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Australian Bulk Ports and Shipping — Can They Meet the Challenge of the 1980s?

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Massengut-Umschlagshäfen und -Verschiffung in Australien
Ports australiens et chargement
Puertos y buques australianos para mercancías a granel

オーストラリアのばら積み取扱港とバルク輸送

澳大利亚的散装港口和海运

موانئ المواد السائبة والشحن في استراليا

Summary

This review concentrates on the growth in Australia's major dry bulk commodity exports, details the major ports utilised, examines current and future development plans for these export terminals and looks at the role for Australian flag shipping, in particular with respect to its current status and capacity to participate in both the current and the expanding dry bulk export trades of future years.

1. Introduction

Over the last decade, Australia has played a very significant role in the world's dry bulk commodity trades. Large scale exploitation of both mineral and agricultural resources for growing export markets has meant in turn an increasing level of seaborne movements. Exports over the last ten years in the major mineral sectors, i.e., iron ores, coal, bauxite and alumina have risen from 20 to 32% of total exports, when measured in terms of value of goods shipped. Similarly, a review of world trade shows that Australia currently accounts for a significant share of total dry bulk movements, generating 26% of all iron ore shipments, around 23% total international coal movements, 19% of all wheat shipments, 16% of sugar and some 30% of bauxite/alumina exports in 1980. In addition, imports of phosphate rock for agricultural use currently account for around an 8% share of world seaborne movements in this commodity. There is no doubt as to the importance of these commodity flows and associated levels of production upon the Australian economy. The minerals industry is a case in point, which in the space of only two decades has assumed a role of far reaching importance, not only within Australia, but in the international market place.

Given, therefore, an abundance of raw material reserves, a stable political climate and the continued availability of labour, Australia would seem poised to take strong advantage of her growing dominance in world trades. However, such expectations of trade growth will, to a large degree, be governed by the competitiveness of the respective raw bulk commodities on world markets. Strong challenges are expected to encroach upon Australia's position by competitors in Asia, the Americas and Africa over the coming years. Furthermore, Australia's geographic location has in the past placed her firmly in the orbit of the Pacific Basin markets, a position, some would argue, that has made Australia very much dependent upon one country — Japan.

Will Australia continue to supply this traditional market in future years, or can she expect to claim a greater share of more distant markets in Europe? To a large extent, the answer will hinge around both the buying strategies of the major consuming regions, in addition to the level of final delivered costs involved in buying and transporting such commodities. Transportation costs will, in turn, continue to be a major determinant in the overall equation of moving essentially low value bulk commodities, and such costs will reflect not only market freighting levels, but the size of ships capable of being used on the route, a factor that in turn depends upon port and terminal dimensions, depth of water, loading rates and the number of berths available for loading.

This review, therefore, charts the growth in Australia's major dry bulk commodity exports, details the major ports utilised and examines current and future development plans for these export terminals, in the light of projected increases in exports over the next decade.

Secondly, the review looks at the role for Australian flag shipping in particular, with respect to its current status and capacity to participate in both the current and the expanding dry bulk export trades of future years.

2. Major Bulk Ports

2.1 Iron Ore

Over the last decade, the recorded growth in international seaborne movements of iron ore has been relatively small, average annual growth when measured over the period, being no more than 2% per annum. Nevertheless, total annual shipments of iron ore still represent by far the largest component of global dry bulk cargo movements, comprising over $300 \cdot 10^6$ t in 1980 — equivalent to around a 41% share of dry bulk trade in that year. Australia's role in the iron ore trades is likewise a dominant one, exports growing from infancy around the mid-1960s, when shipments of ore from mines in the Pilbara region of Western Australia were first channelled into the blossoming export markets, created principally by Japan. By 1970, Australian shipments were topping $40 \cdot 10^6$ t, and even more dramatic, doubled again in just four years to reach $82 \cdot 10^6$ t by 1974. Latterly, Australian exports have levelled off, in line with the slow-down in world demand for

