

Transport Advisory Council
REPORT ON
SERVICE AND RATES
(Coastwise Shipping)

MINISTRY OF TRANSPORT

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Secretary.

This Report of the Council's Committee of Investigation, composed of the members indicated above by asterisks, with Mr. J. H. Turner as additional member appointed by the Minister of Transport, was adopted by the Council on 7th July, 1938, subject to the reservation on page 4.

REPORT ON COASTWISE SHIPPING

I. In our first Report on Service and Rates* we referred to the question of coastwise shipping in these terms:—

“ It has not been possible for us to deal with coastwise shipping in this Report, but we hope to present a second Report dealing with this at an early date. Coastwise shipping differs in many respects from the other three forms of transport, and it is necessary that we should make further inquiries and obtain fuller information concerning it before attempting to make definite proposals. We shall have to consider further, whether the adoption of a statutory rate control for coastwise liner shipping would strengthen their position *inter se* or advance co-ordination between the several transport services, and we recognise the inherent difficulties in operating a rate structure in the coastwise tramp trade. We shall also have to consider the submissions which have been made by the representatives of coastwise shipping upon the alleged harmful effect of rail and road competition upon their branch of transport and their representations alleging the inadequacy of the protection afforded to it as regards rates in the Railways Act, 1921, and the Road and Rail Traffic Act, 1933. We are fully aware of the importance of the industry, both from the trading and the national point of view and of the need which therefore exists of taking no steps which would be detrimental to its interests ”.

II. PROCEDURE.

We therefore appointed a sub-committee consisting of the Chairman and the members directly connected with coastwise shipping, the railways and road operators, to consider the question of competition of the railways and other forms of transport with coastwise shipping, in the light of our first Report, and we have adopted the conclusions reached by our sub-committee.

We have held in all seven meetings, at certain of which Mr. R. C. Cowper, Mr. William Cuthbert, Mr. R. Kelso and Mr. M. Salt have been present as additional representatives of the coastwise liner companies. We should like to express our appreciation of the help rendered us by these gentlemen in the course of our deliberations.

We have examined the position of coastwise shipping as set out by the Chamber of Shipping of the United Kingdom in their Memorandum on behalf of Coastal Shipping† and by their representatives, and we have reached the conclusion that a distinction must be drawn between “ liner ” coastwise shipping and “ tramp ” coastwise shipping. We therefore deal with them separately.

* Report on Service and Rates, published by H.M. Stationery Office, (55-183) price 1s. od. net, page 11.

† *id.* page 31.

III. COASTWISE LINER SHIPPING.

It was represented to us that the following considerations should be borne in mind in settling the basis on which the coastwise liner interests could be included in the scheme of co-ordination embodied in our first Report on Service and Rates:—

- (1) the very small number of coasting liner companies outside the Railway-Coastwise Liner Conference;
- (2) the injurious effect on other branches of shipping which might result from the application of any system of licensing or registration to the Coasting Trade;
- (3) the stable position of the individual coasting liner companies with relation to the services they perform and the negligible amount of unregulated competition between them;
- (4) the increased stability of road rates which is to be anticipated from the application of the scheme outlined in the Council's first Report.

Most of the coastwise liner companies, of whom there are not a great number, have agreed within their own industry a comprehensive schedule of rates for the major traffics which they customarily carry. This schedule includes rates for the carriage of general merchandise between ports and places in Great Britain in which the railway companies and coasting liner owners are jointly interested, and all such rates are discussed and, where possible, agreed at local conferences between the coasting liner and railway companies before they are put into operation.

The agreement giving effect to these arrangements is voluntary in origin and has worked well for nearly ten years because of its inherent elasticity, but it is the unanimous view of all parties that the agreement must be extended to embrace the road haulage and canal companies before it can become a useful part of any general scheme of co-ordination. Further, it is considered that the agreement should be of long duration, providing, if found necessary, for arbitration by mutual consent in the event of failure to agree on rates questions of major importance.

