CONTAINERISATION:

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MEETING THE CHALLENGE

A waterside worker in Port Adelaide discusses the challenge posed by the imminent introduction of containerised shipping.

THE SHIPPING INDUSTRY of Australia in the next few years will experience changes greater in magnitude than any others in all the years since Captain Cook landed and the first settlement was established at Botany Bay in 1788. There will be a veritable technical revolution and it will come fairly quickly. New methods of cargo handling already in operation overseas will be adopted in Australia.

Containerisation means the packing of goods in large standard size metal containers. Many cargoes will be packed in containers at the factory and not opened until they reach the factory or store of their destination. It is estimated that 80% of all cargoes (including livestock) can be transported this way. Containers will measure 20' x 8' x 8' and carry about 20 tons. Some may be 40' long. On the waterfront ship's cranes or shore-based cranes will automatically hook and unhook both on shore and in the ship's hold. No men are required except to drive the crane. The ship's hold will be constructed something like a honeycomb. The containers will slide down into the cells where they will be fully secure.

It is believed that only 29 container vessels will be needed to lift 82% of all Australian imports and exports other than refrigerated cargoes. This ease of handling will also affect the amount of labor involved in road and rail transport.

No one will seriously consider hanging on to the old methods. It would be futile! At the most these changes could be delayed only for a time. The proposed changes and their social implications are so far-reaching that they demand serious thought and investigation.

In May 1966 the Commonwealth Government convened a Conference in Canberra of the various interests involved and concerned
with the technical changes. Shipowners, importers and exporters, harbor authorities, railways, road transport, government departments, trade unionists and others were represented.

The Conference divided up into groups for study of particular aspects and each group issued a report. The most significant report was given by Mr. W. R. Russell representing Shaw, Savill and Albion, who was Chairman of the shipping company group. His report, on behalf of shipowners, foreshadowed ideas and a point of view which calls for the closest analysis. Mr. Russell said:*

"The shipping companies as a group consider that the choice of number and location of terminals should be left to the container operators to determine." He went on to indicate that Sydney and Melbourne (possibly Fremantle) would be terminal ports.

Although there were differing views as to methods of operating terminals there was unanimous agreement among shipping companies as a group that control (Mr. Russell's emphasis) of operations throughout the container movement must be in the hands of the container operator and complete control must extend to container ship berths as well as to other facilities. Ownership of shore equipment by container operators should not be excluded. (Page 9.)

The overseas shipping companies who have now amalgamated to form two giant container groups, believe that they should determine which ports are to be terminal and which should be secondary or feeder ports. They suggest negotiations on this matter with port authorities. Other major Australian ports (other than Sydney and Melbourne) would be by-passed and regarded as feeder ports. While it is not a matter of looking at narrow State interests it is obvious that the economic consequences for the by-passed ports could be serious in lost harbor dues, etc.

In addition to this, a number of other consequences arise. Industry looking to overseas markets would tend to concentrate around the terminal ports and cargoes would tend to flow to the overseas port by the shortest route, i.e. in South Australia, Renmark fruits going straight to Melbourne. Mr. Russell, no doubt, had this in mind when he said:

The group thought . . . there was an urgent need for Australian State transport authorities to work out a uniform system of regulations that would allow the free movement of international containers both within states and across state borders. (Page 9.)

As a shipowner representative he wishes to see removed any State or Federal laws and regulations which might hinder the plans of the shipping companies. It may be argued that we should be satisfied to see Sydney and Melbourne developed first—other ports could follow later. There is some logic in this. Everything

* All quotations are from the report of the Containerisation Shipping Conference (May 1966), issued by the Department of Trade and Industry.
cannot be done at once. However, in this early period the lines of development are going to be firmly laid and if there is no real plan for the development of port facilities, if there is no timetable, we will find that the early lines of development will become consolidated and very hard to alter later. Therefore, the question arises, should South Australia and Queensland accept the status of “feeder ports” for their major ports simply because it may suit the interests of overseas shipping companies? Have these shipowners’ propositions been seriously examined by State and Federal Governments to see whether this is desirable? Are there other alternatives?

Another Side to our Independence

The trade union movement, particularly the Waterside Workers’ Federation and the Seamen’s Union, have waged a long campaign aimed at loosening the grip of overseas shipping companies on our trade. They have specifically called for the entry of the Australian National Line of ships into the overseas trade. Mr. McEwen has protested at the sale, piece by piece, of the Australian heritage, yet the proposals of the shipping companies, far from acknowledging Australia’s rights in this direction, would substantially strengthen their absolute stranglehold on our overseas trade.

On behalf of shipping companies, Mr. Russell lays claim to “control operations throughout the container movement”, and to “complete control” of container berths and other facilities. These facilities, berths, handling equipment and marshalling yards, are to be provided at taxpayers’ expense—no one has suggested otherwise. They are going to cost many millions. Should they be handed over to the “complete control” by way of ownership or lease, to a particular container company representing the big shipowners?

What will be the position of smaller independent shipping companies or ANL ships wishing to adopt the container technique? What berthing facilities will they have? What about the ships from the socialist countries which now lift quantities of wool and grain, or of ships from India and Pakistan which are not members of the Conference Shipping Lines? Are they to be squeezed out or put at a disadvantage by the two container companies’ “complete control” of the most modern port facilities? If this is allowed to happen we may well be placing serious obstacles in the way of trade development with a number of countries.