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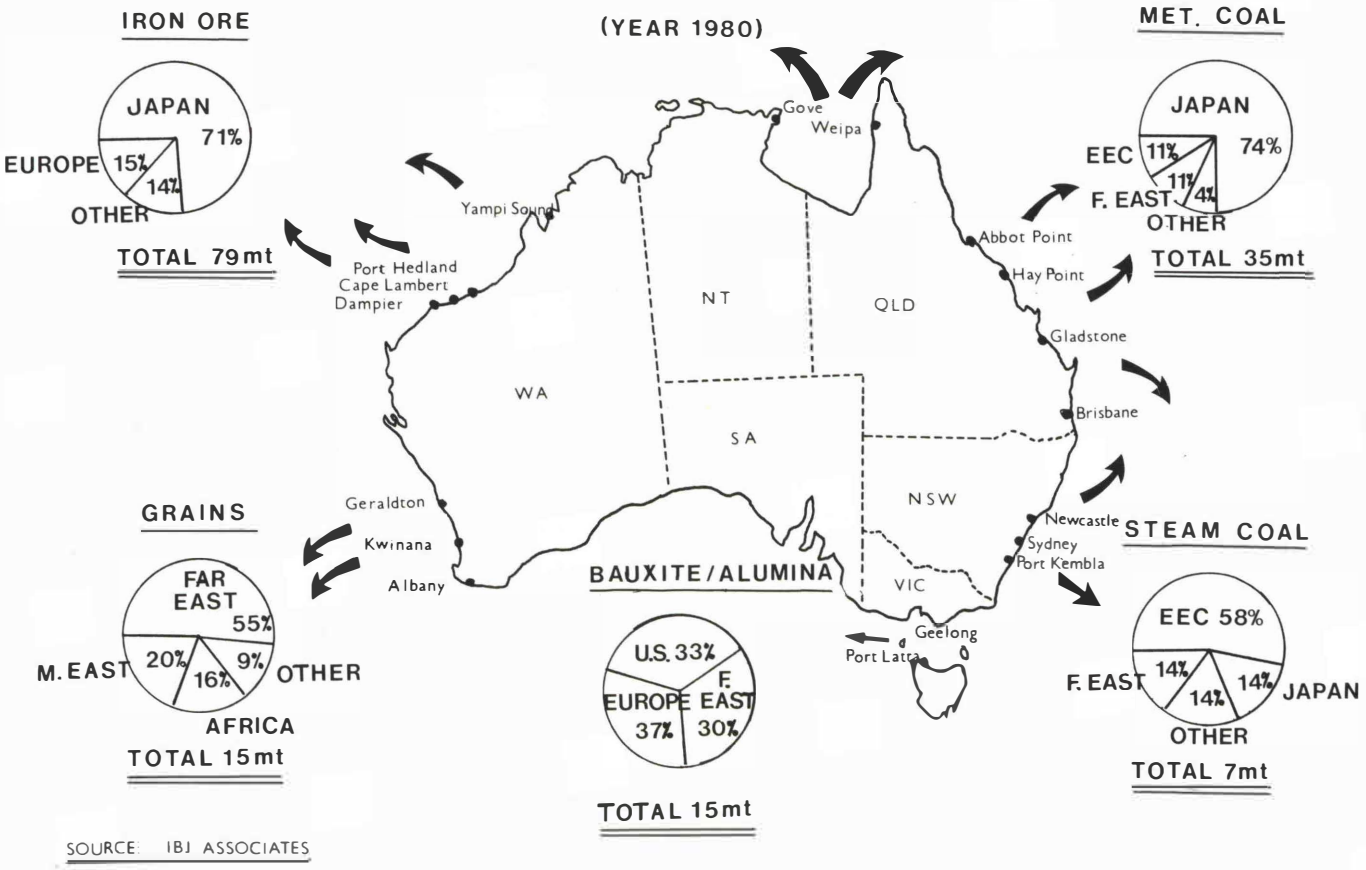

Fig. 1: Australian major dry bulk exports (year 1980)

iron and steel products, such that for both 1979 and 1980, annual shipments have totalled around $79 \cdot 10^6$ t although in terms of value, exports of ore rose to a record A$1, 076 million in 1980, up some A$100 million over the previous year's total.

