



A MODEST FARMER

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Conference lines take to plush waterbeds

Last week I wrote about the Canberra taxi feather bed which is a comfortable piece of furniture but tiny compared with the immense feather bed of Australian shipping.

This bed is big enough to have portholes along its side.

Our restrictive trade practice legislation forbids the formation and operation of price-fixing rings in most parts of the economy but an exception is made in the case of shipping, thus enabling shipowners to combine together to fix freight rates and loyalty discounts and so on.

Evidently the Government feels that if shipping timetables are known ahead and freight rates are certain, forward contracts can be made with more certainty.

So shipowners are allowed to come together in shipping conferences, thus allowing the conference feather bed to sail on smoother seas.

I recently attended a symposium devoted to the examination of the question whether we should continue to allow the shipping conferences to occupy this special place in heaven.

The first two speakers represented the shipowners and they made a good case for the present arrangements to continue.

They pointed out that before conference freight rates could be altered, agreement had to be obtained from the Shippers' Council, the Government assisted organisation of the people who ship goods in conventional vessels from Australia.

For instance, the woolbuyers and meat exporters are typical members of the council.

The shipping conference claim that the negotiations to alter freight rates are very detailed and comprehensive.

The Shippers' Council is represented by a very competent firm of accountants at these negotiations and we were assured it would be impossible for the shipowners' wool to be pulled over the Shippers Councils' eyes.

I regard this claim with some cynicism.

I remember how, when the government used to set out to find and fix the cost of growing wheat, they used to send out to the bush their most competent civil servants and we farmers used to have little meetings with them.

Fred was our chief spokesman because he had cultivated a most convincing kind of sob in his voice which was quite moving.

We didn't actually tell lies, or not many anyway, but there were an awful lot of things we didn't tell them.

They were not fools, they knew that they were being done because how else could the continental escalation in this price of wheat growing land be explained, when we were using it to grow wheat at prices lower than the reputed cost of growing wheat?

But I would defy any accountancy firm to pinpoint where they were wrong.

And if poor simple people like Fred and I could do that to very dedicated civil servants, I have no doubt that shipowners, with their immense resources, could do far better.

And I notice that their balance sheets, like the price of wheat land, hardly bear out their sad stories of imminent ruin.

So I take little comfort from the conference argument that increases in freight rates have to be approved by the Shippers' Council.

After the two conference line defenders had explained, as farmers do, that things were crook and how they were just getting by, we had a paper from Mr Naughton, the Australian agent from the ABC container line of Belgium.

This line is not in any conference and is doing very well outside it.

Indeed, the ABC line reminded me of Mr X, the president of Uniroyal, who was induced to come to Australia when he heard about our tyre cartel which held up the price of tyres.

He evidently thought that it would be a nice feather bed for him also.

ABC does not want to get into the conference bed but it is quite happy for the conference to hold up the freight rates and then it can slip in under the conference necks and skim the cream of the cargo.

There are many reasons why the ABC line is able to underbid the conferences on the best cargo.

It runs modern ships specifically designed for the trade and it runs them slower so using less fuel.

It does not have lavish shore establishments.

And as Mr Naughton said, almost in tears: "They make their agents work very hard."

The line has been a very good influence in keeping the conferences honest and in forcing some conference freight rates down, so God bless them.

But they are almost an offshoot of the conference system so we are still left with the question: is the Government correct to give the conferences the right to occupy their particular feather bed?

But this will have to wait till next week.