

CHAPTER 17

SHIPPING AFTER THE CRISIS

THE story of shipping after the crisis of 1942 is one of gradual improvement in the volume of tonnage available for coastal traffic, a change which was largely negated by deterioration in the rate of turn-round of ships. In 1943 there was little addition to the number of ships available to the Shipping Control Board, and any easing of the position derived from better organisation through the creation of the Directorate of Shipping and the development of an effective cargo priority system by the Department of War Organisation of Industry. From the beginning of 1944, however, available tonnage increased at the same time as the volume of essential cargo fell, so that by the middle of that year Sir Thomas Gordon, Director of Shipping, found it necessary to spread available freight between the ships under his control. Elements in the improvement were the reduction in damage by enemy action, the elimination of convoys, the shipment of American war supplies direct to forward areas, launching of the first "River" class vessels, additional shipping made available by the British Ministry of War Transport, and reduction in the volume of war production, including coal. But much of this was undone by a sharp increase in the length of time ships were required to remain in port, so much so that a return to the crisis conditions of 1942 was, with some exaggeration, predicted. Explanation of the decline in efficiency on the waterfront defies simplification, but there were parallels with the position on the coalfields: poor docking and handling equipment, inferior working conditions, shortage of labour in the face of excess demand, the need to handle a great diversity of ships, excessive hours of work, the easing in 1944 of the military threat and uncertainty about the post-war employment position. All these encouraged union militancy and slow working. An important additional element in the growth of port congestion was a substantial wartime increase in the cargo-carrying capacity of ships which, as explained below, forced them to spend more time in port. Thus the character of shipping administration changed radically in the final two years of war, with the centre of the stage occupied by the Stevedoring Industry Commission, and to a less extent the Maritime Industry Commission and the Port Equipment and Development Committee.

THE SUPPLY OF SHIPPING

Few immediate results could be expected from the centralisation of shipping administration in the newly-created Department of Supply and Shipping in October 1942. The total Allied shipping position was too near its lowest ebb for any meaningful relief to be obtained from the British Ministry of War Transport or the United States War Shipping Administration. There were too many administrative fences to mend, too many ruffled feathers to smooth. But Gordon set about his new task

of Director of Shipping with tactful efficiency; by the early part of 1943 orchestration of the bureaucracy had made substantial progress.

The essence of the organisational change was the concentration of formal authority in the position of Director of Shipping. While the shipping co-ordination regulations which legalised the change were not gazetted until June 1944,¹ Gordon exercised his new power from the outset. But the substance of the change was co-ordination rather than centralisation. Gordon was invested with ultimate authority over the Shipping Control Board, the Commonwealth Government Ship Chartering Committee, the Central Cargo Control Committee, the Stevedoring Industry Commission and related bodies, but the director wisely decided not to interfere with the day-to-day work of these authorities and concentrated rather on bringing them together to enable common solutions to be found. Only rarely was Gordon forced to use his power of direction. Usually a common course of action was devised by consultation, by presenting the total picture and by exploiting the director's considerable powers of persuasion and his intimate knowledge of the shipping industry.

By early 1943 the basic problems confronting the new organisation had been identified and some steps taken towards their solution. A summary of shipping resources and their disposition was on paper, a summary which revealed the desperate shortage of tonnage and the backlog of essential cargo. So as to make better use of Allied shipping in Australian waters, a British-American-Australian Shipping Committee was constituted in April. Similarly, a Tonnage Committee was created to co-ordinate the ships under the control of the Shipping Control Board and the Ship Chartering Committee. Other changes designed to expedite the working of ships in port included the creation of the Port Equipment and Development Committee and the strengthening of the Central Cargo Control Committee by the addition of representatives of the various port authorities.

As important as these administrative changes were, probably more immediate help was obtained by working out an effective system of cargo priorities largely on the initiative of the Department of War Organisation of Industry. Until late in 1942 there had been no clear or comprehensive priority system. Each local organisation had its own idea about priority ratings which usually reflected individual situations. Following the organisational change, War Organisation of Industry seized the opportunity to extend land transport priorities to sea transport and integrate the two systems. Priorities were drawn up in November 1942 and were effective early in 1943. Military cargo was given the highest priority, followed in a group by coal, iron ore, limestone and steel products; non-essential cargo was virtually eliminated. As the coal position deteriorated, coal was reclassified to rank in priority with military cargo. Priorities were kept under constant review by a small committee. This simple, overdue device made an important contribution to the better use of

¹ Statutory Rules 1944, No. 86, 2 Jun.

shipping in 1943. Of assistance in the same way was the formation of a Transport Co-ordination Sub-Committee in April 1943.² The sub-committee's purpose was to transfer some of the burden from shipping to the railways by taking advantage of the vacant backloading available from Queensland to the south. The main value of this work was to relieve the pressure on New South Wales intrastate shipping which had been seriously affected by the requisitioning of several ships.

Nevertheless, until late in 1943 there was only minor improvement in the coastal shipping position. In the first half of the year the short-fall was almost as great as in 1942. Heavy losses continued to be sustained by enemy action, and there was no question at this stage of any relaxation in convoying. Five Dutch ships became available for use in Australian waters at the beginning of the year but these were allocated to the Americans. Promised assistance by the British Ministry of War Transport was delayed and new ships chartered barely covered losses. The first Australian-built ship, the *River Clarence*, was not ready for use until May. In February the Allied Consultative Shipping Council was informed that iron ore stocks were down to 113,000 tons and by the end of the month were expected to fall to sixteen days' consumption. Broken Hill Proprietary Co. Ltd had five of its fleet out of action because of damage by the enemy. Victoria still had coal for five and a half weeks' consumption, but there had been a drop in stocks of one and two weeks' consumption respectively in South Australia and Western Australia. Since the beginning of the year steel products awaiting shipment had increased by 2,000 tons.³ A large consignment of wheat to India had been held up waiting for space allocation. There were also long delays across the Pacific. The figures were disputed, but Macgregor of Australian War Supplies Procurement in Washington estimated in February that more than 200,000 tons of Lend-Lease goods were awaiting shipment to Australia and that the backlog was increasing. Apart from insufficient allocation by the United States War Shipping Administration, part of the reason appears to have been inadequate liaison between the Australian Legation in Washington and Australian War Supplies Procurement.

By mid-1943 there had been very little change, what change there was being due largely to the fall in coal production. Assistance from the British Ministry of War Transport had been delayed, and the United States War Shipping Administration had not been responsive. Although the fall in coal production had reduced the backlog awaiting shipment, the stock position in importing States had deteriorated still further and in July made necessary the detachment of several vessels from a convoy to load coal in Newcastle. The backlog in iron ore and steel was much the same as it had been at the beginning of the year, but this had only been possible by transferring the carriage of steel to the already overburdened railways. At the same time Gordon's weekly tonnage reports

² Representing the Directorate of Shipping, New South Wales Railways, New South Wales Intrastate Steamship Owners, Timber Control and the Department of Transport.

³ Adelaide Consultative Shipping Council Meeting No. 15, 10 Feb 1943.

revealed an increase in American pressure on shipping resources for the movement of war supplies to Queensland, Darwin, Port Moresby and Thursday Island in preparation for the northward thrust. Any acceptance of these demands merely delayed the movement of other essential cargo. The shipment of Lend-Lease supplies destined for Australia was still unsatisfactory, and the Australian Legation and Australian War Supplies Procurement in Washington were unable to agree on how much additional shipping, if any, was required.

The persistence of semi-crisis conditions built up pressure within the Australian shipping administration for another full-scale approach to the United Kingdom and United States for additional allocations of tonnage. But there was disagreement about how much should be sought, and which authority should be approached. Gordon argued that the United Kingdom was primarily responsible for the allocation of Allied shipping, and that the facts should be laid before the British Ministry of War Transport. He also believed that the Australian submission should be well documented and moderate, and that 50,000 to 60,000 tons dead weight would meet immediate needs. The substance of his reasoning was that, with the bulk of Allied shipping under British control, the United Kingdom Government was in the best position to consider the case; if the United States was approached successfully and the case was subsequently found to be weak, the British would merely reduce their support for Australia.