On the basis of 1980 figures, Australia commands a 26% share of global seaborne iron ore movements, up from a 16% share in 1970. A review of iron ore shipments from Australia by area of destination in 1980 can be gained from Fig. 1. Japan dominates total exports with a 71% share, (accounting for around half of total Japanese iron ore imports). Shipments to other steelmaking centres in the Far East, e.g., Taiwan and South Korea, are also of significance at around 14%, highlighting again Australia's role as a major generator of bulk commodity trade flows within the Pacific Basin. By comparison, exports to Europe and the EEC take only a 15% share, a figure which to a certain degree reflects the dis-economics of moving ore shipments on long-haul routes to Europe at current costs and market conditions, as against shipments from competitively priced sources closer to Europe, such as South America and West Africa. In line with industry forecasts of projected growth in trade, Australian shipments of iron ore will probably rise slowly over the next decade, at an annual rate not exceeding 3%. Thus, annual shipments in 1985 and 1990 will be in the region of 90 and $105 \cdot 10^6$ t respectively.

With the exception of Tasmanian shipments which currently account for around $2 \cdot 10^6$ t, all of Australia's iron ore exports will originate from within Western Australia, and be shipped through ports along the north-west coast. These include Cape Lambert which can currently accept vessels of up to 260,000 dwt for part loading. This is the largest port in terms of vessel size acceptance (see Table 1). Two berths, another for ships of up to 130,000 dwt maximum, and loading rates of

Table 1: Major Australian iron ore export terminals

Port	Max. Vessel Size (dwt)	No. Berths	Loading Rate t/h
Cape Lambert	130—260,000	2	6,000
Dampier	130—180,000	2	6— 7,500
Port Hedland	160,000	3	4—10,000
Port Latta	75,000	1	5,000
Yampi Point	65—130,000	2	1—3,000

6,000 t/h are available. Port Hedland and Dampier, the two largest ports in terms of tonnage throughputs (with a total of five berths) can take up to 160—180,000 dwt vessels respectively. Loading rates at Port Hedland can be as high as 10,000 t/h, depending upon the number of ships loading and cargo availability. All of the ports are linked to their respective mines by a dedicated transport infrastructure, and all are currently operating well within capacity limits.

Development of new mines have been under study for a number of years, by each of the four major companies operating out of Western Australia, where reserves are said to be in the order of $20 \cdot 10^9$ billion tonnes. However, the current depressed state of international markets for ore have to date delayed their implementation. Hammersley Holdings, the

major producer, is known to be ready to upgrade existing production and export levels, principally to Japan, potentially the only major importer contemplating an increase in shipments over the next few years. With this in mind, a recent study programme to develop Dampier and Port Hedland to receive 250,000 dwt vessels may well receive support within Government and industry circles.

2.2 Coal

In the early 1960s, seaborne exports of coal from Australia amounted to only $3 \cdot 10^6$ t, much of these exports being handled by only three ports, Newcastle, Sydney and Port Kembla. From these somewhat humble beginnings, shipments of coal have risen steadily amounting to $18 \cdot 10^6$ t by 1970 and up to $42 \cdot 10^6$ t by 1980 — equivalent to 23% of world exports and second only to those from the United States. Looking ahead, it is projected that exports of coal over the next decade could amount to between 115 and $180 \cdot 10^6$ t, according to recent forecasts produced by the Australian Joint Coal Board.

Markets for Australian coal have traditionally been within the Pacific Basin, principally Japan, who took over $27 \cdot 10^6$ t or 66% of total coal exports in 1980. Taiwan and South Korea were together responsible for a further 10% share whilst Europe imported over $9 \cdot 10^6$ t — equivalent to 23% of total exports in that same year.

