

The Infrastructure Road to Recovery— Let's Build Our Way Out of the Depression!

A World Leader in High-Speed Shipping

by Robert Barwick

Australia needs a shipping industry! We are an island-continent, with a coastline of 19,320 kilometres. In the year 2000, the Australian economy exported \$101.295 billion worth of rural produce, resources and manufactured goods, and imported \$112.445 billion worth of consumer, capital and other goods. The total sea freight bill on this external trade was \$11.9 billion, \$9 billion of which was spent on foreign ships operating in Australia. (See Fig. 1.) This added \$3 billion to Australia's current account deficit, 9% of the total deficit. Yet, incredibly, Australia has virtually no shipping industry. Major shipbuilding in the area of cargo vessels and bulk carriers has been defunct for more than 20 years. Worse, the nation's ship-owning and ship-operating industry has been allowed to collapse to minuscule proportions: the fleet of commercial Australian flag ships is down to 59 vessels in total, out of a total world market of upwards of 30,000 vessels.

The Australian shipping industry has declined rapidly over the past 20 years, because Government policy has been purposely rigged to favour cheaper foreign shipping. As Captain William (Bill) Bolitho, a legendary Australian maritime figure who was chairman of the

Australian National Line (ANL) from 1989 to 1994, and Chairman of the Australian Shipping Commission from 1984 to 1989, explained the decline to the *New Citizen* on January 21, "It's almost entirely because of government policy over the past fifteen years, that has favoured the importation of foreign vessels and foreign crews, untaxed and unregulated. The Australian government hasn't, for many years, put any support behind either its shipbuilding, or shipping industries."

Large steel cargo shipbuilding (known as "metal bashing") ceased in Australia in 1978, when BHP closed its Whyalla shipyard. Until then, Australia had produced a wide range of vessels, including bulk carriers up to 85,000 tonnes dead weight, roll-on, roll-off vessels and ships for the coastal and international trade.¹ But when the Government subsidy for shipbuilding, the Shipbuilding Bounty (a percentage of the construction cost paid for by the Government), was rolled back, Australia's high wages and living standards, like Europe's, became uncompetitive in shipbuilding, first with Japan, and then, in turn, with South Korea, Taiwan, China and the Philippines. As a "mature" technology, large bulk carrier shipbuilding isn't hard to replicate, Bolitho explained, and

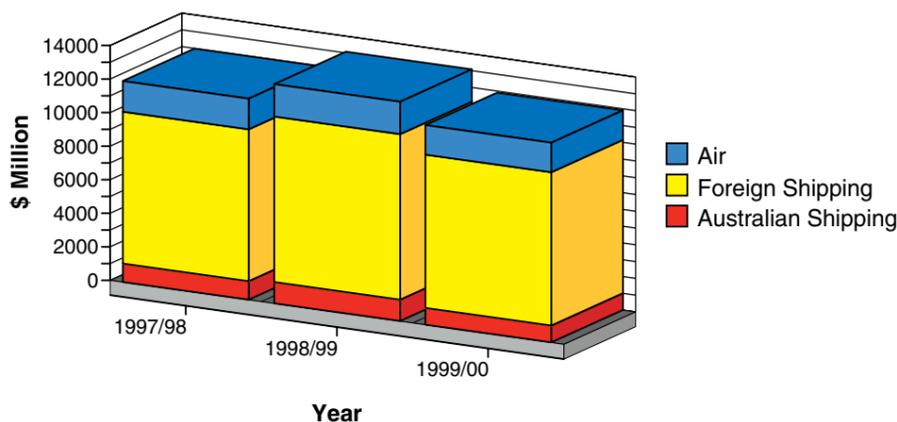


Figure 1

The carriers of Australia's international merchandise trade. Government policy dictates that nearly \$10 billion out of \$11 billion is paid to foreign shipping operators.

Source: "Australian Maritime Transport 2000", prepared for the Australian Shipowners Association by the Apelbaum Consulting Group Pty. Ltd. January 2001.

lower-wage nations have a competitive edge.

While the decline in shipbuilding can be partially explained as a global phenomenon, Australian Government policy deliberately disadvantages Australia's shipping industry. The Australian Shipowners Association reports no less than ten pieces of federal legislation that, one way or another, impose costs on Australian ship operators that are not imposed on foreign operators. For instance, Australian flag ships (ships registered in Australia) are regulated under occupational health and safety and other laws that make ship operating safe. Foreign ships are predominantly unregulated and are issued special permits by the Australian Government to

operate on Australian routes, without complying with Australian award wages and safety regulations. Furthermore, Australian operators and crew pay tax, whereas a very large proportion of foreign vessels either enjoy tax breaks that most major shipping countries provide (unlike Australia), or they operate out of tax havens like Panama and Liberia. Panamanian-registered vessels carried 37.5% of Australia's international maritime trade in 1999/2000, followed by Liberia at 8.5%. The lack of Government finance also disadvantages Australia's ship operators: like most international industries, the shipping industry is driven entirely by finance. Without cheap Government credits, Australian operators can't buy their vessels cheap enough to be competitive.