The argument on the other side was presented primarily by those who had close dealings with the Americans—the Division of Import Procurement, Australian War Supplies Procurement, and sections of shipping administration. It rested on the proposition that much of the problem was American-created and was capable of American solution. Thus, there were two main pressure points: the accumulation of Lend-Lease goods in the United States awaiting movement to Australia, and the absorption of Australian shipping by United States forces in Australia for the transport of military stores. Allocation of additional tonnage by War Shipping Administration to the Pacific and the South-West Pacific Area in particular, would relieve both sources of pressure. The proposal was to ask for at least 100,000 tons, rather more than was needed but on the principle that the Americans would deal with such a bid in the usual way. Weaknesses in the case were anticipated to some extent. "The established American response to such requests was to claim that poor performance on the docks rather than shortage of shipping was the primary source of difficulty, and that the Australian authorities should employ more military labour. As a partial counter emphasis was given to the fact that around mid-1943 there had been some improvement in the turn-round of ships. The other weakness was uncertainty about the extent of the accumulation of Lend-Lease goods in American west coast ports. Some accumulation was of course inevitable, but whether it was excessive or not was the subject of a petty dispute between Australian officials in Washington, involving more the demarcation of authority than

the facts in question.⁴ In the end the Director-General of Post-War Reconstruction, Dr. H. C. Coombs,⁵ was called in to arbitrate and decided that while the extent of the shipping backlog had been exaggerated the facts warranted the submission of a special claim.

On this basis a strongly-worded submission under the names of the Prime Minister and Minister for Supply and Shipping was submitted to the United States War Shipping Administration in June 1943 through H. V. Evatt, the Attorney-General and Minister for External Affairs who was in Washington at the time. The British Ministry of War Transport was kept informed, but the decision to approach the Americans was taken because of United States command in the South-West Pacific Area. In essence the case was that the

Acute shortage of shipping in Australia [is] such that [the Australian Government is] concerned about the continuance of the country as an effective arsenal, supply and repair centre of [the] United Nations. Also [the] position [is] serious in respect of transport of the minimum essential requirements necessary for the general war effort.⁶

The cable detailed the low level of steel-making materials in producing areas, the burden on the railways, and the accumulation of essential cargoes at Melbourne, Sydney and Adelaide. It also provided a summary of shipping resources as at the beginning of June. After deducting losses by enemy action, ships temporarily out of action, vessels released to Australian and American forces and those used solely for shuttle service in northern areas, there remained on the coast for merchant shipping purposes 54 interstate ships and 68 intrastate ships aggregating 263,000 tons dead weight. For statistical effect these figures were compared with the situation in September 1939, but for present purposes it is more useful to compare the position with January 1943. At the beginning of the year there were 46 interstate and 68 intrastate vessels on the coast engaged on non-military work with a gross weight of 195,000 tons. Even though difference in the categories of weight makes these tonnages not strictly comparable, the addition of only eight interstate vessels indicates that while there had been some improvement the shipping position was not far removed from the crisis conditions of 1942. This was particularly so in view of the continued growth of war production until April 1943. The amount of help sought was 100,000 tons preferably in vessels of 4,000 to 6,000 tons, one-half of which was intended for the carriage of coal and the remainder to keep up the shipment of limestone, zinc and lead concentrates and reduce the accumulation of semi-defence and essential civilian cargo. Privately the Director of Shipping would have been reasonably satisfied with an allocation of an additional 50,000 tons.

⁴ The facade of the dispute concerned the volume of Lend-Lease awaiting shipment, but its substance was the division of tasks between the Australian Legation charged with responsibility for negotiating shipping space and Australian War Supplies Procurement for procurement. The Director-General of Australian War Supplies Procurement believed that total responsibility should have been his.

⁵ Coombs had moved from the Rationing Commission to this post which was part of the new department, headed by Chifley, who continued as Treasurer, which had been announced by the Prime Minister on 22 Dec 1942.

⁶ Cable 681, 12 Jun 1943.

The response in Washington was reasonably sympathetic, and London was also prepared to help as far as possible. There was of course no sudden change in the availability of ships. At the end of August a summary of the disposition of shipping indicated virtually no change compared with June. But from September there was a steady increase in allocations from several sources. In June 1943 United States forces in Australia received an additional 58,000 tons from War Shipping Administration for their own exclusive use. After several months operating in this way, the Americans were encouraged by the Lend-Lease Mission to help out along the Australian coast as far as possible. In September the Canadian Government advised that seven of its new Park Line vessels would be available for use on the Australian coast at the end of the year so long as there was no delay in the turn-round of ships, an arrangement which had been sponsored by the British Ministry of War Transport. It was anticipated that these ships would provide 50,000 tons, one-half the stated requirement. Shortly afterwards representatives of the British Ministry of War Transport and United States War Shipping Administration visited Australia to make a detailed assessment of needs. The visit resulted in several new British Ministry allocations to the Ship Chartering Committee, and indirect assistance by the United States. This assistance took the form of a substantial increase in direct shipment of war supplies from the United States to forward areas which relieved the pressure on Australian shipping.

By December 1943 the severe pressure on shipping space was over, at least until the end of the war in Europe. Most of the Canadian vessels had arrived, and those that were subsequently withdrawn from service in Australia were replaced by Swedish ships. Coal production had fallen sharply; the problem of low stocks in the importing States was now of different origin. Munition production had also fallen, and the shipment of vehicles to the islands for the Americans, which represented a major demand on shipping in the second half of 1943, had been completed. In January 1944 Gordon advised the Secretary of the Department⁷ that "instead of the difficulty in spreading ships over cargo the reverse has been true". An additional element in the improvement was the phasing out of convoying. At the end of 1943 most ships were allowed to sail unescorted, although in vulnerable areas convoys were retained until mid-1944. This change alone added about thirty per cent to shipping efficiency. In 1944 the main shortage was in the category of small intrastate vessels of around 2,000 to 3,000 tons. In March 1943 the Shipping Control Board had decided to requisition the remaining vessels of the New South Wales coastal fleets, a procedure which was not completed until May 1944. To assist in the movement of cargo between New South Wales ports an Intrastate Shipping Committee was formed in May 1943.⁸

⁷ A. V. Smith.

⁸ Representative of the Directorate of Shipping, Comyn Smith & Co. (the firm appointed as agent for these vessels), the three owning companies—Illawarra and South Coast Steam Navigation Co., Newcastle and Hunter River Steamship Co., and North Coast Steam Navigation Co.—and later Timber Control.

But the shortage of such vessels persisted: they were well suited to island work and the Americans were reluctant to release any they were using despite the age of the ships and their generally dilapidated condition. Against the change in the supply of interstate and overseas vessels, however, this short-fall was of minor significance.

For the remainder of the war shipping capacity on the coast and across the Pacific remained relatively "easy". The 100,000 tons additional capacity was not quite achieved, but by early 1944 it had become plain that the amount of the claim represented a substantial element of insurance. To retain the goodwill of overseas authorities, the Directorate of Shipping ceased to press for extra help except to meet special situations. Thus, matters which received attention in 1944 and 1945 included the arrangement of space for the shipment of packing case timber from North America, the equipment of ships with refrigeration for the transport of food to the New Guinea area, and the release of small vessels from the Services to strengthen intrastate trade. The quality and availability of small ships was the only weakness identified by Beasley, Minister for Supply and Shipping, in a review sent to War Cabinet in September 1944.⁹ Most of the ships were old and in poor condition when released from military use, making extensive and lengthy repairs necessary. Such repairs received low priority, and there was little improvement in the intrastate shipping tonnage before the end of the war. Indeed, a looming problem was the age of all ships, many being more than twenty years old and near the end of their commercial life, but this was a matter for post-war policy.

