

1919.

VICTORIA.

REPORT OF THE SUB-COMMITTEE

APPOINTED TO INQUIRE INTO THE

DEVELOPMENT OF PORTLAND AS A SHIPPING CENTRE.

RETURN to an Order of the House,

Dated 23rd September, 1919, for—

A COPY of the Report of the Sub-Committee appointed by the Cabinet to investigate and report upon the causes which have operated against the development of the deep sea harbor at Portland, and to suggest means for improving the trade of the Outer Port, particularly in regard to the export of wheat.

(*Mr. Lawson.*)

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REPORT.

REPORT of the Sub-Committee—Messrs. Hon. H. J. M. Campbell, M.L.A. (Chairman), Hon. D. S. Oman, M.L.A. (Minister of Agriculture), H. J. Baker (Manager, Victorian Wheat Commission), C. Miscamble (Superintendent of Goods Traffic, Victorian Railways), and Geo. Kermode (Engineer in charge of Ports and Harbors)—appointed by the Cabinet to investigate and report upon the causes which have operated against the development of the deep sea harbor at Portland, and to suggest means for improving the trade of that Outer Port, particularly in regard to the export of wheat.

Premier's Office,
Melbourne, 14th August, 1919.

The Honorable the Premier.

SIR,

We beg to submit our Report in regard to the Development of Portland as a shipping centre :—

PORTLAND HARBOR.

It may be stated in the first place that the natural situation of the harbor at Portland and the improvements which have been effected thereto, render the Port highly suitable for development as a shipping centre, and the absence of trade which has hitherto been experienced cannot be attributed to any natural deficiency in the Harbor itself, or in the provision which has been made for the accommodation of vessels. As a matter of fact, on account of its geographical position, Portland offers many attractions to shipowners, as compared with Melbourne and Geelong, such as an ample depth of water for deep draught vessels (there being over 30 feet at low water) ; proximity to the trade routes to the principal markets of the world ; and considerably lower berthage and pilotage rates. As illustrating the comparative charges which the owners of a vessel loading 7,000 tons of wheat at Melbourne, Geelong or Portland would be called upon to pay, the following figures may be quoted :—

	Melbourne.	Geelong.	Portland.
	£	£	£
Berthage rates	100	100	Nil
Pilotage	100	100	14
	-----	-----	-----
	£200	£200	£14
	-----	-----	-----

The insurance and freight charges are similar at each of the ports mentioned.

In pursuance of the policy of developing the Outer Ports which was initiated under the Public Works Loan Application Act of 1912, a substantial pier has been constructed at Portland, at a cost of £85,000, which is capable of accommodating the largest vessels visiting these shores. The pier is well equipped, there is provision for berthing four deep draught vessels, and six lines of railway have been laid down to facilitate speedy loading.

EXPENDITURE ON NEW RAILWAYS TO PORTLAND.

In addition to the expenditure of £85,000 on the pier, a large amount has been expended on the construction of railways which were built either wholly or in part to aid in the development of a deep water harbor at Portland. For instance, the Heywood to Mount Gambier line recently completed at a cost of over £200,000 may be said to have been built solely with the view of connecting the agricultural districts in the South-Eastern parts of South Australia with a deep sea port.

In the same way it may be said that one of the reasons which actuated Parliament in authorizing the construction of the Cavendish-Toolondo connexion at a cost of £175,000 was that the railway would be used for the conveyance of some portion of the Wimmera wheat to Portland. The Railways Standing Committee, however, pointed out that this could not be expected unless an alteration was made in the railway rates for the carriage of agricultural produce to give Portland the full advantage of its geographical position.

The principal products which should be available for shipment from Portland are wool, frozen meat, and wheat, and it is to the latter that we have directed our attention, as it is undoubted that the export of wheat will be the principal factor in the development of the trade of the port. It is, however, evident that the provision of shipping facilities at Portland will also lead to an expansion of the freezing works at North Portland and the establishment of new works in the Wimmera.

FACTORS OPERATING AGAINST PORTLAND.

One of the reasons why wheat has not hitherto been shipped from Portland is the practice of wheat buyers to purchase grain at country stations at the current market price in Melbourne "less the cost of railage from the purchasing station to Melbourne." This had the effect of causing the wheat to be sent to Melbourne or Geelong irrespective of whether or not it was the nearest deep sea port.