The coasting liner companies, whilst desirous of becoming a definite component of a co-ordinated system of transport, see no necessity for the setting up of a new rates structure to cover their branch of internal transport. The live register of rates already in existence provides an effective rate control within the industry itself, in which there is little unregulated competition. In Paragraph XI of our first Report, we envisage conferences of all the branches of internal transport having for their object the adoption and operation of rate agreements, and the coasting liner owners feel that, when the proposed rate structure for the

road industry is set up, the coastal shipping rates so far as they affect other transport industries will be automatically and effectively controlled through the medium of voluntary rate agreements without recourse to any new system of control. They desire, however, to place on record that in their view any scheme of voluntary agreement should embody the following safeguards:—

- (a) adequate differential for sea rates under rail and road rates;
- (b) exclusion of transshipment traffic on through Bills of Lading;
- (c) freedom in mutual consultation to meet competition from British tramp shipping or foreign tonnage or fresh competition;
- (d) protection of the position of coasting liner companies in regard to railway agreed charges.

IV. COASTWISE TRAMP SHIPPING.

It has been represented to us that a rate structure is not practicable for the coasting tramp trade, and that its application would prejudice the service of coastwise shipping to the mercantile community and the nation, while it would not further co-ordination between the several transport services. We understand that coasting tramp freights involve the making of an *ad hoc* bargain for each separate consignment, and the "publication of rates" would therefore be impracticable and is indeed an irrelevant concept in connection with the tramp trade.

We further understand that a measure of effective co-operation on rates between coasting tramp owners one with another has been established, and that they desire that the fullest possible advantage should be taken of mutual co-operation wherever practicable in their own trade.

We are satisfied that, while coasting tramp owners are anxious to join in measures of co-operation with other forms of transport as far as this is possible, it is impracticable to apply a rate structure to the coasting tramp trade at present.

V. GENERAL.

Since the main object of the present investigations of this Council has been to indicate the broad principles upon which progress towards co-ordination between all forms of transport carrying goods can be achieved, we have not thought it necessary to examine in detail the submissions made by the representatives of coastwise shipping as to the alleged harmful effect of rail and road competition upon their branch of transport, and

their representations alleging the inadequacy of the protection afforded to it as regards rates under the Railways Act, 1921, and the Road and Rail Traffic Act, 1933.

During our discussions the question of wages and conditions of service in connection with coastwise shipping has been raised, but we are of opinion that it does not fall within our scope to make any recommendations, and that we are not an appropriate body to deal with this question.

VI. SUMMARY OF CONCLUSIONS.

Our conclusions may be summarised as follows:—

(1) a distinction must be drawn between "liner" coastwise shipping and "tramp" coastwise shipping;

(2) a measure of rate control by agreement already exists and is general within the coastwise liner trade, in which there is little unregulated competition;

(3) the existing voluntary agreement between the railways and coastwise liner companies should be extended to and ultimately embrace road haulage and canal companies; it should be made of long duration and provide, if found necessary, for arbitration by mutual consent in the event of failure to agree on important rates questions;

(4) the existing rates structure, supplemented by a voluntary agreement as outlined in (3), would secure effective rate control of the coasting liner companies and form a useful part of any general scheme of co-ordination;

(5) it is impracticable to apply a rate structure to the coastwise tramp trade at present;

(6) as our terms of reference did not include questions of wages and conditions of service, we have not dealt with these matters.

A. G. BOSCAWEN (*Chairman*).

RESERVATION.

We regret the terms of reference precluded the consideration of wages and conditions operating in the coastal services, as had they been before the Committee, the imperative need of bringing these services within a rate structure, in our opinion, would have been recognised.

ERNEST BEVIN.

W. R. SPENCE.

7th July, 1938.

The Previous Report by the
**TRANSPORT ADVISORY
COUNCIL**

published in October, 1937, made important recommendations on wages and rates and on other aspects of road, rail and canal transport, including the establishment of Area Rates Committees, Area Rates Officers and a Road Rates Tribunal

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