The basic decisions on charter rates and related financial matters had been taken at the time the bulk of the fleet was requisitioned in 1941. Following British practice closely and also pre-war arrangements with the Australian Steamship Owners' Association, companies were paid 9 per cent on the "basic value" of each ship (5 per cent for depreciation and 4 per cent for capital), plus running expenses including an amount for repairs. In addition, a commission of 6 per cent on the freight earned by a ship was paid as a cost-plus management fee, because the shipping companies acted as agents for the Shipping Control Board. (They collected all freight and made payments on behalf of the Board.) Further payments were made as "allowances" to cover a wide range of services and direct costs: superintendence of loading and unloading, the hire of general and handling gear, claims arising from pilfering and damage, and crews' overtime. The regulations required remuneration to be "fair", but within the components of total remuneration there were many difficulties in the determination of fair compensation. Of central importance among these was the definition of "basic" ship values on which a large proportion of the total payment depended. It was soon found, for example, that there were marked differences in the "basic values" of similar ships

⁹ War Cabinet Agendum 471/1944.

and consequently variations in the earnings of companies who were in other ways operating under similar conditions.

An associated matter was the determination of freight rates. From the beginning of the war these had been controlled by the Prices Commissioner. The objective was of course to keep rises in rates as low as possible, but under war conditions rates were under severe upward cost pressure—not least because of marine war risk insurance.¹ In an attempt to reduce the cost of marine war risk premiums, all Australian ships had been required to insure with the Commonwealth Marine War Risk Insurance Board established in 1940. However, when ships were requisitioned the Shipping Control Board carried the risk. In either case the government was the underwriter and in accepting the risk had introduced an element of subsidy into freight rates.

With the establishment of the Shipping Control Board, the fixing of freight rates became more complex. As before, the Prices Branch determined rates for non-requisitioned shipping but the Board set its own rates for the shipping under its own control. The Prices Commissioner saw this as an anomaly and sought representation on the Board. The anomaly had become more pronounced in 1942 as the Board offset a proportion of cost increases—accentuated as they were by convoying—by incurring deficits on its own account whereas subsidies were not yet within the scope of the government's general prices policy. Further, the rates charged for the carriage of coal by British Ministry of War Transport and Ship Chartering Committee vessels were well above Australian-determined rates,² adding further to the Board's deficit. Yet there had been no definition of the Government's general approach to the payment of subsidies for shipping. Gordon pointed out in November 1942 that unless Shipping Control Board rates were lifted by at least 15 to 20 per cent losses would be running at between £1,000,000 and £2,000,000 a year. The policy question had to be faced: were the ships to be operated purely in the national interest (involving heavy subsidies), on a semi-commercial basis (with prices meeting costs but with an allowance for profit being met by a moderate subsidy), or on strictly commercial terms?

The decision of January 1943, in favour of the Treasury meeting the deficit of the Board, established the principle that shipping in general, as well as coal transported in overseas-owned ships, should be operated on a semi-commercial basis.³ The War Cabinet did not make clear how far it was prepared to subsidise freight rates, but it decided that rates should not be altered for the present and that future changes should be made by the Board and the Prices Commissioner acting together. This meant that freight rates were once again brought within the scope of

¹ See Butlin, *War Economy 1939-1942*, pp. 182 ff.

² The local rate for carriage of coal from New South Wales to Victoria, for example, was 11s. per ton, compared with 17s. 6d. when carried in ships under British Ministry of War Transport charter and 23s. when carried in Ship Chartering Committee vessels.

³ By the same decision a representative of the Treasury was added to the Shipping Control Board. War Cabinet Minute 2598, 30 Jan 1943, on Agendum 40/1943.

general prices policy; and with the introduction of price stabilisation in April 1943 there were no further wartime changes in rates. But as the Board had been subsidising rates for most of 1942, wartime increases had been moderate. Expressed as a percentage surcharge on rates as at 3rd September 1939, increases can be summarised as follows:

	Between Tasmania and Western Australia and other States	Between States other than Tasmania and Western Australia
On 9 October 1939	10	10
On 1 October 1940	15	15
On 1 May 1941	17½	22½
On 16 February 1942	30	35

By contrast rates on the Australian Conference Line between the United Kingdom and Australia had been increased by a total of 100 per cent (in both directions) by the end of the war despite strenuous but unsuccessful protests by the Department of Supply and Shipping.

The January decision also initiated a lengthy and unproductive examination of the basis on which shipping companies were remunerated. As noted, the standard charter party was designed to return the companies nine per cent gross on the "basic values" of their vessels, plus six per cent commission on freight and supplementary allowances. The charter party specified that payment was to be made on a fixed daily rate with adjustment from time to time to maintain the nine per cent return. The shipping companies claimed repeatedly that these adjustments had been inadequate and that returns had fallen during 1942. An exhaustive examination by the Prices Branch, completed in November 1943,⁴ found among other things that while returns were lower than before the war they were in the aggregate "reasonably fair" and that for 1942 all that was required to bring returns to nine per cent was the payment of an additional £109 per day on a total daily charter payment of £5,804. The issue was complicated, however, by the fact that ships' "basic values" had been inflated by the war. The Prices' investigation found, for example, that the cost of the twenty-two vessels when built for their owners totalled £2,145,000. At the time of valuation they were on average sixteen years old, yet their total basic values were placed at £2,048,000. Further, there were marked discrepancies in the way individual ships were valued, and in the values as accepted by the Shipping Control Board and as determined by the Naval Charter Rates Board for the ships requisitioned by the Services (for similar ships the latter being higher than the former).

As there was much to be said on both sides about appropriate accounting methods and the earnings of shipping companies, the issue dragged on until August 1944. As an interim arrangement the shipping companies had accepted lump sum payments to compensate for increased costs in 1943. The compromise arrangement, to operate from 1944 until

⁴ "Charter Rates. Cargo Ships Requisitioned by the Shipping Control Board. Report on Investigation", G. T. Evans, Commonwealth Prices Branch, 12 Nov 1943.

derequisitioning, retained existing charter rates and the terms of the standard time charter party, but provided for shipping companies to make claims for increased costs if they thought their earnings had been insufficient.⁵ However, the Government was prepared to accept the rate of return of nine per cent on "basic values" only as a guide to what might be reasonable and rejected any predetermined rate of remuneration. The compromise satisfied some of the Treasury's objections to the guarantee of nine per cent on "basic values" and allowed the shipping companies to be compensated for increased costs, but it left the way open for endless quibbling about the fairness of particular amounts of compensation.

SHIPBUILDING

The revision of the shipbuilding programme in July 1943 had reflected the need for greater diversity: for fewer overseas vessels and for more smaller ships to fill the large gaps in the coastal fleet. Accordingly the original order for twelve "A" class ships of 9,000 tons per year had been reduced to a total order of thirteen. In their place authority was given for the ordering of ten ships of 6,000 tons deadweight, ten of 4,000 tons and two of 2,000 tons.

The subsequent history of this programme is a further illustration of the continuing problem of relating orders for large and complex items of capital equipment to a rapidly changing war situation. With the improvement in the supply of vessels for the interstate trade at the end of 1943, the revised programme once again came under scrutiny. The initiative was taken by Sir Thomas Gordon who had in mind the deficiencies in intrastate shipping, but re-examination became enmeshed with the post-war requirements of shipping and shipbuilding.

The revised construction programme made a slow start, partly because of inevitable lags in the development of new designs, partly because of labour shortage, and partly because of resistance by shipbuilding unions to further labour dilution (anticipating as they did an uncertain demand for their labour after the war). The 2,000 ton design passed its tank test late in 1943 but little progress had been made with either of the other two. Even with the 2,000 ton ship it was anticipated that plans would not be complete until mid-1944 and that because of labour shortage the ships would take twelve months to build.

