastal shipments subject to certain conditions, the chief of which was that agents of steamers at original ports of shipment when applied to by shippers should satisfy themselves that space would be available in the on-carrying steamer before they definitely booked the cargo. Mr. Moxon stated, at a later date, that in the case of some Queensland ports it had been found possible to issue Through Bills of Lading without this stipulation.

PORT OF NEWCASTLE.

Evidence was submitted to your Committee at Newcastle on the coal loading and general cargo facilities at that port. The evidence showed an undoubted shortage of shed accommodation for general cargo. It was also stated that absence of leading lights in the channel to the Broken Hill Proprietary Company's steel works prevented masters of vessels from navigating the channel at night-time, causing considerable delay.

Whilst it was generally agreed that the system of coal loading by electric cranes was satisfactory, different sections interested in the welfare of the port held divergent views as to the best procedure to obtain the additional facilities required.

Whilst, generally speaking, the facilities are fairly satisfactory for present needs, it is evident to your Committee that a vigorous and progressive policy is unmistakably needed to meet the anticipated expansion of the coal trade and the shipping requirements of the numerous important industries which are springing up around the port.

COASTING CLAUSES OF THE NAVIGATION BILL.

The effect of the Coasting Clauses of the Navigation Bill upon the shipping situation to-day was also touched upon by a number of the witnesses who appeared before the Committee. It has been held by some and generally approved that so long as no provision is made for Australian vessels to adequately cater for the trade on the north-west coast of West Australia the oversea lines operating there should be granted a special exemption from the Coasting Clauses of the Act. With this view your Committee is in full accord.

The evidence regarding the effect of the Coasting Clauses upon other sections of the coastal trade was not so unanimous. Information was elicited that Japanese steamers have been carrying Inter-State cargo and passengers, and oversea steamers have been catering for the passenger traffic on the coast, and in both cases do not conform to the conditions laid down in the Navigation Bill. Questioned as to the effect of this on the Inter-State steam-ship companies, Mr. Moxon stated that for some time past the Inter-State passenger liners had been running with half their accommodation empty. On the other hand, Mr. D. L. Dowdell, of the Orient Steam-ship Company, informed the Committee that if the Orient company's boats were compelled to decline coastal passengers it would have the effect of causing them to omit Adelaide, Hobart, and possibly other places as ports of call.

Your Committee considers that the Coasting Clauses (with an exception in the case of the north-west coast of West Australia, already mentioned) should be put into operation as early as possible.

SHIPBUILDING.

Your Committee had an opportunity whilst at Newcastle of inspecting the extensive shipbuilding yards at Walsh Island, and the Broken Hill Company's steel works, where plates and other material had been rolled for the construction of ships. The manager of the shipyard expressed anxiety that some definite pronouncement should be made as to the future shipbuilding programme of the Commonwealth. The same anxiety has also been expressed as to the future operations at the other shipbuilding yards that have been established by private enterprise and the Commonwealth and are now carrying out orders for the Commonwealth.

OVERSEA SHIPPING.

In connexion with oversea shipping matters your Committee was deputed to inquire into

- (a) Oversea shipping in relation to Australian produce for oversea markets and imports generally, and
- (b) Methods to improve mail, cargo, and passenger service with oversea countries.

Sir Owen Cox, who represents a number of British shipping companies in Australia and is Chairman of the Oversea Shipping Representatives' Association and Oversea Central Committee, stated in evidence that the members of his Association had no knowledge of the import trade

into Australia from oversea ports, and only dealt with that trade in connexion with the discharge of the vessels when they reached here. He also stated that during the war, the Controller of Shipping in the United Kingdom gave all instructions as to the movements of the steamers in Australian waters and the disposition of their cargoes, and these conditions still existed to the extent that the British Government required. The whole refrigerated space in oversea steamers, in addition, was still requisitioned by the British Government for the carriage of meat, fruit, &c. from Australia, and it was not likely any refrigerated space would be released by the British Government before the end of April, 1921.

Dealing with future shipping facilities from and to Australia, Sir Owen Cox informed your Committee that in his opinion there would be even keener competition amongst the various oversea lines when the normal conditions were restored than had existed in the past. While there were no contractual obligations for the oversea shipping companies to continue in the Australian trade, there was the obligation attachable to the fact that the companies had built up the trade from its infancy, and had always kept ahead of requirements. Sir Owen Cox characterised as unfair the competition of the Commonwealth-owned and ex-enemy steamers in the oversea trade, which did not, he stated, have to pay the same imposts that were placed upon privately-owned shipping in the shape of taxes and other things.

