

World Maritime University

# The Maritime Commons: Digital Repository of the World Maritime University

---

World Maritime University Dissertations

Dissertations

---

1990

## Establishment of an autonomous ports authority in Malta

Jonathan Pace  
WMU

Follow this and additional works at: [https://commons.wmu.se/all\\_dissertations](https://commons.wmu.se/all_dissertations)

---

### Recommended Citation

Pace, Jonathan, "Establishment of an autonomous ports authority in Malta" (1990). *World Maritime University Dissertations*. 880.

[https://commons.wmu.se/all\\_dissertations/880](https://commons.wmu.se/all_dissertations/880)

This Dissertation is brought to you courtesy of Maritime Commons. Open Access items may be downloaded for non-commercial, fair use academic purposes. No items may be hosted on another server or web site without express written permission from the World Maritime University. For more information, please contact [library@wmu.se](mailto:library@wmu.se).

**THE ESTABLISHMENT OF AN  
AUTONOMOUS PORTS AUTHORITY  
IN MALTA**

**JONATHAN PACE**

**1990**

WMU LIBRARY

WORLD MARITIME UNIVERSITY  
MALMO, SWEDEN

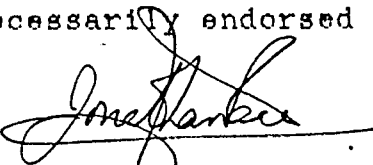
THE ESTABLISHMENT OF AN  
AUTONOMOUS PORTS AUTHORITY  
IN MALTA

by  
Jonathan Pace  
Malta

A paper submitted to the Faculty of the  
World Maritime University in partial fulfilment  
of the requirements for the award of a  
MASTER OF SCIENCE DEGREE  
in  
GENERAL MARITIME ADMINISTRATION

The contents of this paper reflect my personal views and  
are not necessarily endorsed by the University.

Signature:

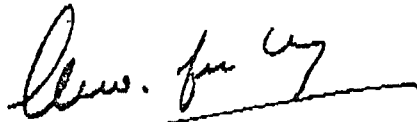


Date: 30 October, 1990

Assessed by:

Professor Jerzy Mlynarczyk  
Resident Professor  
World Maritime University  
Malmo, Sweden

*I would grade this steadily  
as "good"*



Co-assessed by:

Mr Fernand Suykens  
General Manager  
Port of Antwerp  
Belgium

TO  
MY  
BELOVED  
WIFE  
JOSETTE

## ACKNOWLEDGEMENTS

I would like to express my gratitude and sincere appreciation to all those who have made it possible for me to follow the Master of Science degree programme in General Maritime Administration at the World Maritime University, and to those who have assisted me in the preparation of this dissertation.

First of all, I would like to thank the Government of Malta for nominating me for this course of studies. In particular, I am grateful to the Hon. Dr Joe Fenech, Parliamentary Secretary for Offshore Activities and Maritime Affairs. In addition, I am also grateful to Professor David Attard, Adviser to the Prime Minister and to the Parliamentary Secretary for Offshore Activities and Maritime Affairs, to Mr John de Gray and Mr Lino Vassallo, Head and Assistant Head respectively at the Office of the Parliamentary Secretary for Offshore Activities and Maritime Affairs.

My thanks are also due to the International Maritime Organization and, in particular, to its former Secretary General, Mr Chandrika P. Srivastava, who offered the fellowship which enabled me to follow this advanced course of studies. I am also thankful to the Commonwealth Fund for Technical Co-operation which provided the funding of the fellowship.

I am also indebted to the visiting and permanent academic staff members of the World Maritime University. In particular, I am grateful to Professor Jerzy Mlnarczyk, my course professor, for his support, guidance, and suggestions throughout the duration of my studies and during the preparation of this paper.

I am also grateful to all those who have assisted me in gathering information and material for this dissertation. Additionally, I would like to thank Mr William Scicluna, former Director of Ports of Malta, for his valuable comments and suggestions, and Mr Fernand Suykens, General Manager of the Port of Antwerp, who has accepted to co-assess this dissertation. I would also like to acknowledge the valid suggestions made by my classmate and intimate friend, John Stewart.

Special thanks go to all the members of the Pace and Turban families for their continuous support. A word of thanks also goes to all my office colleagues for their encouragement and assistance during the course of my studies in Malmo.

Last but not least, my particular appreciation goes to my dear wife Josette, who has always been by my side and who has also assisted in no small way towards the completion of this dissertation.

Jonathan Pace

Malmo, Sweden

October, 1990

## ABSTRACT

### THE ESTABLISHMENT OF AN AUTONOMOUS

### PORTS AUTHORITY IN MALTA

Ports constitute focal points for world trade and are an important part of the global transport system. Developing countries need to adapt to this phenomenon through "inter alia" properly organised port regulatory agencies. This paper shall discuss the need to reorganise port administration in Malta and would propose the establishment of an autonomous Ports Authority endowed with appropriate legal and administrative powers to administer the main seaports on the Island.

The study starts off with a brief historical overview of the administration of ports in Malta and then passes on to discuss the present organisational and legal structure of the Maltese port administration. After defining the functions of a port and the duties of a port administration, Chapter Two reviews the different types of port administration. This chapter then discusses a port administration policy for Malta and proposes the establishment of an autonomous Ports Authority. Chapter Three outlines the objectives, duties, and powers of the Authority and examines the relationship between the Ministry responsible for ports and the Authority. The organisation structure of the Authority and the roles of its various departments are outlined in Chapter Four. Finally, Chapter Five draws together the main conclusions of the study.