Late in 1943 Gordon was seeking an increase in the number of 2,000 ton vessels for it now appeared that this would be the most useful size along the coast and as far as the Netherlands East Indies. He also suggested modification of the engines of the established "A" class programme as the existing engine was uneconomic, a feature which would be of growing importance after the war. In addition, he argued that some ships should be fitted with refrigeration capacity. But Gordon was not

⁵ Such claims were to be examined by a committee comprising representatives of the Prices Commissioner, the Shipping Control Board and the Treasury before determination by the Board. The Treasury had originally objected to the determination of compensation on a cost basis because of War Cabinet's rejection of "cost-plus" in Nov 1943, but there appeared to be no other appropriate formula.

included in a meeting of March 1944 to consider the design for the 6,000 ton vessel. Behind this seemingly trivial exclusion was a deterioration in relations between the Director of Shipping and the Director of Shipbuilding. Gordon's attempt to amend the programme was understandably irritating to Admiral McNeil whose interest was in getting on with the task which would take at least three years to complete without any further changes. But Gordon's doubts were well based. By early 1944 it was reasonably clear that the revised programme would have more post-war than wartime relevance, and there was no point in pressing ahead with a programme simply for the sake of continuity when available evidence suggested that the building of larger ships would lead to the creation of a financial incubus. The dispute between the supplying and consuming authorities was still in its embryonic stage but was shortly to have a major impact on the subsequent course of events.

The inter-departmental committee on post-war shipping and shipbuilding, appointed by War Cabinet in January 1944,⁶ was concerned with much more than the composition of the shipbuilding programme, but its first report completed in March accepted that the current programme was the starting point for post-war shipbuilding and that Australia should concentrate on the building of small vessels. Other evidence came before the shipping administration that the requirement would be for vessels of 2,000 tons and less. Burns Philp & Company Ltd, one of the oldest of local shipping companies, stated that their need in the Pacific Islands trade would be for ships of 2,000 tons, while companies with intrastate fleets spoke of the need for vessels of between 150 and 500 tons. Indeed, it was in this class that the future of Australian shipbuilding appeared to lie.

The pressure from these sources for a further revision of the programme came together in July 1944 in a meeting under the chairmanship of Essington Lewis, Director-General of Munitions. It comprised members of the January 1944 inter-departmental committee, the May 1943 conference which had recommended the original revision adopted in July 1943, and a representative of the Department of the Navy. Items for consideration were the implications of the carryover of the existing programme into the post-war period, amendments to the programme, and priorities between different classes of vessels; but the centre of the stage was occupied by Gordon's proposal to delete the building of "B" class (6,000 ton) vessels and in their place add two more "D" class (2,500 ton), and to build twelve ships of 3,000 tons, six of 1,500 tons, six of 1,000 tons and ten of 550 tons. (He suggested no alteration to the approved order for ten "C" class vessels of 4,000 tons.) Such a programme would involve a total tonnage of 106,500 compared with 105,000, but McNeil pointed out correctly that the building of more individual ships would involve additional labour—perhaps twenty-five per cent more—irrespective of the small difference in total tonnage. McNeil and others were sceptical about the proliferation of designs and the

⁶ War Cabinet Minute 3277, 24 Jan 1944.

proposed cancellation of the "B" class. The recommendations submitted to War Cabinet in August⁷ were:

1. That work on the "B" class 6,000 ton vessels be retarded.
2. That arrangements be made to expand the "D" class 2,500 ton ships to a total of 10 [the increased number as a substitute for Gordon's 3,000 ton vessels].
3. Construction of 10 vessels of 550 tons urgently needed for intrastate trade be initiated by the Australian Shipbuilding Board, the Board having advised that the design will present no undue difficulty.
4. General authority be given to the Australian Shipbuilding Board to make variations in the programme as the requirements of the time may dictate to be determined in consultation with the departments and authorities concerned.

In addition the construction of refrigeration space in these vessels was to be examined, and the further requirements recommended by Gordon should be investigated further.

Despite an impassioned plea against further revision of the programme by a member of the Shipbuilding Board which was put before War Cabinet, the meeting's interim conclusions were promptly endorsed subject to the availability of any additional manpower.⁸ The Shipbuilding Board was to submit to the Minister for Munitions recommendations for variations in the programme "as the requirements of the time may dictate", while a report was to be prepared on the additional ships suggested by Gordon. But there was little further activity of this kind. Arrangements were made to fit two of the "River" class and one smaller vessel with refrigeration, but examination of the need for additional small ships was shelved. So, too, was the Shipbuilding Board's periodic review of the suitability of the programme. Munitions was reminded of the obligation in January and July 1945 but by that time it was clear that the Department had no intention of recommending any modification.⁹ The 1944 decision was expected to keep the shipyards full at least until the end of 1947; costs were rising rapidly and increasing doubts were being expressed about the post-war viability of the industry. The Shipbuilding Board was keenly aware of the collapse of the industry after the war of 1914-18, and it was not, of its own volition, offering its neck for the axe.

As indicated in the table, the revisions of 1943 and 1944 made no contribution to the flow of coastal cargo until well after the end of the war. Although the "D" class vessels were given the highest priority in 1944, the first such ship was not commissioned until 1946 or three years after authority was given for orders to be placed. Between ordering in 1941 and delivery from 1943 to 1948, the fortunes of the "A" class turned full circle. They were ordered at a time when the primary need was for vessels to carry exports overseas, but by the time first deliveries were made this need had largely disappeared. After the end of the war

⁷ War Cabinet Agendum 397/1944 (revised).

⁸ War Cabinet Minute 3730, 23 Aug 1944. The plea for no revision was that of A. S. McAlpine who had been largely responsible for the retention, reported in an earlier chapter, of the full order because steel had already been fabricated for the thirteen. In 1944, however, McAlpine was unable to offer a similar argument.

⁹ Supporting notes on War Cabinet Agendum 397/1944 (revised).

when overseas ships were again in serious undersupply the "River" class ships were able to make a useful contribution and were envisaged as the basis of a government-owned shipping line.