An examination of the markets for the two main types of coal, i.e., high grade metallurgical coal for use as coking coals within the world's steelmaking industries, and the lower grade energy (steam) coals, consumed by the electrical power utilities (with lesser quantities used by the cement making industries) is shown in Fig. 1. From this it is quite evident that most of the coking coal shipments are destined for Far East markets — principally Japanese steel industries — whereas an examination of steaming coal trade patterns indicate that sizeable quantities are moved to European destinations — around 58% in 1980 compared with only a 14% share for Japan. To a large extent, however, current shipments of energy coals to Europe, amounting to only $4 \cdot 10^6$ t, reflect short run market demands, rather than any long term committments by buyers at this stage. This demand has been created partly as a result of the tight market situation in Europe, brought about in turn by shortfalls in Polish exports, traditionally a major source of supply into Europe.

Sustained growth in demand for future levels of Australian coal exports is likely to be governed — at least over the next two to three years — by the requirements of the Far East steelmakers.

A review of the ports handling Australian exports of coal shows that all are located along the north-eastern seaboard. The major ports in New South Wales being Newcastle, Port Kembla and Sydney with a total capacity for this region set at present at some $27 \cdot 10^6$ t/year. Ports in Queensland handling a major share of coal exports are Gladstone and Hay Point. Between them a present capacity ceiling of $43 \cdot 10^6$ t/year is quoted. In all, nine coal loading terminals serve the present coal trades with a combined capacity of $70 \cdot 10^6$ t/year.

Details of these facilities are given in Table 2, together with nominal loading capacities and current vessel size limitations. The Utah/DHM terminal at Hay Point is presently the largest, accepting vessels of up to 120,000 dwt and providing loading rates of up to 10,000 t/h. Future developments planned in this port include a new multi-user coal export facility, designed by consultants MacDonald, Wagner and Priddle for

Table 2: Australian export coal loading capacities

Port	Terminal/Operator	Nominal export capacity (mta)		Nominal loading capacity (t/h)		Maximum vessel size (dwt)	
		current	planned	current	planned	current	planned
BOWEN	Abbot Point	—	15	—	6600(a)	—	100,000
GLADSTONE	GHB Auckland Point	5	5	1600	1600	60,000	60,000
	TDMP Barney Point	8	8	2000	2000	70,000	70,000
	Clinton Facility	10	12	4000	4000	60,000	120,000
HAY POINT	Utah/DHM Facility	20	20	10,000	10,000	120,000	120,000
	New Coal Loader	—	30(b)	—	6000	—	200,000
NEWCASTLE	MSB Carrington Basin	5.7	8	2000	2000	55,000	60,000
	PWCS Loader	9.3	12	4000	4000	70,000	110,000
	Kooragang Island	—	25(b)	—	6600(a)	—	110,000
PORT KEMBLA	Old MSB Facility	7.5	—	2500	—	60,000	—
	New MSB Facility	—	14(c)	—	13,200	—	110,000
SYDNEY	MSB Balmain	3.5	4.5	1000	1600	45,000	55,000
	CAIL Balls Head	1	1	2000	2000	25,000	35,000

(a) Assumes one x 6600 t/h shiploader.
(b) Ultimate capacity.
(c) Stage 1 capacity.

