

Adrian Hunt

A Tale of Two Dredgers



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This is a story about two men, two dredgers. One works in the private sector; the other in the public sector. Eric Van GATT, he's the private sector man; and Barri ER, he's from the public sector.

Eric Van GATT is employed by the "World Dredging Company" which has an international spread of offices and operations covering more than 30 countries. Its fleet is substantial and multi-functional, and it is backed by state-of-the-art R&D, Technical and Logistical Departments.



Figure 1. Introducing Eric Van GATT from the private sector and Barri ER from the public sector.

Barri ER works for the "State Legislature of Waterways" (SLOW for short). It has responsibility for the maintenance of one principal port and several minor ports in a faraway country somewhere. Very little capital dredging is ever carried out, the work is mostly maintenance. The small fleet is dated and frequently in dock.

The Tale

We take up the story one morning quite recently.

"Damn", said Barri ER as he nicked himself shaving in front of his hotel mirror. He was rarely in a good mood these days. Almost two decades with his SLOW employer had taken their toll. There was little to interest him any more. One cubic metre seemed much like the other. The same routine, day in day out. Oh, but there was that one occasion, when was it? six or seven years ago, when he thought he'd found live ammunition in the hopper. As it happened, the bomb turned out to be the end of a suction pipe that SLOW's principal trailer, the *Elderly Statesman*, had lost some years earlier. Was it his fault that the thing had dropped off because of rust? He had been saying for years that a replacement trailer was needed.

SLOW agreed that it was needed and had appointed a committee to look into it. Good progress had been made in the first 18 months. Several sub-committees had been formed and these were due to report back within the year. But then the whole process began to slow down. The committee members couldn't agree on the vessel's specification. Ideally, two or even three different types of dredgers were needed. But, there were only sufficient funds to build one. With all the bickering and disagreement the replacement ship, code-named *New Statesman*, was still not commissioned.

"May I join you?" said Barri ER fifteen minutes later as he arrived for breakfast in the busy hotel dining room. The question was addressed to a man whose bright, alert expression belied his real age. Eric Van GATT beckoned the newcomer to sit down.

He had been deep in thought, scribbling notes and sketches on his paper napkin. He was intrigued by a technical problem on his current dredging project.

He liked nothing better than a challenge. The time he had spent at head office, working in the various project support offices, and his wide operational experience had equipped him to deal with most problems that face today's busy project managers working for international dredging contractors. There was never time to get bored, moving from one project to another, from one country to another and from one dredger to another. There was real variety to his working life. He was fascinated by the technological advances that were being made.

Take, for example, the vessel he was currently working with, the trailer *Free Trader*. She is a powerful, big capacity ship full of sophisticated electronics and gadgetry. It had taken just 18 months from the time that the Board of Directors decided to invest in a new dredger, to the time that *Free Trader* took to the water. Eric Van GATT was only too aware that to be competitive you need to have modern and efficient equipment.

Eric Van GATT and Barri ER chatted happily over breakfast. After all, they had much in common – dredging. Eric explained that he had just flown in from the Far East where he was working on a new petro-chemical port. He was then scheduled to go to South America for port maintenance work combined with reclamation.

Barri ER listened enviously in the knowledge that he would shortly be returning to the same dredger, to the same port work and to the same old routine. But, for the time being at least, he had a few days in which to broaden his mind and to see what was happening in the “real” world of dredging. Looking at his conference programme, he said to Eric Van GATT: “Which of the papers are you most looking forward to hearing?”

“Why, the IADC presentation of course”, came the reply. Outside, the sun shone on the Buena Vista Palace grounds.

The Conclusion

Eric Van GATT and his counterpart from the state dredging sector, Barri ER, are of course purely fictitious. The problems faced by the equally fictitious SLOW organisation, whilst being greatly exaggerated, do demonstrate some of the difficulties facing state dredging agencies. The lack of public funds is the principal one. Without a proper investment programme, dredging operations must inevitably suffer which in turn will affect port efficiency and productivity. For it to survive, the private sector must be properly equipped with modern, efficient plant. The range of plant must also be sufficiently wide and versatile to deal with the wide variety of dredging challenges facing today's international contractors. The right dredger for the right job is vital for efficient production. Cash-strapped state agen-



Figure 2. Barri ER in despair awaits the commission of a new dredger.



Figure 3. Eric Van GATT, intrigued by his current dredging project.

cies cannot hope to equip themselves other than for the day-to-day operational duties.

COMPETITION IS THE DRIVING FORCE

Competition is the driving force in the private sector. Everything is geared toward dredging that cubic metre more efficiently and at less cost than the competition. Overheads and administration are kept to a minimum; research and development are on-going; personnel training is fundamental. The independence to react quickly and positively to market requirements is of paramount importance.

As the benefits of a competitive trading environment become better understood, the world dredging market is steadily becoming more open, more accessible.



Figure 4. Private sector investments in research and equipment vs. a lack of public funds for state dredgers.



Figure 5. Legal obstacles are the protective net that state dredging agencies use to limit competition.

Admittedly there are still notable exceptions, where certain countries still cast a “protective net” around their markets and refuse to permit “foreign” contractors – outsiders – to compete for work openly and fairly. We trust that more and more such countries will soon see the error of their ways.

Figure 6. Despite obstacles, when it comes to least-cost, least-time and most technically sound solutions, the winner is the private sector dredger.



Last year, for instance, we witnessed the sale of the bulk of the Mexican state-owned fleet and the transfer of maintenance dredging to the private sector. This winding-down process is being repeated in Argentina, and Brazil intends to phase out its state fleet too. As long ago as the mid-1970s a multi-million dollar dredger investment plan in the Federal Republic of Germany was abandoned in the wake of an official investigation which concluded that it would be less expensive to delegate part of the annual dredging programme to the private sector. Not only was the state relieved of the initial investment burden but the operational savings amounted to 10 percent. The introduction of competition was also responsible for the state-owned dredgers improving performance substantially.

OPEN DOOR POLICY IS THE TREND

The trend towards increased competition through privatisation and opening the door on so-called protected markets is worldwide. There are numerous other examples, such as India and New Zealand, that one could draw upon.

Cost-efficiency is of course not the only consideration of those countries evaluating a more laissez-faire approach. There are also social implications which need to be carefully evaluated. Some people in the state sector would also point to other barriers, such as the implications for national security, but practice has proved these to be unfounded worries. Often there is resistance to abandoning state involvement simply for historical reasons, because dredging has always been handled in this way and always with local suppliers.

This attitude cannot continue. As the demands on public funds become ever greater, so the need for greater cost-efficiency increases. Specifiers of dredging services are looking for the least-cost, least-time and most technically sound solution, and that can only be provided if there is a competitive, open market.