Deputy Prime Minister and Transport Minister John Anderson brazenly admitted to this policy of deliberately disadvantaging the nation's shipping industry in a speech to a Melbourne dinner in December 1999, when he announced that "Australia is a shipper nation [exporter] and not a shipping nation [carrier]," and that no incentives would be provided by the Coalition Government. In the words of Capt. Bolitho: "The Australian government has set out on a policy of using other countries' tax breaks to fund their own shipping industry. It's in terms of finance and government incentives that the heart of the problem lies. Australia doesn't want a shipping industry. It says, 'If we can get it cheaper somewhere else, let's do it.'"

Fast Boat to China: Australian-Made High-Speed Shipping

The one bright spot on the Australian shipping scene has been the development of a vigorous niche industry building small, specialised vessels, particularly high-speed catamarans. Two Australian companies, WA's Austal Ships, and Tasmania's Incat are world leaders in high-speed shipping technology, and have set the standard in the development and production of high-speed catamarans and other fast ferries for the international market. Incat has held the Hales Trophy for the fastest transatlantic crossing for the last three years, its *Cat-Link V* crossing in just 2 days, 20 hours and 9 minutes at an average speed of 41.284 knots (nautical miles per hour; 76.5 km/h or 47.5 mph).² Austal's *Villum Clausen* holds the record for the longest distance travelled by a commercial passenger ship in 24 hours—1063 nautical miles.

The export of these catamarans has been a successful business for both companies; however, a recent decline in the demand for larger fast ferries has affected the shipbuilding industry. For example, a vessel sold by Incat in January 2002 was its first sale for 14 months. In the face of the onrushing global economic depression, the risk is that the further development of these great Australian companies could be stifled. On the other hand, if LaRouche's New Bretton Woods/Eurasian Land-Bridge global economic recovery plan is adopted, and Australia in that context adopts a national development perspective, then Australia's export industries will soar, and along with them demand for these high-speed catamarans.

The immense potential for these high-speed catamarans is in fast freight to Asia, right on Australia's doorstep. Industry sources report that both the Northern Territory and Queensland governments have canvassed the possibilities of fast freight into Asia, and the concept is seen as strong and workable. The immediate application of that technology would rapidly accelerate the development of the "Top End" of Australia. According to Prof. Lance Endersbee, who has studied fast freight potential into Asia as part of his "Asian Express" high-speed rail concept, a fast freight service into Jakarta, Singapore and Kuala Lumpur would create a demand for high-value Australian produce, particularly in fresh fruit and vegetables. The fledgling exotic fruit industries around Darwin, of Kakadu plums, peanuts, mangoes, paw paws, and figs, that are being developed already using expensive air freight, would be able to expand into large industries for northern WA, the NT, and northern Queensland, supplying the massive Asian market.

Both Austal and Incat have developed their largely vehicle/pas-



The *Cat*, the 91m high-speed ferry built by Incat, that operates across Bass Strait.

senger catamarans into fast freight carriers. Their existing fast freight designs could transport five to eight times the tonnage of a jumbo jet at a rate of around 40 knots. At that rate, freight would be shipped from Darwin to Singapore in just two and a half days!

Singapore is 1887 nautical miles from Darwin, and Jakarta is about 1400. Incat's *Evolution* series of high-speed freight catamarans, which are between 98 metres and

112 metres long, could make the Singapore trip in 53 hours at an average rate of 36 knots. These are 1100 tonne vessels that would have to carry 350 tonnes of fuel to make the trip non-stop, leaving between 400 tonnes and 600 tonnes for freight. At 600 tonnes of deadweight (i.e. the weight of the freight), they will operate at 40-45 knots. The vehicle deck provides a total of 3528 square metres of cargo space, or 589 truck lane

metres, plus 698 square metres for palletised cargo forward. Adjustable mezzanine decks that can be raised and lowered have been developed which offer even more space, and which can be adjusted to transport cars and live cattle. Furthermore, the possibility exists for curtained-off chiller zones that can provide varying temperatures in different sections of the deck, to meet the varying requirements of the different produce, without the



Incat's *Evolution* series of fast freighters. *Evolution One 12*, above, carries passengers and trucks. *Evolution One 12F*, left, carries roll-on, roll-off freight. Both travel at up to 45 knots.