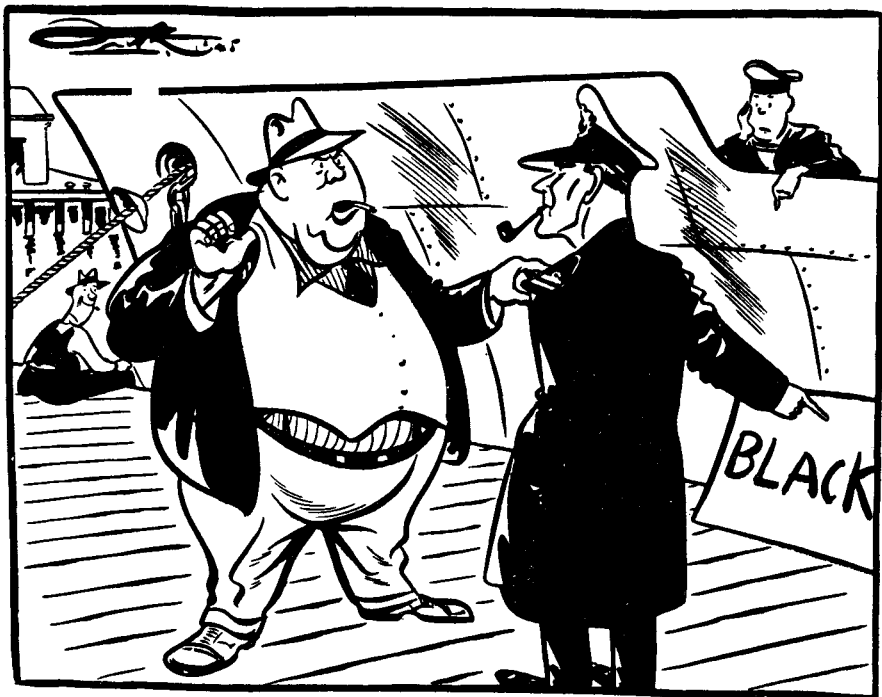
VESSELS CONSTRUCTED FOR AUSTRALIAN SHIPBUILDING BOARD
TO 1 DECEMBER 1948

Vessel	Commissioned	Builders
"A" Class 9,000 D.W.T.		
River Clarence	28 May 1943	Cockatoo Docks & Engineering Co.
River Burdekin	2 Dec 1943	Evans Deakin & Co.
River Glenelg	15 Mar 1944	Broken Hill Pty, Whyalla
River Derwent	7 Sep 1944	Broken Hill Pty, Whyalla
River Fitzroy	16 Nov 1944	Evans Deakin & Co.
River Loddon	12 Dec 1944	H.M.A. Naval Dockyard, Victoria
River Murchison	8 Feb 1945	Broken Hill Pty, Whyalla
River Murrumbidgee	10 Jul 1945	Broken Hill Pty, Whyalla
River Mitta	5 Nov 1945	H.M.A. Naval Dockyard, Victoria
River Murray	15 Nov 1945	Broken Hill Pty, Whyalla
River Norman	11 Jun 1946	Evans Deakin & Co.
River Hunter	29 Jun 1946	Cockatoo Docks & Engineering Co.
River Burnett	26 Sep 1947	Evans Deakin & Co.
"B" Class 6,000 D.W.T.		
Barrigun	24 Jul 1947	Broken Hill Pty, Whyalla
Balaar	29 Nov 1948	Broken Hill Pty, Whyalla
"D" Class 2,500 D.W.T.		
Delamere	15 May 1946	Broken Hill Pty, Whyalla
Dorrigo	28 May 1946	N.S.W. State Dockyard, Newcastle
Dandenong	19 Sep 1946	Broken Hill Pty, Whyalla
Daylesford	8 Dec 1946	Broken Hill Pty, Whyalla
Dubbo	24 Feb 1947	N.S.W. State Dockyard, Newcastle
Dalby	24 Apr 1947	Evans Deakin & Co.
Delungra	31 Oct 1947	N.S.W. State Dockyard, Newcastle
Dulverton	7 Jun 1948	Evans Deakin & Co.
"E" Class 550 D.W.T.		
Eugowra	7 Feb 1948	Walkers Ltd, Maryborough
Enfield	9 Jul 1948	Walkers Ltd, Maryborough

WATERSIDE AND MARITIME PROBLEMS

There were many elements in the fall in the rate of turn-round of ships in 1944 and 1945. As elsewhere in the economy, there was a marked shortage of labour; men were older than the average for the work force; long hours had been worked over a period of years (some men worked 77 hours per week) encouraging absenteeism; and working conditions remained poor despite some wartime improvement. Ships were discharging more cargo per deadweight ton but the wharves had not improved; port handling equipment was inadequate and outmoded; port administration remained archaic and unimaginative. While ship owners persisted with provocative criticism of waterside labour, for perhaps the

THE HOME FRONT



NEWS ITEM:—The Central Wharf Stevedoring Company has had to advise the R.A.N. that they cannot carry out repairs to a ship owing to the "black" ban imposed on members of the Ship Joiners' Union by the Trades and Labour Council.

Union Boss: *Don't you know there's a war on—between the unions?*

Frith in Sydney Morning Herald 11 Apr 1945

first time workers felt relatively secure in their employment and were determined not to allow a return to the exploitation and pernicious practices of the nineteen thirties. Many of the countless disputes over the fixing of a uniform size of slings, provision of transport from pick-up to jobs, payment of meal money, washing time and "smoko" time were described as petty (indeed subversive), and in isolation were petty. But they reflected the rising aspirations of workers in these industries and represented attempts to cast aside generations of industrial subservience and build on the gains that had already been achieved through the Stevedoring Industry Commission.

But industrial disputes were not the primary reason for growing port congestion and the longer time spent by ships in port. Indeed, there is little clear evidence of any marked change in labour efficiency in terms of gross tons loaded and unloaded. Statistics available about the industry before the end of the war are notoriously deficient, and there are no figures of man-hours worked by cargo categories. Available figures of tonnage loaded and unloaded indicate that, excepting 1941-42 and 1942-43, years affected by shipping shortage, the gross output of stevedoring remained reasonably stable during the war until 1945-46 when there was a fall of 8 per cent in overseas cargo and 19 per cent in interstate cargo compared with the previous year.¹ But these figures combine so many influences, including the pronounced shift from general to bulk cargo, that they are of little value. There can be little doubt that there was some decline in labour efficiency towards the end of the war because, other things being equal, the shift to bulk cargo should have increased tonnage moved per man-hour. But much more important than labour efficiency in affecting the rate of ship turn-round were factors beyond the control of the men and the unions. Shipping interests claimed with customary exaggeration that before the war it was normal for ships to spend two-thirds of their time at sea and one-third in port, whereas in 1944-45 the proportions were reversed, and argued that slow working was responsible. In fact, the alteration was due mostly to a change in the carriage efficiency of shipping combined with the failure of port authorities to improve their management of storage and movement of cargo once unloaded. The point was made repeatedly by the Stevedoring Industry Commission and its post-war successor, the Australian Stevedoring Industry Board. Five years after the war the Board presented the following figures of increases in the ratio of gross tons of cargo carried per gross ton of shipping in the port of Sydney:

	Interstate trade		Overseas trade	
	Imports	Exports	Imports	Exports
1937-38	0.26	0.17	0.19	0.11
1938-39	0.24	0.16	0.17	0.12
1948-49	0.64	0.34	0.28	0.23

Source: *First Report of the Australian Stevedoring Industry Board* (1950), p. 60.

¹ From *Commonwealth Year Books*.

If these ratios applied to all Australian ports, and on the assumption that the quantity of capital on wharves and the technique of handling remained unaltered, the amount of labour required per gross ton of shipping would have needed to increase by a factor of 2.1 between 1937-38 and 1948-49.² Alternatively, the efficiency of labour would have had to more than double to have avoided a fall in the rate of turn-round of ships. As most of the change in the cargo ratio occurred during the war, this was a large part of the explanation of growing port congestion even though it was largely ignored in stevedoring polemics.

Further, the nominal amount of labour available to handle cargo was seriously eroded by inefficient management and by restrictions imposed by the Waterside Workers' Federation. A common deficiency of management was its failure to keep cargo up to ships, resulting in gangs remaining idle waiting for deliveries to be made. Occasionally this was due to shortage of transport, but inadequate attention to detailed planning was the more common cause. Similarly, wharves and sheds were allowed to become unnecessarily congested because stacking and sorting were not properly directed—and because clearance from sheds was haphazard. Under conditions of acute labour shortage, shipping companies were inclined to hoard labour by engaging men for a shift before cargo was available, or before the ship had arrived, and then allow them to wait around while other ships were held up waiting for men to be released. The Stevedoring Industry Commission was able to direct men in such circumstances but effective policing was difficult. For its part the Waterside Workers' Federation in Sydney insisted on, and the employers accepted, a minimum engagement period of four hours even though a particular job might be completed well before the time had elapsed, so that men were sent home early rather than re-engaged for a new job. Stoppages for rain were also expensive in labour, especially when gang leaders were inclined to stop work at the first hint of a fall in the barometer. In all from twenty to twenty-five per cent of official working time was lost as a result of these practices, although it is not possible to determine how far this was a variation of what would have been normal before the war.

The age of men was an important additional factor influencing productivity. Since the beginning of the war there had been a pronounced increase in the average age of wharf labourers as revealed in the following percentage age distribution of the total work force:

PERCENTAGE OF WORK FORCE IN EACH AGE GROUP						Average age
	20 to 29	30 to 39	40 to 49	50 to 64	64 and over	
1911	25.6	27.2	24.8	19.9	2.5	39.6
1939	10.2	22.5	25.7	35.9	5.7	45.8
1943	7.3	20.4	26.1	38.0	8.2	47.6
1948	10.5	24.5	27.4	29.0	8.6	45.6

Source: *First Report of the Australian Stevedoring Industry Board* (1950), p. 92.

² The required increase in labour efficiency has been derived by weighting the classified cargo ratios by cargo volumes, and then averaging.

Moreover, in 1911 the most common age—as distinct from the average—was about 33 years whereas in 1943 it had risen to 50. In view of the nature of the work and rudimentary mechanisation, this must have had a major bearing on labour performance.