Another reason is to be found in the operation of the tapering rate system adopted on the railways. This fact was recognised by the Railways Standing Committee when it reported in 1912 that the general rates charged uniformly throughout Victoria for the carriage of grain and live stock over the railways were largely responsible, because of the tapering system adopted, for the absence of expansion in the shipping trade at Portland.

A further reason is the operation of the freight rebate system. In order to counteract the evil effect of the railway tapering rates to Melbourne (which assisted centralization at that port, and had an injurious effect on the development of the Outer Ports), the Railway Commissioners in 1912 directed that such ports as Geelong and Portland were to have an advantage of at least 1s. 3d. per ton over Williamstown on grain forwarded for export. Where the tapering rates did not give that advantage a rebate was to be allowed to increase the difference to 1s. 3d. per ton in favour of the Outer Port. This rebate has been of undoubted advantage to Geelong, and is one of the factors that are causing an increasing proportion of wheat exported from Victoria to be shipped from that Port. The following statement shows the exportable surplus of wheat for the past three years and the proportion which has been, or will be, shipped from Geelong.

Year.	Exportable Surplus.		Shipped or to be shipped from Geelong.		Percentage.
	Bushels.		Bushels.		
1916-17	31,000,000	..	over 9,000,000	..	30
1917-18	25,000,000	..	nearly 9,000,000	..	35
1918-19	15,000,000	..	6,000,000	..	40

The rebate of 1s. 3d. per ton, however, under the conditions now operating can be of no assistance to Portland even when the direct railway communication with the Wimmera is completed, as is evidenced by the following illustration of its operation as far as wheat railed from Horsham is concerned :

	Mileage.	Rate per ton.		
		s.	d.	
Williamstown Pier	.. 206 (shortest route)	.. 12	4	(after making a deduction of 9d. to make the rate 1s. 3d. less than to Williamstown Pier)
Geelong Pier	.. 184 $\frac{3}{4}$	.. 11	1
Portland Pier	.. 145 $\frac{1}{4}$	.. 10	10

It will be seen that the ordinary rate of freight from Horsham to Geelong Pier is 11s. 10d. per ton, but in order that it may be 1s. 3d. below the rate to Williamstown Pier, wheat consigned to Geelong for export is allowed a rebate of 9d. per ton. On the other hand, however, the rate from Horsham to Portland is 10s. 10d., but as this is already more than 1s. 3d. below the rate to Williamstown no rebate is allowed.

The system of rebates referred to above was obviously introduced so that the reduced freight rates would lead to agricultural produce gravitating to its nearest deep sea port. But this result has not been, and will not be achieved, as far as Portland is concerned, and it is therefore necessary that the railway rates should be so re-adjusted that shipment may be made from Portland of the produce grown in the area which is naturally tributary to that Port.

This course was recommended by the Railways Standing Committee in 1912, and when commenting on this matter they stated :—

“ The result is that under the rebate system Geelong obtains an undue advantage over Portland. . . . So long as this continues it will be useless constructing a direct railway from the Wimmera wheat-growing districts to Portland in the hope that a large tonnage of grain will be transported over the line for export at Portland. A re-adjustment of the railway rates should therefore be made if Portland is to receive any material advantage from the construction of the line or the farmers of the Wimmera and Southern Mallee are to derive any benefit from the shorter route to the seaboard.”

RECOMMENDATION OF SUB-COMMITTEE.

We concur in the view taken by the Railways Standing Committee and are of opinion that the suggested re-adjustment should be made. We therefore recommend that agricultural produce intended for export and consigned to Portland from all stations north and west of Horsham, including that station, should be given a rebate which would provide for the railway rate to that Outer Port being 2s. 6d. per ton less than to Williamstown under the present system. The effect of this would be to give Portland the advantage of its geographical position as the port of export for the North Western Wimmera district, and also to give it the same preference over Geelong that the latter has as an Outer Port over Williamstown. This rebate should operate for a term of years, it being necessary to have such fixation to induce exporters of agricultural produce to establish branches of their business at Portland.

The rebate allowed to Geelong has been of considerable assistance to that Port in developing an export trade, and it is only fair to assist the newer port of Portland in the same manner and thus give practical effect to the decentralization policy which Parliament has from time to time endorsed.