In regard to mail services, Mr. D. L. Dowdell, manager in Australia for the Orient mail line, advised your Committee that his company was anxious to know exactly the intentions of the Commonwealth Government regarding the future mail contract between the United Kingdom and Australia. The company were very desirous of continuing their past cordial relations with the Commonwealth, and would be prepared to provide ships to carry out any future contract that might be entered into.

At the present time there are only five Orient company's vessels to carry out the mail service. Four of these ships maintained a monthly service and the fifth provided an additional sailing every fourth month.

There is not the slightest doubt that the needs of Australia—geographically situated as she is—demand a high class passenger and mail service with the United Kingdom, and therefore, in the opinion of your Committee, no time should be lost by the Commonwealth Government in finalising the mail contract with the Orient company, and in endeavouring to arrange for the P. & O. steamers (under British contract) to alternate with the Orient boats in a regular weekly service.

Mr. J. M. Paxton, the Vice-President of the Sydney Chamber of Commerce, directed the attention of your Committee to the proposed sittings of the Imperial Shipping Committee in London early next year to inquire into ocean freights, facilities, and conditions for Inter-Imperial trade and matters connected with the development and improvement of sea-communications between different parts of the Empire, with special reference to the size and depths of ships and the capacity of harbors. Mr. H. B. G. Larkin, Manager of the Commonwealth Line of Steamers, has been appointed by the Commonwealth Government to represent the Commonwealth on this Committee. Mr. Paxton stated that while the Sydney Chamber of Commerce took no exception to Mr. Larkin's nomination as representative of the Government, they considered that the shipping and trading interests of Australia should be specially represented. In connexion with the sittings of the Imperial Shipping Committee a notification has been published in the Australian Press, on behalf of the British Board of Trade, to the effect that the Committee would be prepared to receive, before 1st January next, suggestions from any persons or bodies within the Empire concerning the matters to be reviewed.

Your Committee regrets to report that they are not in a position to make conclusive recommendations in regard to the oversea shipping facilities (apart from the mail contract). The absence of witnesses in Australia who could speak authoritatively regarding the intention of oversea shipping companies for carrying on their Australian services when all British control is relinquished, precludes any decision being arrived at, and even if the necessary information could be obtained here, your Committee considers that it would be useless for it to report upon the question seeing that the whole matter is to be thoroughly investigated by the Imperial Shipping Committee, which will have the fullest information before them. Your Committee concurs in the contention of the Sydney Chamber of Commerce that Australian shipping and mercantile interests should be represented on the British Committee if at all possible, and if not, it considers that steps should be taken by the Commonwealth Government to see that the views of the Australian mercantile community are properly placed before the Imperial Committee.

Evidence was placed before your Committee that considerable dissatisfaction existed amongst the fruit-growers in Tasmania in relation to the shipment of fruit. Mr. M. H. Scott, Chairman of the Central Fruit Committee of Tasmania, Mr. J. P. Pigott, of the Port Huon Fruit Growers' Co-Op. Association Ltd., and Mr. J. M. Ward, Tasmanian Government Fruit

Expert, stated that there was a serious shortage of insulated space for fruit to United Kingdom and complaints were made that the system of allocation amongst the growers was not equitable that the space was allotted by firms interested in the purchase of fruit, and that one firm insisted upon 3d. per case being paid to them as an agency fee ; space had also been refused to co-operative companies.

Your Committee considers that there is room for improvement in connexion with the allocation of space, and agree with the views that have been expressed, that the allotment of space made available for fruit should be made by the Commonwealth or the State Government based strictly on *bonâ fide* applications on a *pro ratâ* basis according to each grower's production, with the right to the co-operative companies to obtain space on behalf of the growers they represent

COMMONWEALTH GOVERNMENT LINE OF STEAMERS.

According to the evidence of Mr. E. A. Eva, the Commonwealth Government Line comprises 35 vessels. Eighteen are owned by the Government, 15 are ex-enemy steamers controlled by the Commonwealth Line, and there are two sailing vessels. Of the 18 steamers owned by the Commonwealth Line, five were constructed in Australia. Further Australian-built vessels, Mr. Eva stated, were nearing completion. It is also the intention of the Government to build five 12,500-ton vessels in the United Kingdom—two of these vessels are already under construction.