Source: IBJ Associates

Developing the Coal Ports — The Debate Continues

As the main review shows, Australian coal export ports, with a current capacity ceiling of around $70 \cdot 10^6$ t, are currently working at some 40 % below such levels, whilst known future developments currently under construction, or formally approved by the Federal and State governments, will push up total capacity ceilings to around $90 \cdot 10^6$ t by end-1982. Is this level sufficient for the anticipated growth in trade for both coking and energy coal exports over the next decade and beyond? Bullish industry spokesmen would argue strongly against, stating that a further major building programme of port and transport infrastructure must be implemented at the earliest opportunity if Australia is to meet forecasts (presumably industry) of both domestic and overseas demand for coal in the coming years. One such estimate puts total coal port capacity requirements up to $200 \cdot 10^6$ t/year by the year 2000. The total cost of this extra development and associated infrastructure being in the region of A\$$6 \cdot 10^9$ at current prices. Urgent long-term planning and scheduling of projects is essential now to overcome potential delays, which in turn would result in lost opportunities for the coal industry. Criticisms of the current methods of financing new developments have also come in for strong attacks, with a major fault centering around the length of time taken to gain approval from the Federal government controlled Loan Council, a body responsible for apportioning funds between the States for major infrastructure development. The Loan Council, in turn, borrows capital from overseas sources. Other faults levelled at the Government focus on industry claims that a further major involvement by Government in new projects, with a consequent large proportion of any future profits passing to Government, at the expense of the initial developer, would tend to make most proposed infrastructure developments uneconomic at current prices.

Government views, on the other hand, indicate a more conservative approach to the whole question of future coal demand and the probable level of exports of Australian coal — particularly energy coals — in future years, pointing out that whilst a great deal of potential coal sales are in the air, very few of the major importing countries are at present willing to make large scale contractual commitments. Without these, neither Federal nor State governments should be pushed into funding ever larger facilities and terminals for a new generation of coal carriers of 200,000 dwt and above, and suggest instead that development should centre around a general upgrade within certain major ports, to allow the utilisation of ships of up to 120,000 dwt, a size of vessel that is compatible with many existing discharge terminals in both Europe and the Far East. It is recognised that such ships would be more expensive than proposed larger vessel sizes, in terms of cargo transportation costs, particularly on long-haul routes to Europe — possibly between A \$ 4 and A \$ 6 more on each tonne of coal shipped — a factor that could affect the overall competitiveness of Australian coal exports. This outlook is dismissed by Government, as well as by many energy commentators, who claim that the future policy of consuming nations, now considering switching to energy coal, will be one of diversification of supplies, primarily to ensure continuity in energy imports, and as such, relatively small fluctuations in final delivered price, would tend to operate as a secondary demand factor in many markets.

Opponents of both the present Fraser government, and those large industrial interests controlling much of Australia's energy and mineral resources, are equally as adamant that since the "open-door" policy of the Fraser administration — implemented in 1975 — the industry has been largely successful in exploiting its power-base to gain an even greater control over Australian resources, with the result that national interests have been, and will continue to be, sacrificed to generate profits for essentially overseas owners. This of course is a populist argument, but nevertheless in a country where, for example, over 65 % of the energy resource industry is owned by overseas corporations, is one that is widely received. As such, there are a great number of supporters for the concept of a more centrally controlled expansion of the coal industry in future years, with all investment coordinated, and a more equitable sharing of resources and profits, to ensure that national rather than multi-national interests are served.

the State Department of Harbours, Queensland. If final approval is given, the expansion will be undertaken in two to three stages, with Stage 1 completion destined for mid-1983. This would push up existing capacity levels by $20 \cdot 10^6$ t/year. Eventual Stage 3 completion is initially set for the late 1980s (this date depending upon level of actual coal exports generated by Australia at that time), and would give a further $15 \cdot 10^6$ t/year boost to capacity raising total potential output for the port of around $50 \cdot 10^6$ t/year.

Gladstone, in Queensland, has at present three coal terminals with a combined capacity of $23 \cdot 10^6$ t/year. However, (and this is one of the main problems facing coal industry planners), present export levels equate to around only 50 % of present capacity. The newly inaugurated Clinton facility at Gladstone accounts for a large percentage of this excess, but it is anticipated that this terminal, built to serve evolving coalfields in the Southern Bowen Basin for exports of coking coals to Japan, will increase throughputs. The terminal can currently accommodate fully loaded 60,000 dwt vessels.

Future planned expansion is set to boost capacity to $20 \cdot 10^6$ t/year following dredging of the berth to 15.4 m and possibly by the addition of a second loader. Upon completion, vessels of up to 120,000 dwt would be able to depart fully laden.