Given the embittered state of industrial relations on the waterfront and the fact that reforms were likely to take years to bear fruit, the capacity of wartime authorities to improve the position for any length of time was strictly limited. For its part the Directorate of Shipping concentrated on ways of upgrading the handling of cargo. The Port Equipment and Development Committee formed in January 1943 was mainly concerned with the maintenance and improvement of ports to assist the movement of military cargo. Thus, it arranged the supply of additional lighters for the smaller ports (mainly in Queensland), the construction of mobile and floating cranes, coal hulks, additional wharf space by the Allied Works Council, and the dredging of harbours. It also advised on the development of the port at Darwin, and on the proposal to establish a large dock in South Australia. But by mid-1944 the committee's work was largely routine and was not actively involved in the end-of-war cargo handling problem.

This and related problems was increasingly the concern of a number of new special purpose committees, usually with Sydney as the focus of attention. Following a conference with American Army authorities, an Allied Materials Handling Standing Committee was formed in June 1944³ for the official purpose of expediting ship turn-round and furthering the use of mechanical handling equipment. At least part of the reason for the committee's formation was to help moderate open American criticism of Australian port conditions. Nevertheless, it performed useful detailed work in organising pools of fork lift trucks and cranes, and by helping to extend the system of palletisation.⁴ Following the decision that units of the British Fleet would join United States forces in the Pacific and be based in Australia, a Port of Sydney Advisory Panel was constituted with Sir Thomas Gordon as chairman to advise on the severe additional problems of berthing, anchorage, repair and docking in an already overloaded port. Such expedients were necessary merely to prevent further deterioration in the handling position.

By the end of 1943 the Stevedoring Industry Commission had been responsible for a number of major changes in the industry. It will be recalled that the Commission, when appointed at the beginning of 1942, had been clothed with arbitration and conciliation authority within the stevedoring industry. It was empowered to register *bona fide* waterside workers, fix quotas in each port, transfer labour as required, supervise the engagement of labour, and enforce disciplinary regulations. A Water-

³ Murray Angus was chairman.

⁴ In 1945 this aspect of the committee's work was formalised with the creation of the Commonwealth Handling Equipment Pool, more commonly known as CHEP. After the war the work of CHEP expanded considerably as a result of the take-over of American handling equipment left in Australia, but in 1958 a large part of the business was sold to Brambles Industries Ltd.

side Employment Committee, constituted on the same lines as the Commission, was established in each port to supervise the continuing working of ships in the port, and to intervene towards the settlement of industrial disputes. By the registration of labour and the setting of quotas, the Commission had taken what proved to be a historic first step towards removing the "casual" nature of waterside employment, one of the features of the industry which had unsatisfactory social ramifications. Through its rules of engagement it also instituted as far as possible the "gang" system to expedite the loading and unloading of ships, an innovation which did not always have the desired effect. Other rules of engagement provided for the continuous working of ships by both day and night which removed the employers' right to restrict working to any hours which suited them. Further, with money provided by the Government a start was made in building cafeterias, shower rooms and other essential amenities which had been neglected for far too long.

In 1944 and 1945 the Commission faced a more exacting period. Labour shortage was aggravated by the growth of absenteeism; industrial disputes increased in frequency as the Waterside Workers' Federation attempted to consolidate and extend the gains that had been achieved; the Commission was under constant criticism from employers, particularly interstate shipping companies, about its policy of so-called "appeasement" of the Waterside Workers' Federation. The quest for more labour led to the release from the Army of 700 men by the Manpower Directorate, and their acceptance by the Federation, in May 1944. But this number was inadequate to provide sufficient relief, and the need for the use of Army labour on military cargo continued. In November the Commission transferred 300 men from Brisbane to Sydney to relieve the chronic bottleneck which existed at this port, and pressed with modest success for special releases from the Army of workers nominated by the Federation. To help contain absenteeism and for more general reasons, canteen facilities were extended. The rules of engagement were also amplified to cover such detailed matters as the payment of special rates for wet work, engaging outside pick-up hours, and the use of unregistered labour. However, the Federation challenged the Commission's legal power to impose fines and, without the case going to court, the power was withdrawn and fines previously collected were refunded, but the Commission's authority to deregister and suspend was retained.

In the latter part of 1944 the Waterside Workers' Federation initiated its main thrust to extend benefits for its members. On 29th August before the Commission, Healy, the Federation's secretary, gave notice of motion requiring determination of items included in the 1940 log of claims to the Arbitration Court which had not been settled by the interim award of July 1941 or by the Commission since then. Matters raised included attendance money for waterside workers, annual leave with pay, and sick leave with pay. The motion was defeated although shortly after the war, in January 1947, the Commission in one of its last rulings granted the payment of attendance money at major ports (partly as a

move to reduce absenteeism), a provision which was gradually extended to minor ports. Also in 1947 the Arbitration Court ruled in favour of annual leave with pay. The initial defeat of Healy's move led, however, to an outbreak of strikes at the end of 1944 and in 1945. One such dispute concerned the deregistration of fourteen men of Gang No. 100 in Sydney by the chairman of the Sydney Waterside Employment Committee in October 1944. The circumstances were as trivial as they were typical. Men were either paid on Thursdays when working on interstate ships or on Saturdays when working on overseas ships. The men in question had been working on an overseas ship but on Wednesday 25th October were picked up to work on an interstate ship. They asked to be paid on Saturday—the normal day for them—because some of them would only have 14s. 10d. to draw on Thursday and would have to wait until the following Thursday for the balance. The request was refused by the shipping company and the men went out until their request was granted. After several warnings they were deregistered and, predictably, the dispute spread. Subsequently the Waterside Workers' Federation proposed that there should be one uniform pay day for all men, a proposal which was accepted by the shipping companies and endorsed by the Commission, but not before the deputy chairman of the Commission had resigned as a protest against the Government's decision to cancel the deregistration of the fourteen men. This decision was based on the view that the men were treated with unnecessary severity but also because of representations by Sir Thomas Gordon about the effect of a prolonged dispute on the movement of essential cargo. The event illustrates the persistent lack of common sense in the industry, and the Commission's inability—whatever the merits of the particular case—to enforce discipline under conditions of chronic labour shortage.⁵

In 1944 and 1945 an additional matter of concern was an apparent increase in pillaging from ships and wharves. The Central Cargo Control Committee claimed that pillaging had been "rife" in 1944, and submitted the evidence as presented in tabular form on page 492.

These figures were disputed as it was claimed that they exaggerated the extent of pillaging and short landing. They were not in a very useful form, comparing as they did monetary amounts with physical quantities. They purported to include only "pillageable" cargo (mainly general cargo). Even so the rate at which losses were sustained would be influenced by the nature of the cargo and its value. In these circumstances it was surprising to find a high degree of uniformity in the rate of pillage and short landing, with Brisbane appearing to be the port with the worst record.

Other evidence was even less satisfactory. The Services reported that from three selected shipments at the end of 1944 losses were 14,965 bottles of beer or 6.3 per cent of the total, 1,083 bottles of whisky or 14.3 per cent of the total, and 697 bottles of gin or 8.0 per cent of the

⁵ Also in 1944 there were a number of organisational changes involving the Commission. In February its headquarters were moved from Melbourne to Sydney to enable work to be focused on the main trouble spot. In November, Mr Justice H. B. Piper was replaced as chairman by the Registrar of the Commonwealth Arbitration Court, D. V. Morrison.

total. By contrast, losses by the Services for the first three months of 1945 were under one per cent. Figures compiled by another department covering twenty-two overseas vessels carrying Service cargo to the value of £2,750,000 sterling revealed that losses totalled a negligible £528 sterling.

