

# The Infrastructure Road to Recovery

## High-Speed Shipping

### "Can-do" Shipping—the Australian National Line

Once upon a time, Australia did have a Government-supported national shipping line, first with the Commonwealth Shipping Line in the 1920s, and then with the 1957-1998 Australian National Line (ANL). Both were established out of the bitter experience of getting caught in world wars without an adequate national shipping capacity.

Prior to World War I, colonial Australia was totally dependent upon Britain for shipping, and Britain was the destination for most of our exports. However, during World War I, Britain's fear of German u-boats caused it to stop shipping to Australia, and to take the much shorter and safer route to South America for trade instead. Then, in 1915, Australia raised a bumper wheat crop, but had no means to transport it anywhere. Prime Minister William Hughes travelled to London and purchased six steamers, which became Australia's first national shipping company, the Commonwealth Shipping Line (CSL). CSL continued until 1929, when Australia's Anglophile, treacherous Prime Minister, Lord Stanley Melbourne Bruce, sold it to a group of British shipowners. These private shipowners promptly shut CSL down, forcing Australia to once again rely on Britain for its shipping.

Ten years later, history repeated itself. Upon the declaration of World War II, Australia was unable to get its product to market (as it turned out it wasn't just freighters Britain was unable to provide—its oft-promised Navy wasn't sent to defend Singapore on Australia's behalf, either). The Government's response was to establish another national shipping company, the Australian Shipping Board (ASB).

In 1957, The ASB became ANL, and for the next 41 years, until it was sold off in 1998, transported freight for Australian industry. Furthermore, it did so very profitably, especially when supported by pro-industry political leaders.

ANL eventually fell victim to two ideological shifts in Australia: 1) the post-industrial society that emerged out of the 1960s rock-drug-sex counterculture, which saw many industries dismantled, including Australia's nuclear and machine-tool industries, beginning in the late 1960s, and 2) the Mont Pelerin Society "revolution" of economic rationalism and globalisation that accompanied Bob Hawke's rise to power, with his agenda of privatisation and deregulation. In its day, however, ANL served Australia admirably, and is a shining example of what Australia could achieve with a strong commitment to a shipping industry.

The story of the early, successful days of ANL is told in Chapter 14 of Capt. John Williams' fascinating autobiography, *So Ends This Day*. Capt. Williams was ANL's founding chairman, and led it for its first 15 years. Williams was a Welsh-born seafarer of many years experience, whom the Menzies Government's Minister for Shipping and Transport, Senator Shane Paltridge, approached to head up its new venture to establish a government-owned shipping line on a commercial basis.

Williams' recollection of Sen. Paltridge's opening directive for the operation of ANL perfectly captures the spirit in which ANL was launched: "Without further palaver, I was told the fleet was to be run as a private enterprise show: that we would be expected to provide an adequate and efficient service, including the less payable trades; that we need not look for any Government help or favour, the reverse in fact; that the written-

down value of the ships was fifteen million pounds; that we would be given that sum to buy them from the Board plus £500,000 working capital and no more; and, that if we could not make a go of it, to Hell with the lot of us. Then, as a final shot, he said that he wanted me to run the Line as if I had my own funds at risk and that if we paid a dividend of 6% on its capital and kept anything extra to build up the business it would be alright with him—'But just give us the money, Mister'."

And they did. With a board comprised of experts in matters relating to shipping, industry and business, ANL began turning an immediate profit. In its first four and a half months' trading to June 30, 1957, ANL made a profit of £1,139,296, and paid a dividend of £433,064 to the Government. Williams wrote: "I had much pleasure in taking the cheque to Shane Paltridge with the remark, 'Sir, here is the money!'"

The timing of the establishment of ANL proved very fortunate, because at that time the price of secondhand ships was "astoundingly" high. The ANL board immediately sold all of the "dogs" of the old ASB fleet, and made sufficient money to buy newer and better ships. For example, they were able to sell one 10,000 ton vessel for £650,000, that a few years earlier had been worth just £200,000! ANL was able to procure a fleet of 10,000-ton vessels of the "Lake Class", that were mainly put into operation carrying iron ore for BHP between Whyalla and Port Kembla, for the lowest iron ore rates on a ton-mile basis of anywhere in the western world.

However, far from being the result of just good fortune, ANL's success must be mainly attributed to plain hard work and creativity. In 1959, faced with rising freight prices, Williams recruited an engineer and the chairman of the Victorian Grain Elevators Board to help him devise and patent a press-button wheat discharging system comprised of screw conveyors and a form of bulldozer blade that deposited wheat onto a belt and into a silo at a rate of 250 tons per hour. The invention never broke down, it turned the ship it was designed for into the best profit earner in the fleet, and it reduced the freight rate by 20%. But, when it was first tried out, there was an initial fault, that forced Williams, the chairman of the company, to personally shovel wheat all night to overcome it.