A proposed new coal loading facility at Abbot Point to the north-west of Bowen, Queensland, is under review, primarily to serve coal deposits mined by the Collinsville Coal Company some 86 km away. An initial contract, concluded in early 1980 between the mine and Japanese steel company interests, suggests that one million t/year of coking coal will be shipped, commencing 1984, over a 15 year period. The plant is expected to load 120,000 dwt vessels at the rate of 4,000 t/h. Total annual capacity will eventually be in the region of $15 \cdot 10^6$ t/year.

At Newcastle, present dredging operations will increase the existing capacity level from $15 \cdot 10^6$ t/year to $25 \cdot 10^6$ t/year by end-1982. This will also permit fully laden shipments of 110,000 tonnes to be exported from the Port Waratah Coal Service terminal, whilst the Government controlled Maritime Service Board, Carrington Basin facility, will also upgrade its terminal to permit vessels of up to 60,000 dwt to depart fully laden. Future plans for a new loading facility at Koorangang Island, in Newcastle harbour, include the provision for loading 110,000 dwt vessels, at handling rates of around 5,000 t/h. A throughput capacity of $25 \cdot 10^6$ t/year is envisaged.

At Port Kembla a new loader, wharf and stocking facilities are currently under construction. Upon completion in 1982, the existing port capacity of $7 \cdot 10^6$ t/year will be doubled. The new facility will also be able to accept vessels of up to 110,000 dwt. Future plans call for a further upgrade of loading equipment and the building of a second berth, either inshore to serve 110,000 dwt ships, or offshore, where a future generation of 250,000 tonners could be berthed and loaded.

2.3 Bauxite and Alumina

The production of bauxite in Australia is undertaken by Comalco Ltd. at Weipa and Andoom, by Alcoa of Australia in the Darling Ranges of Western Australia and by Nabalco Pty. Ltd., at Gove in Queensland. Aluminium is produced from bauxite in two stages. The refining of bauxite into alumina, and the smelting of alumina into aluminium metal. In 1980, estimates of Australian bauxite and aluminium production were as follows:

Bauxite production	$28 \cdot 10^6$ t
Bauxite exports	$7 \cdot 10^6$ t
Bauxite to local refineries	$21 \cdot 10^6$ t
Alumina production	$7.4 \cdot 10^6$ t
Alumina exports	$6.8 \cdot 10^6$ t
Alumina to local smelters	$0.6 \cdot 10^6$ t
Local aluminium production	$0.3 \cdot 10^6$ t

As can be noted from Fig. 1, virtually all of the alumina refined from bauxite is exported, predominantly to the U.S., Europe and Japan. Exports of raw bauxite amounting to $7 \cdot 10^6$ t in 1980 were also to these same destinations for onward processing. Australia ranks among the world's largest bauxite producers, accounting for an estimated 30 % share in terms of global production, and is equally as dominant in terms of alumina production. Australia has abundant reserves of bauxite, and with the close proximity of coal to secure supplies of low cost electricity for use within the refining process, the trend in future years will be towards increasing levels of alumina exports, with possibly a decline in bauxite shipments.

Projections of bauxite and alumina exports in 1985 are set at $6 \cdot 10^6$ t and $8 \cdot 10^6$ t, respectively. By 1990, such exports could be in the order of $4 \cdot 10^6$ t and $12 \cdot 10^6$ t, respectively.

Australian ports currently handling bauxite and alumina shipments for export are detailed in Table 3. Bauxite exports are handled at Weipa and Gove, in the Gulf of Carpentaria, Northern Australia. Alumina shipments for export are made from Gove, from Gladstone in Queensland, where Queensland Alumina operate one of world's largest alumina refineries, and also from Kwinana, Western Australia.