**CARGO PILLAGED AND SHORT LANDED, MAIN PORTS,
QUARTER ENDED SEPTEMBER 1944**

Trade		Cargo discharged (tons)	Pillage		Short landed		Pillage and short-landed av. per ton
			Claims paid £	Av. per ton d	Claims paid £	Av. per ton d	
Sydney	I	121,346	3,253	6.43	5,734	11.34	17.77
	O	77,249	10,199	31.68	15,849	49.24	80.92
Melbourne	I	47,300	1,153	5.85	2,249	11.41	17.26
	O	60,002	9,159	36.60	6,478	25.91	62.51
Adelaide	I	27,240	831	7.32	1,016	8.95	16.27
	O	1,878	306	39.10	219	27.98	67.08
Fremantle	I	39,668	1,388	8.39	1,599	9.67	18.06
	O	744	3	0.96	100	32.25	33.21
Hobart	I	12,802	980	18.37	458	8.58	26.95
Brisbane	I	58,897	3,226	13.14	4,338	7.67	20.81
	O	3,406	940	66.30	216	15.22	81.52
Total	I + O	450,532	31,438	16.74	38,256	20.37	37.11

Note: I = interstate trade; O = overseas trade.

No discharge from overseas ships was reported from Hobart.

Source: Full Cabinet Agendum 830A.

The Full Cabinet accepted that there was a need for tightening control but ruled out Draconian measures. Responsibility for checking and enforcement were to be left primarily to the States, but the strengthening of police pillage squads was to be encouraged (to work in close association with specially trained customs officers); tally clerks, gatekeepers and carriers were to be registered; those convicted of pillaging more than once were to be excluded from wharves.⁶ In short, the cargo protection regulations which became effective at the beginning of 1945 were to be enforced as vigorously as was consistent with the avoidance of further industrial disruption.

Shortly after the end of the war, in October 1945, Mr. Justice Foster⁷ was appointed by the Attorney-General to enquire into the system of waterside labour control and the desirability of establishing the Commission as a permanent body. His report, presented in February 1946,⁸ provides a useful vantage point for assessing the Commission's wartime work. As all evidence submitted emphasised, the Commission was established at a time of almost complete turmoil which threatened a closure

⁶ Cabinet directed that no publicity be given to the decision to exclude second offenders from the waterfront. Full Cabinet meeting, 16 Jun 1945.

⁷ Hon Mr Justice A. W. Foster. Judge of Vic County Court 1927-44; Chmn, Women's Employment Board 1942-43; Judge, Commonwealth Arbitration Court 1944-62. B. Beechworth, Vic, 28 Jul 1886. Died 26 Nov 1962.

⁸ "Report on Stevedoring Industry Control", by A. W. Foster, 22 Feb 1946.

of major ports. The work of organising the industry was initiated with hostility running at a high level, and with very little statistical or other information. Yet within six months labour had been organised in a systematic way, and a start had been made in removing some of the sources of grievance. Foster had no time for those employers who claimed that the financial and social concessions granted by the Commission placed the shipping companies at a disadvantage after the war. His retort was that: "The conditions of the workers in the industry so far as amenities and the like were concerned have always been a matter of grave reproach and were far below any reasonable standard."⁹ On the question of the Commission's contribution to the war economy, there can be no doubt that it played an important part in maintaining a reasonable flow of cargo, particularly in the vital years 1942 and 1943. Certainly it failed in 1944 and 1945 to arrest a deterioration in the rate of cargo clearance; it also failed to contain industrial stoppages. But as outlined earlier, the causes were beyond its immediate control. Foster's summing up can thus be accepted:

. . . in spite of . . . [the failure to secure industrial peace] I am satisfied that the position would have been worse without the Commission; that Sir Thomas Gordon could not have achieved the shipping results he claimed, and that employers, in the circumstances of war and using only the existing industrial machinery, could not have obtained any result either satisfactory to themselves or the community.

Following Foster's recommendation that the Commission should be established on a permanent basis, a "new" Commission was constituted by the *Stevedoring Industry Act* of 1947 with full award-making power and arbitration authority.¹ Two years later, in May 1949, this Commission was disbanded and replaced by the Australian Stevedoring Industry Board but award-making and arbitration authority reverted to the Arbitration Court.

The central issue before the Maritime Industry Commission towards the end of the war was the future of war risk bonus payments. These payments had been established as a loading of 50 per cent on normal wages for seamen working on international shipping routes, and loadings of 33½ and 25 per cent for work in Australian waters (the precise rate depending on the degree of risk involved). Subsequently other benefits were added. In July 1943, for example, a war risk bonus order provided that where a ship was lost at sea, or so damaged as to put it out of commission, seamen were entitled to transport to the port of engagement, to wages and keep during the period of repatriation, and to wages for one month after return. The object of this order was to encourage seamen to re-engage as soon as possible. Also in July 1943 the range of benefits available to seamen working on vessels registered in Australia was extended to include men engaged on ships registered overseas but operating in Australian waters. At the same time regulations were introduced

⁹ Foster Report, p. 21.

¹ Mr Justice R. C. Kirby was chairman.

providing medical and repatriation benefits for the injured, and payments to the widow of a seaman killed at sea as a result of enemy action.²

On the grounds that the war risk had subsided, the scale of bonus payments had been reviewed by the Commission at the end of 1943. No immediate action was taken, but the threat of reduction and eventual abolition prompted strong action by the Seamen's Union to have bonus payments incorporated permanently in award wages, the argument being that seamen's wages had risen substantially in a number of countries during the war. Having been absent since the *Canberra* dispute of June 1943, Seamen's Union representatives rejoined sittings of the Commission in April 1944 and were successful in deferring the issue. However the matter came to a head in October 1944 when the Commission decided, on the chairman's casting vote, to reduce payments as from 1st November. The union retaliated immediately by refusing to provide cooks and able seamen for a number of vessels. On 15th November the Commission's chairman, Mr Justice A. J. De Baun,³ sought a confidence motion for the action that had been taken. Predictably the union members refused, and De Baun promptly resigned.⁴ The following day as a result of the intervention of Sir Thomas Gordon, previous bonus rates were restored, to continue until 1st February 1945. In fact it was not until 1st July 1945 that rates were reduced to 33½ per cent for overseas work, and 25 and 15 per cent for work in Australian waters. Nevertheless, petty disputes continued to hold up ships, although the industrial problem was not as serious as on the waterfront.

Although the Commission enjoyed wide powers, one loophole was its inability to control seamen after they had been discharged. Its power over seamen was restricted to the period of their engagement. Thus, many of the manning problems were created by the failure of men to report at pick-up points. The bargaining position of the Seamen's Union was accordingly strengthened by its ability to withhold labour. On several occasions the Commission urged the formation of a compulsory labour pool to replace the voluntary arrangement that had existed since 1942. Legal difficulties stood in the way however and the matter was shelved.

As with the Stevedoring Industry Commission, the Maritime Industry Commission played an important role in organising the industry for war purposes. Its lack of power to control men between engagements was a weakness, but there is no doubt that manning and other industrial problems would have been far greater in its absence. Industrial and social conditions were improved considerably. At the end of the war Beasley, Minister for Supply and Shipping, was still able to deplore the lack of port amenities,⁵ although this was more a reflection of rising expectations than of the limited nature of wartime improvements.

² Statutory Rules 1943, No. 177, 14 Jul.

³ Hon Mr Justice A. J. De Baun. Mbr Industrial Commission NSW from 1938; Chmn Maritime Industry Comm 1942-44. B. Menindie, NSW, 9 Nov 1894.

⁴ The Commission continued under the acting chairmanship of S. T. Edwards, representative of the Australian Ship Owners Federation.

⁵ *Digest of Decisions and Announcements*, No. 93, p. 90.