On June 30, 1959, ANL paid a dividend of £985,507, despite falling trade. In the two years since it had been founded, ANL had paid out £8,694,382 in company taxes plus £2,394,447 in dividends to the Treasury, "real money then," commented Williams. That's £11 million paid back to the Government on its initial investment of £15.5 million, in two and a half years! By 1962, ANL's annual report noted that funds invested in ships had increased by £12,170,722 upon the initial £15 million investment to £27,853,383 *without calling on the Government for additional funds*. This capital increase of nearly £13 million in five years was achieved despite ANL being denied the right to act as their own agents or handle their own stevedoring, both heavy outgoings when carried out externally. In addition, the entire ANL fleet was limited to no more than 300,000 tons to help protect the private sector against competition from a Government entity.

ANL pioneered roll-on, roll-off (ro-ro) freight in Australia, which was a big technological leap over the conventional cargo handling of the day. Whereas conventional



Shipping in Australia. The government campaign against the ANL, and the Australian ship-operating generally, has pushed it almost entirely into foreign hands.

cargo ships lifted the cargo up and lowered it into the hold of the ship, ro-ro loaded cargo on wheels, which was driven up a ramp into the ship; although more capital intensive, because the ramps were expensive, in terms of operating costs and turnaround times, ro-ro was a revolution in cargo handling in those days before container freight. Indeed, ANL's ro-ro capacity was so good it was competitive with the new container freight revolution in shipping in the 1960s, long after container freight was established. With this technological and commercial edge, ANL established a relationship with the Kawasaki company in Japan that allowed for a very profitable Japan-Australia freight route employing three ships.

Based upon its profitable ro-ro technology, which allowed it to pay high wages to its union workforce, the ANL enjoyed productive, amicable relations with James Healy and his Waterside Workers Federation, "without an argument for twelve years," as Williams reported. And the peace in the docks was mirrored by the peace in the boardroom. Long after retiring, Williams was reminiscing with another board member from the period, Dudley Williams, about their 15 years together, and Dudley Williams reminded him that on not

one occasion had any issue been the subject of a vote, "such was the cohesion and cooperation amongst us."

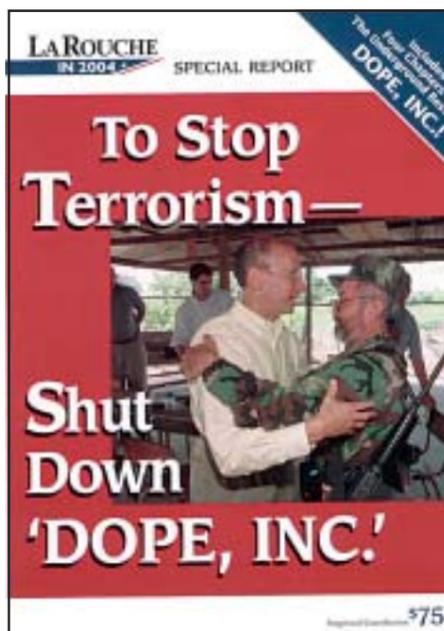
But, there was not always peace on the political front, with the Government. After Sen. Paltridge moved on to another portfolio, ANL came under the direction of first Sir Hubert Opperman and then Sir Gordon Freeth as Ministers for Transport and Shipping. Williams reports that both men were as helpful as Sen. Paltridge had been. Then, in 1968, Freeth was replaced by National Party MP Ian Sinclair, forebodingly nicknamed "Sinkers". Williams reports that Sinclair began a systematic campaign of "bureaucratic meddling" in the running of the company, and that he bluntly informed the ANL board that they should see themselves as what he called a "Political Instrument" and not an independent shipping company. This was a dramatic shift away from policy governing the previous twelve years of successful operation, and at one point the tension between ANL and Sinkers got so bad that National Party leader John "Black Jack" McEwen was forced to intervene on ANL's side. Williams reports that subsequently, the "Political Instrument" campaign faded into the background, but not long afterward Williams retired after 15

years of spectacular operational success as chairman of ANL. "We retired fully content," he wrote.

In 1994, PM Paul Keating's federal Transport Minister Laurie Brereton lambasted ANL as a "basket case with negative net worth" that "could not be given away". The facts of this were hotly disputed at the time by Capt. Bolitho, and the attempted privatisation didn't proceed. However, in 1998, the line that "could not be given away" was indeed sold, by Keating's fellow privatisers, the Liberal/National Coalition. The parts of ANL were sold for \$200 million, proving Bolitho correct, and exposing Brereton's and the ALP's claims as lies.

Talking to the *New Citizen*, Capt. Bolitho predicted that the wheel will turn, and that once again Australia will have no choice but to re-establish a Government shipping line. "It's been my view for many years that you can't leave yourself entirely at the mercy of the market," he warned. "The free market will always cut your throat in the end if it can. You really need some form of counterbalance yourself, even if only to keep them honest. So Australia really does need its own shipping line—there's no question about it. It's an island nation."

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