Table 3: Australian bauxite and alumia export terminals

Port	No. Berths	Max. Ship Size (dwt)	Loading Rate t/h
Gove	1	60,000	2,000
Weipa	2	60,000	3—6,000
Gladstone	1	60,000	1,200
Kwinana	1	30,000	n/a

The existing ports handling bauxite and alumina exports are relatively modern and efficient, capable of accepting ships of up to 60,000 dwt, with the exception of Kwinana, which is restricted to vessels of around 30,000 dwt. Given the projected slow rise in export levels over the next decade, these ports should have the capacity to handle future tonnage throughputs. No major new port developments are known at this stage.

To a certain degree it is difficult to predict future moves by the companies involved in the mining and production of aluminium in Australia. Six companies only control over 80 % of world production, and strong vertical integration exists in each company throughout the mining, refining, shipping and smelting processes. If the Australian Government continues to make available low cost electricity to refiners and smelters, and the climate exists for new investment, domestic production of finished aluminium may well be substantially upgraded in future years, for subsequent export. A move that, in turn, would affect levels of future exports of both bauxite and alumina.

2.4 Grains

In overall terms, Australia exports around half its production of grains annually through eight main export ports. Grains comprise wheat — which accounts for around 70 % of Australia's total grain produce — barley, the second largest grain export — and much smaller volumes of sorghum and maize. Exports fluctuate significantly from year to year, depending on weather conditions, in particular rainfall levels. Thus from shipments of over $12 \cdot 10^6$ t in the year ending June 1979, exports rose to some $15 \cdot 10^6$ t by 1980, to fall to around $8 \cdot 10^6$ t by the end of the production year in 1981, directly as a result of prevailing drought conditions in the major growing areas of Western Australia, New South Wales, and Victoria.

Several areas in Queensland, another significant producing area, have been without rain for three years, drastically affecting output.

In terms of world seaborne exports, Australian grain shipments of $15 \cdot 10^6$ t in 1980 account for only an 8 % share of the $190 \cdot 10^6$ t traded internationally. By comparison, the United States exported over $117 \cdot 10^6$ t of grain, Canada $17 \cdot 10^6$ t and the Argentine $13 \cdot 10^6$ t in that same year.

Much of Australia's grain exports — around 55 % in 1980 — are destined for Far Eastern markets, principally China, Japan, Indonesia, Malaysia and Vietnam. Other buyers include countries in the Middle East, such as Pakistan and the Gulf States (a 20 % share in 1980), whereas Egypt and other African States took sizeable quantities, (16 % of total exports in 1980). In recent years, the USSR has also been a significant buyer, accounting for over $4 \cdot 10^6$ t in 1979.

As noted, grain exports are funnelled through eight main export terminals, Kwinana, Albany and Geraldton in the west, Port Lincoln in Southern Australia, Geelong in Victoria, Newcastle and Sydney in New South Wales, Gladstone and Brisbane in Queensland. In general, the development of many of these facilities has been one of a steady upgrading of both berths and handling equipment, in line with the slow upward movement in ship sizes utilised in many sectors of the worlds grain trades. Currently around 50 % of all movements worldwide are in ships (mainly bulk carriers) of less than 50,000 dwt, whereas around 40 % of total movements are in Panamax sizes of between 50—80,000 dwt. The largest export grain facility in Kwinana, Western Australia, can accept vessels of up to 100,000 dwt, whereas the ports of Geelong, Gladstone and Port Lincoln can take up to Panamax limits. Newcastle and Sydney are restricted to ships of up to 50,000 dwt and the remainder of the listed ports, and those other terminals handling grain, are generally restricted to ships of below 40,000 dwt.

Present known major new development plans to further upgrade Australia's grain ports are confined to proposals to expand Port Lincoln to allow 100,000 dwt vessels to load. This will necessitate extensive dredging operations and no firm completion date is known at this stage.