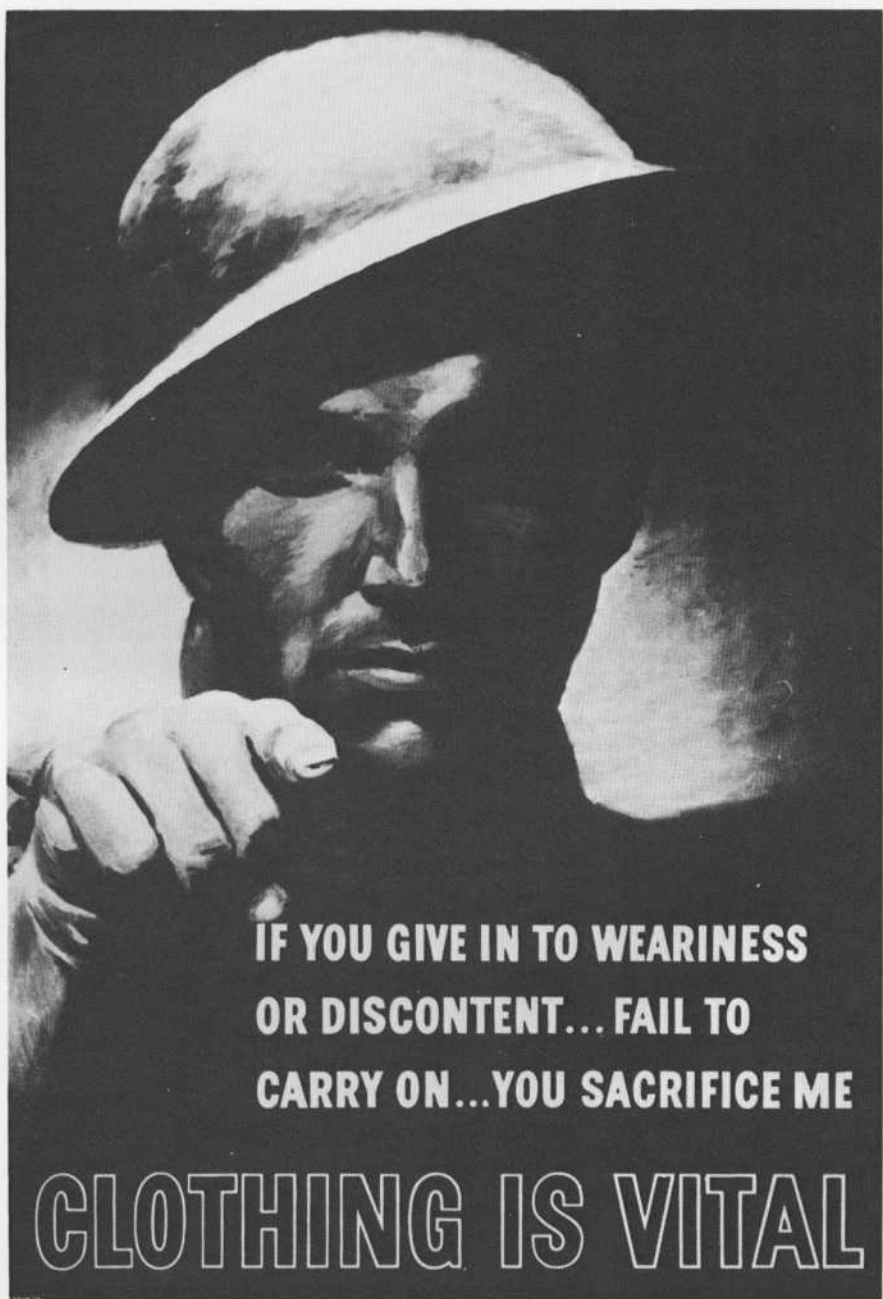
Change over to a
VICTORY JOB

APPLY TO YOUR NEAREST NATIONAL SERVICE OFFICE



*"Honorable
thanks*
ABSENTEE //

88 F/2 1/2 SCREEN



**IF YOU GIVE IN TO WEARINESS
OR DISCONTENT... FAIL TO
CARRY ON...YOU SACRIFICE ME**

CLOTHING IS VITAL

After the war the Commission continued in its wartime capacity until a decision was made about its future. Discussion was protracted because of a sharp division between employers and the Seamen's Union about whether the Commission should retain authority over industrial matters other than wages, the former arguing that complete industrial power should be restored to the Arbitration Court. Again, the bone of contention was the future of the war risk bonus, the union believing that it had a better chance of partial retention with a special industry authority. The matter was still unresolved when National Security Regulations lapsed in 1948 and the Commission was continued by means of an Act. Eventually the Menzies Government abolished the Commission in 1952 and the control of matters outside the jurisdiction of the Arbitration Court reverted to the Department of Fuel, Shipping and Transport by amendment to the *Navigation Act*.

POST-WAR POLICY

Consideration of post-war shipping policy, initiated at the beginning of 1944, involved determination of the likely size of the coastal fleet, the future of requisitioned shipping, disposal or otherwise of government-owned ships, conditions of registration of coastal shipping, the permissible movement in freight rates (to be decided in conjunction with prices policy generally), the rate of ship construction, and the administrative organisation required to replace the range of authorities created under the National Security Regulations. Before the end of the war the inter-departmental committee on post-war shipping and shipbuilding had completed a report for War Cabinet⁶ which was subsequently endorsed in substance by a Cabinet sub-committee and adopted by Full Cabinet in August 1945.⁷

The basic assumptions on which the report was compiled were, first, that for defence reasons the pre-war size of the coastal fleet should be expanded, and that a shipbuilding programme should be retained to provide for this expansion and necessary replacement; second, that the Government should retain ownership of its ships in line with the general policy of extending government control of transport. Thus, the committee proposed a shipbuilding programme of 32,000 gross tons per annum for a period of at least ten years. Most of this programme would initially be absorbed by replacement of very old ships (ships older than twenty-five years were to be removed from the register), and by building up the fleet to its pre-war level of about 450,000 tons. Thereafter it envisaged that the building programme would be continued at least until the fleet had been expanded to 750,000 gross tons, a rough estimate of ultimate post-war requirements. To equalise overseas and local shipbuilding costs, a subsidy of between £500,000 and £1,000,000 a year was envisaged; no ships were to be built except on order or under licence from the post-war shipping authority. An important reason for the subsidy was, of course, to keep

⁶ War Cabinet Agendum 76/1945; War Cabinet Minute, 27 Feb 1945.

⁷ Full Cabinet Agendum 900; meeting 9 Aug 1945; also Full Cabinet Agenda 900A to 900E.

coastal freight rate increases as low as possible; price control of rates was to continue as long as the Commonwealth held power in this area.

The committee was less emphatic on the question of ownership. It acknowledged the case for government ownership but did not recommend this course exclusively. Rather, it encouraged the idea that requisitioned shipping should revert to private operation but that the Government could operate its own ships. This was subsequently endorsed by the Cabinet sub-committee, and Full Cabinet's decision was that requisitioned shipping should be returned to owners as quickly as possible. Apart from the constitutional question, the reason given was that these ships could be operated at lower cost by their owners. At this stage the future of the Government's own ships—and the possible development of the fleet to form a government overseas shipping line—was left in abeyance.

The resignation of Sir Thomas Gordon as Director of Shipping in September 1945 forced the question of future administrative arrangements. Shipping regulations were promptly amended to constitute as from 1st January 1946 the Australian Shipping Board to take over the remaining functions of the Shipping Control Board, Commonwealth Ship Chartering Committee, Central Cargo Control Committee and Marine Salvage Board. There was little initial change in the volume of work undertaken by this consolidated group. The number of chartered vessels on the coast fell quickly, but the Australian Shipping Board was responsible for the growing fleet of government-owned ships. Further, it was not found possible to derequisition as rapidly as expected. The pressure on coastal shipping resources continued to be heavy in 1946, and shipowners were only prepared to accept the return of their ships after a substantial increase in freight rates. Such an increase was granted by the Prices Branch at the beginning of 1947, and derequisitioning commenced in August of that year.

In January 1946 Full Cabinet decided formally to retain permanent ownership of its own ships,⁸ and in July 1947 it approved the logical corollary—the formation of a Commonwealth Shipping Line for the coastal trade and for trade between Australia, New Guinea and adjacent islands.⁹ At the same time it endorsed a previous decision to reserve the Australian coastal trade for Australian vessels, and also the 1945 decisions about shipbuilding and the planned size of the combined private-government fleet. In 1949 the *Shipping Act* reconstituted the Australian Shipping Board on a permanent basis and authorised the Commonwealth Shipping Line to engage in overseas as well as coastal and territorial trade.

⁸ Full Cabinet Agendum 900A; meeting 18 Jan 1946.

⁹ Full Cabinet Agenda 1200A to 1200G.