Voices for Independence

The Fremantle Port Authority was the only Port Authority to oppose these shipowner plans at the container conference. They are reported to have “strenuously opposed the policy of exclusive
control". A note of independence was also struck at the conference by the spokesman of the shipper group, Mr. W. P. Nicholas. He repeatedly complained of the lack of information provided by shipowners. He said:

It would appear that in the case of some shipping company interests firm plans for the introduction of container services in one form or another have already been made. It would also appear that, so far, shipper interests have not been consulted on any of the details that vitally affect them. (Page 14.)

Shippers wish to independently evaluate what they are told and to see whether they cannot themselves suggest some better ways to attack mutual problems. (Page 16.)

"Special Privileges"

Mr. McEwen, in opening the Conference, did not repeat his plea for the protection of the Australian heritage or refer to the rather tentative steps taken towards an Australian Line of ships. He did say at the Conference, however:

We make it plain that in return for the special privileges that conferences will be offered, we expect them to perform so that the benefits of that system will be shared. (Page 6.)

Has the Federal Government already accepted the demands of the overseas shipping companies and granted them the "special privileges" which the demands for "complete control" indicate? Has the Australian Government assured the overseas shipping companies that they will not be embarrassed by the entry of ANL ships into the lucrative general cargo trade?

Extending Monopoly

The shipping companies also see themselves extending into the field of road transport. Mr. V. G. Swanson, Chairman of the Facilities Group, had this to say:

The role of road transport is also very much dependent upon the plans of the shipping operators, just as is that of the rail carriers. The short haul carriers will almost certainly be unable to continue their present pattern of operations without at least some changes. The fact that container operators are intending to offer at least door-to-door rates, if not actually door-to-door service, inevitably means some change. In some cases a container operator will engage in collection and distribution himself, and in other cases he will quote on a door-to-door basis, in which case the road carrier will function under contract to the container operator, and not to the shipper and consignee as at present. (Page 13.)

It is not without significance, therefore, that precisely at this time, the P. & O. Shipping Company has bought into the road transport firm of Mayne Nickless & Co. Ltd. Mr. Swanson says
the short haul carriers will have to change. Is this a polite way of saying that they will either be out of business or be absorbed? The picture is clear—a complete monopoly from door-to-door!

Freight Rates

Mr. McEwen expressed the Government's concern at the very high freight rates paid on imports and exports now costing something like $720 million a year, and that if there were not some dramatic increase in the rate of cargo handling this cost would increase by some hundreds of dollars in years ahead. "The Government," he said, "recognises its responsibility to encourage and further new methods which can reduce costs and further mutual prosperity." (page 6).

There is the hope, what is the substance? Mr. Russell was very coy on freight rates at the conference. He said:

All members of the shipping companies group were agreed that it is impossible to tell at this stage how the introduction of container or similar transportation methods will affect the present system of freight rates. (Page 9.)

In the past the approach of overseas shipping companies has been to charge freight on the principle of "what the traffic will bear", and if this same policy is maintained by shipping companies with the introduction of containerisation, savings to Australian traders may not be what they would like to see.

What It Means for Workers

Containerisation does away with manpower almost completely. Employment of waterside workers, tally clerks, foremen, shipwrights, transport workers, harbor workers, Customs clerks, watchmen, tugmen, ship repair workers, small businessmen, etc., will all be affected, some drastically.

Winning benefits from mechanisation in terms of higher wages, shorter hours, pension schemes, mechanisation funds, etc., is an urgent need, but the over-riding demand is for security. The struggle for the right to work and a shorter working week may well become the most important issues as the effects of mechanisation spread on the waterfront and in other industries.

Some progress has been made, particularly in negotiations conducted by the WWF, but socialism is needed to pass on the full benefits, guarantee job security and give the workers a voice in management.
Conclusion

It is clear that the overseas shipping companies hope to use technical change to strengthen the position of the overseas shipping companies in Australian trade. They will, at the same time, extend and streamline their monopoly organisation; streamline it by rolling numerous shipping lines into two giant container companies and extend it by seizing direct control of Australian port facilities and buying into Australian road transport.

How can we preserve our economic independence and political control of our own facilities and resources? How can we beat these plans of the big foreign shipowners? How can the workers benefit from this vast technical revolution?

1 There is an urgent need for Australian Governments to act and plan together to decide the needs of Australian trade, and with due regard to the international nature of trade, advise the overseas shipping companies what ports and what facilities will be available to handle container ships, and to make them available to the ships of all nations. Part of this planning should be the provision of alternative employment for waterfront workers made redundant.

2 Recognition by employers and the Government of the workers' right to work. This means no dismissal of workers unless and until alternative employment is found.

3 The nationalisation of the stevedoring industry with full participation of the trade unions in management and administration.

4 Control of all facilities to be firmly in the hands of various Port authorities.

5 Urgent steps to be taken to extend the existing Australian National Shipping Line to overseas service.

6 Any extension of the overseas shipping companies' monopoly into the field of road transport to be prevented by drafting anti-monopoly laws for this purpose.

To achieve such a program there needs to be appropriate co-operation among all people—government, trading, trade union and political—interested in maintaining and strengthening our economic and political independence.