It is all the more reasonable to grant such assistance to Portland when it is remembered that much of the Wimmera wheat is charged only the mileage of the shortest route to Melbourne or Geelong, namely, *viâ* Ballarat and Bacchus Marsh or Meredith, whereas, as a matter of fact, it is hauled by a much longer route by way of Maroona and Cressy.

The following figures illustrate the effect which the suggested adjusted rates would have on wheat railed from Horsham for export :—

				Present rate			Proposed new rate
				per ton.			per ton.
				<i>s.</i>	<i>d.</i>		
				<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
To Williamstown Pier—							
<i>Viâ</i> Bacchus Marsh	..	206	miles	..	12	4	.. 12 4
Maroona and Cressy	..	234 $\frac{1}{4}$	..	..	
<i>s. d.</i>							
To Geelong Pier	..	11			11	10	
Less present rebate		0			0	9	
<i>Viâ</i> Ballarat and Meredith	..	184 $\frac{3}{4}$	..	..	11	1	.. 11 1
<i>Viâ</i> Maroona and Cressy	..	196 $\frac{1}{4}$..				
To Portland Pier—							
<i>Viâ</i> direct route	..	145 $\frac{1}{4}$	..	..	10	10	.. 9 10

It will be seen by the above table that our recommendation does not involve any alteration in the present rates charged on wheat railed to either Williamstown or Geelong for export, and that in practice the suggested concession to Portland amounts in most instances to 1s. per ton only, due to the shorter mileage to the latter Outer Port compared with the distance to Williamstown.

We are of opinion that the views of the Railway Commissioners should be ascertained upon the effect of this additional rebate before action is taken towards incorporating it in the Railway Regulations.

EXPORT OF 1919-20 WHEAT.

The Victorian Wheat Commission hope to arrange that part of the 1919-20 crop in the Wimmera shall be stored at East Natimuk or Horsham, and we are of opinion that at least portion of this wheat should be shipped from Portland under our suggested rebate system, so that this Outer Port, on which so much public money has been expended, may be given an opportunity of proving its suitability as an export port for wheat, and the Wimmera producers may reap the benefit of their proximity to the nearest oversea port.

It has been suggested that an early advance with the development of Portland could be made by the shipment at that Port of the large quantity of wheat now lying at the Stawell depôt. This, however, would not be advisable, as this wheat is in prime condition and stored in such a manner that it will remain so for a considerable time. Further, it should not in the ordinary course be trucked until 1916-17 and 1917-18 wheat stacked in other parts of the State is cleared. If this wheat were consigned to Portland for shipment, under present conditions, double handling of a great proportion of it would be necessitated, which on an average cargo of 7,000 tons would, we are assured, entail an extra charge to the Wheat Pool of at least £450 per shipment.

In the course of evidence witnesses expressed doubt as to whether there would be a sufficiency of labour obtainable at Portland to meet an exceptional demand, such as would occur when two or three large vessels were loading simultaneously. But the likelihood of this position arising is somewhat remote at present, and moreover, the experience at all ports has been that when there is a demand for labour of this character—mostly unskilled—it is usually met by men in the district coming forward at short notice.

REGRADING DIRECT WIMMERA-PORTLAND RAILWAY.

It has been suggested that the gradients on the line at present under construction between Toolondo and Cavendish are of such a nature as to limit to some extent the loads that may be hauled by standard locomotives. Our investigations showed, however, that the usual practice in connexion with the construction of new lines has been followed in this case, namely, that the earthworks have been minimized wherever practicable with a view of reducing the first cost of the new line, and avoiding the expenditure of a large sum of money perhaps many years before the traffic on the line would warrant such expenditure. The view adopted by the Railway Construction Branch as given in evidence by Mr. Maurice E. Kernot, Chief Engineer for Railway Construction, is that the gradients of lines should be improved as the traffic develops and justifies such regrading.

In this particular case, however, the prospects of Portland as a shipping port for the Wimmera wheat are so promising, and the Government has expended so much money on its improvement, that we consider that in the interests of the State the line should be regraded so as to provide a ruling grade load between Horsham and Portland of 400 tons for the 100 per cent. class of engine.