Will Australian grain ports be able to handle the expected level of exports in the 1980s? Present indications would suggest that they can, given a continuance of present trade patterns and a projected slow to moderate growth of grain shipments in future years. Exports to within the Pacific Basin, and trade with developing nations will both tend to restrict upward movements in ship size requirements, partly as a result of route length, and partly because of the limits placed on ship sizes at many receiving terminals. Should any of the Australian grain ports reach working capacity ceilings over the next decade, further gains in productivity will best be achieved by updating existing handling equipment, uprating loading speeds and providing additional grain storage capacity in some instances.

3. Australian Shipping

Australia has never had a significant overseas trading fleet, although since the early 1950s, successive governments have pledged their support for policies embracing the concept of *Australian ships for Australian cargoes*. Perhaps the most widely reported statement on this was made in February 1973, when the Labour government of the day stated that up to 40 % of future exports of minerals should be carried in Australian ships. In 1980, no more than 2 % of such exports were shipped in Australian flag tonnage. In terms of total cargo exports, the contribution made by Australian flag tonnage was likewise no more than 3 %.

Looking back, probably the most successful step taken by Australia, in international shipping trades, occurred in 1969, when the fleet of the Australian Coastal Shipping Commission was reorganised to become simply the Australian Shipping Commission and encouraged to expand into the European liner trades. In 1976, the commission, now known as the Australian National Line, moved into the bulk cargo trades, in particular iron ore shipments between Australia and Japan, and the shipping fleet expanded further, to include four large bulk carriers of between 120—140,000 dwt, namely the Australian Progress, Pioneer, Prospect and Purpose. At present, ten bulk carriers are actively engaged in international trading, but of these four are employed within the semi-captive phosphate trades from neighbouring Pacific islands to Australia.

The present breakdown of the total Australian flag fleet is given in Table 4. The fleet can only be considered small by present world standards, and is heavily concentrated within the coastal sectors, where under present policy, trade is effectively reserved for Australian operated and manned vessels. The coastal fleet also benefits from a 20 % investment allowance available for new plant and machinery purchased for use wholly within Australia — the only financial incentive available to Australian ships.

Table 4: The Australian trading fleet

Trading Vessels	Number	dwt
Overseas		
Australian Registered	15	766,430
Overseas Registered	5	143,031
Total Overseas Trading Fleet	20	909,461
Coastal		
Interstate Fleet	70	1,909,176
Intrastate Fleet	22	292,623
Total Coastal Trading Fleet	92	2,201,799
Total Australian Trading Vessels	**112**	**3,111,260**

Source: DOT Australia

Shipowners contemplating entering overseas trades, face what was until recently, the government view that Australian flag shipping must compete within international trades on a truly commercial basis, a view that many owners feel should include a more effective cargo reservation policy, tax depreciation allowances, low interest loans and long-term financing. These inducements, they argue, being readily available to their commercial competitors from their own respective governments. Many Australian owners would also like to see operating subsidies introduced to combat the high operating cost levels brought about principally by crewing costs.

Strong seafaring unions have for years helped to price Australian ships out of world markets by a succession of manning cost increases, higher manning scales, expensive accomodation, and costly leave and welfare benefits without any appreciable return in productivity.

What then of the future? In early 1980, in a mood of cautious optimism, brought about by expectations of a boom in Australian exports, the government refocused on the Australian flag debate, bringing together representatives of both the unions and shipowners in an attempt to revitalise Australian shipping. This committee, under the chairmanship of Sir John Crawford, a former head of the Department of Trade, has probed into many areas of Australian shipping, in its attempts to analyse and solve, what to many is a deep crisis within the industry. However to date, little or no progress has been made. Whether this is due to union intransigence over manning and employment prospects for their members, or whether on the other hand, there is a real commitment by the shipowners themselves in investing for the future in Australian flag tonnage for overseas trading, remains to be seen. In real terms, however, with only 6 bulk carriers currently on order or under construction, totalling some 0.3 million dwt as at mid-1981, the prospect of an increasing level of Australian participation in the export of her own resources over the next decade look decidedly bleak.

Fig. 2: Will overseas carriers continue to dominate Australian dry bulk export trades?