The steamers of the Commonwealth Line have been engaged in lifting Australian products to oversea markets and returning with general cargo, &c. ; three vessels were employed in the carriage of phosphates from the Islands to Australia ; whilst the other vessels had been utilized to ease the pressure on the Australian coast. The vessels built in Australia had proved most suitable for the coastal trade. Mr. Eva stated that Commonwealth vessels were urgently required in the oversea trade for some time ahead, in order to keep pace with their commitments for the carriage of Australian wool, wheat, &c.,. He also stated that the Government's ships had not been carrying full cargoes to Australia from United Kingdom as they had not been recognised by shippers in regard to outward freight as much as he would like them to be. Freights charged had been on the same level as the oversea companies, but the operation of the rebate system had materially militated against the efforts which had been made to obtain additional cargo. The Commonwealth Line had found it necessary, in order to combat the rebate system, to undertake to pay to shippers any rebates that they forfeited by reason of shipments made in Commonwealth steamers.

Your Committee has been advised that changes have been made in the agencies of Commonwealth Line Steamers at Australian ports by the establishment of Branch Offices at various ports. Your Committee recommends that wherever possible this policy should be extended, and the oversea agency taken out of the hands of firms who are also agents for privately-owned steam-ship companies.

With regard to the issue of Through Bills of Lading from United Kingdom to Australian ports, Mr. Eva informed your Committee that the steamers of this line were now issuing Through Bills of Lading to all Australian ports, and your Committee was also informed that other oversea lines were doing likewise.

SUMMARY.

Summarized, the following are the findings of your Committee :—

- (a) Accumulations of Inter-State general cargo have been materially relieved.
- (b) There is a shortage of Inter-State tonnage for the carriage of bulk cargoes, such as coal, coke, sugar, ore, timber, fruit, &c.
- (c) The control of shipping during the war was wisely inaugurated, the ends sought were gained with a minimum of inconvenience, and the community enjoyed far better shipping facilities than would have been possible without such an organization.
- (d) The increases of 10 per cent. and 20 per cent. in Inter-State freights and fares were entirely justified.
- (e) The Government should confer with Inter-State steam-ship companies with a view to a comprehensive arrangement being arrived at to insure the provision by the Inter-State companies of a fleet that would be capable of carrying out all requirements.

- (f) In order to eliminate waste of tonnage, the present arrangement with the Government whereby the Inter-State vessels are run collectively should be continued.
- (g) The immediate provision of up-to-date mechanical coal-discharging appliances is an essential factor in providing adequate shipping facilities in the future.
- (h) In future the only restrictions on the export of coal, if any are found necessary, should be a first preference to Australian requirements.
- (i) The coal stacked on the Dyke at Newcastle should be made available for early shipment to Inter-State ports.
- (j) As a result of investigations, Through Bill of Lading privileges withdrawn during the war have been restored.
- (k) Harbor improvements will be required at Newcastle to meet the anticipated expansion of trade.
- (l) Exemption from Coasting Clauses of the Navigation Act should be granted in the case of oversea steamers trading on north-west coast of Western Australia. With this exception the Coasting Clauses should be brought into operation as early as practicable.
- (m) Definite pronouncement from Commonwealth Government regarding future programme of shipbuilding in Australia is anxiously awaited by the management of the shipbuilding yards that have been established.
- (n) No time should be lost in finalising the Orient company's contract for carriage of mails between Australia and United Kingdom.
- (o) There is not sufficient information available in Australia to make further recommendations regarding oversea matters, and it would be useless to do so, as the whole of the matters are to be investigated early next year in London by the Imperial Shipping Committee, which will have the fullest information before it.
- (p) Australian shipping and mercantile interests should have a direct representative on the Imperial Shipping Committee if at all possible. If not, steps should be taken by the Commonwealth to properly place the views of these interests before the Imperial Committee.
- (q) The allocation of insulated space for fruit from Australia to the United Kingdom should be made by the Commonwealth or State Government on a *pro rata* basis according to each grower's production, with the right to co-operative companies to obtain space on behalf of the growers they represent.
- (r) Commonwealth Line of Steamers should, where possible, extend its policy of establishing its own branch offices at various ports.

The Committee desires to express its thanks to all who have assisted it with information on the important subjects dealt with, whose evidence proved most valuable to the Committee in its investigations.

W. J. McWILLIAMS,
Chairman.

Melbourne, 29th October, 1920.