The approximate train mileage for each shipment of 7,000 tons of wheat from Horsham to Portland on the present grade would be 9,187 miles, and the transport cost at 3s. per train mile would be £1,378. With the line regraded as recommended, the approximate train mileage would be 7,464 miles, and the transport cost at 3s. per train mile, £1,120.

Mr. Kernot estimated that the regrading could be completed at a cost of £15,000, and as part of the line is still under construction, we recommend that prompt steps should be taken to have the regrading carried out, which can be done now at less cost than if delayed until the completion of the line.

The interest on £15,000 at 5 per cent. is £750 per annum, and each shipment of 7,000 tons of wheat would, if the line were regraded, show a saving in transport costs of £258. Thus if only three shipments were made at Portland per annum the saving effected would fully recompense the State for the expense of regrading, and additional shipments would assist in the more economical working of the line.

The track lay-out at Portland and Portland North does not provide the facilities necessary for dealing with an export wheat business, and before such can be dealt with in a manner satisfactory to the shipping interests and the Railways, it will be necessary to provide increased siding accommodation at Portland and Portland North and also weighing facilities. We recommend that these works should also be put in hand.

MOUNT GAMBIER RAILWAY.

We looked into the question of the railway traffic between Mount Gambier district and Portland and ascertained that the rates are governed by the terms of Act No. 2424, under which this line and the railway between Murrayville and Pinnaroo were constructed. The schedule to the Act above-mentioned provides :—

7. " At all times Victorian rates shall apply on the Victorian side of the boundary between the said States and South Australian rates on the South Australian side of the said boundary, but the Railways Commissioner of one State shall not at any time

in respect of the conveyance of any traffic from or to the starting point of either of the connecting railways or of the Ouyen to Murrayville railway or on and from or to and on any of the said railways allow any rebate allowance or consideration of any description or charge any rate lower or higher than the mileage scale of rates then in general operation throughout such State which may have the effect of—

- (a) inducing traffic either directly or indirectly from the other State; or
- (b) preventing or discouraging traffic either directly or indirectly from going into the other State,

Provided that—

1. The Railways Commissioner of a State may continue to charge in respect of the conveyance of traffic on any railway any rates which were charged on the first day of September nineteen hundred and twelve in respect of the conveyance of similar traffic on such railway ”

At the time of the passing of the Act specially low rates had been in force for several years between the South-Eastern portion of South Australia and Adelaide, to enable the railways to compete with the coastal vessels, while full mileage rates were being charged on the Victorian railways. This arrangement has operated to the advantage of South Australia, but the evidence before us shows that the difference in the rates for the carriage of produce has not prevented traffic to Victoria to any material extent. However, from the evidence given to us by the Secretary of the Railways Standing Committee (Mr. T. Gilchrist), and a perusal of the report of the Border Railways Commission, made in 1911, recommending the construction of the Mount Gambier and Pinnaroo connexions, it is apparent that both the South Australian and Victorian members of that Commission favoured Victorian railway rates prevailing as far as Mount Gambier, instead of stopping or starting at the Border, so that this Inter-State railway might successfully compete against coastal steamers trading to and from Port Macdonnell. The South Australian members also wished the South Australian railway rates to prevail as far as Mumbannar (now Malanganee), on the Victorian side of the border, but no recommendation was made to this effect, the whole question of the railway rates to be charged being left to the Railway Commissioners of the two States to settle between themselves “ as they were better acquainted with the details of the rates and the effect of their operation than the Commission.”

The Railways Commissioners made the agreement forming the schedule to Act No. 2424 quoted above, which did not embody the views of the Commission that Victorian rates should prevail as far as Mount Gambier, and the South Australian special low rates to Mumbannar. We suggest that as three members of the present South Australian Ministry—the Hon. A. H. Peake, J. G. Bice, and G. Ritchie—were members of the Commission, negotiations should be opened up with the South Australian Government with a view to varying the agreement so that Victorian rates may obtain to and from Mount Gambier, and South Australian rates to and from Mumbannar.

In conclusion, we desire to express our appreciation of the valuable assistance rendered by our Secretary, Mr. A. D. Brown, of the Treasury Department, whose services were made available by the Cabinet.

We have the honour to be,

Sir,

Your obedient servants,

H. J. M. CAMPBELL, Chairman.

D. S. OMAN.

H. J. BAKER.

C. MISCAMBLE.

GEO. KERMODE.