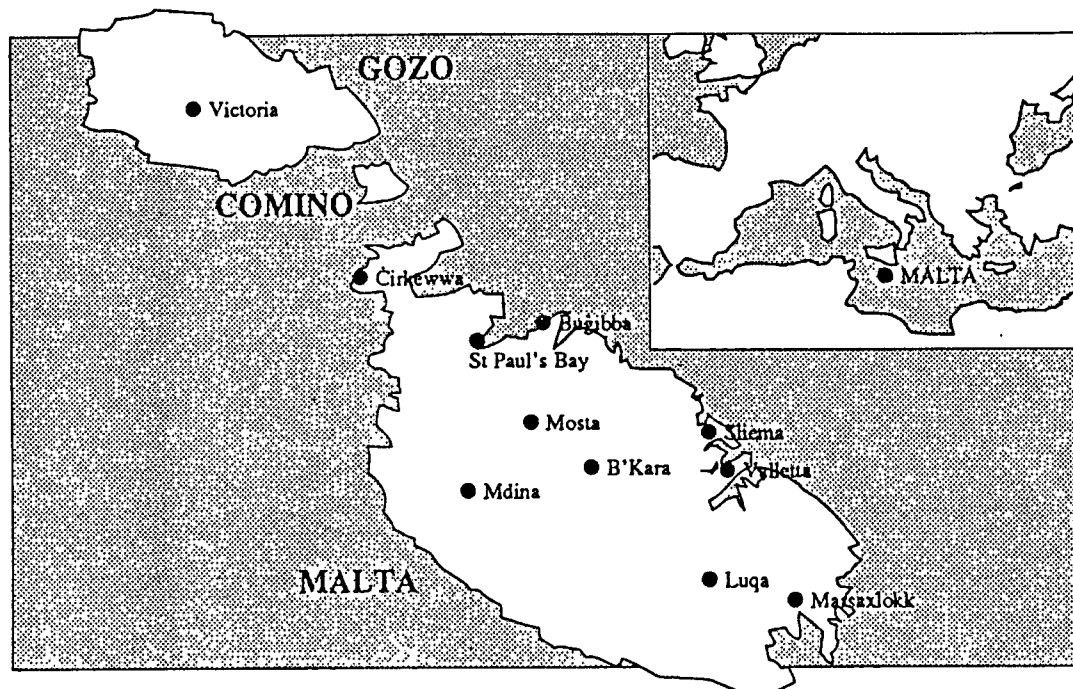
## TABLE OF CONTENTS

	PAGE
Dedication	ii
Acknowledgements	iii
Abstract	v
CHAPTER ONE - THE PRESENT SET-UP OF THE MALTESE PORT ADMINISTRATION	1
1.1 Introduction	2
1.2 Organisational history of ports in Malta	5
1.3 Present organisational and functional set-up of the Maltese port administration	11
1.4 Port legislation in Malta	17
CHAPTER TWO - THE PROPOSED PORT ADMINISTRATION FOR MALTA	24
2.1 The functions of a port	25
2.2 Duties of a port administration	28
2.3 Types of port administration	29
2.4 Declared policies in Malta	34
2.5 Proposed port administration policy for Malta	37
CHAPTER THREE - ESTABLISHMENT AND ACTIVITIES OF THE MALTA PORTS AUTHORITY	48
3.1 Establishment and incorporation of the Authority	49
3.2 Composition of the Authority	50



3.3	Objectives, duties and powers of the Authority	55
3.4	The relationship between the Ministry responsible for Ports and the Authority	63
CHAPTER FOUR - MANAGEMENT AND ORGANISATION OF THE MALTA PORTS AUTHORITY		67
4.1	Model organisation structure of the Authority	68
4.2	The roles of the various departments of the Authority	76
CHAPTER FIVE - SUMMARY AND CONCLUSION		84
APPENDICES		90
Appendix A	Some statistical data about Maltese ports	91
Appendix B	Laws and regulations connected with port operations in Malta	93
REFERENCES		96

# THE MALTESE ISLANDS



**GEOGRAPHY:** The Maltese archipelago basically consists of three inhabited islands, Malta, Gozo and Comino. The archipelago lies in the middle of the Mediterranean Sea with Malta 93km south of Sicily and 288km north of North Africa. The total area is approximately 316 square km (Malta 246, Gozo 67, Comino 2.7).

**PHYSICAL FEATURES:** Malta has no mountains or rivers. A series of low hills with terraced fields on the slopes characterise the island. The coastline of Malta is well indented thus providing numerous harbours, bays, creeks, sandy beaches and rocky coves. The length of the shoreline round Malta is 136km and 43km round Gozo.

**CLIMATE:** The climate is warm and healthy. There are no biting winds, fóg, snow or frost. Rain falls for only very short periods, averaging about 578mm in a whole year. The temperature averages 14.1 degrees Celsius in winter (November-April) and 32 degrees Celsius in summer (May-October).

<b>CAPITAL CITY:</b>	Valletta	
<b>POPULATION:</b>	349,014	
<b>LABOUR FORCE:</b>	Labour supply	- 130,126
	Gainfully employed	- 124,973
	Unemployed	- 5,153
	% of labour supply unemployed	- 3.96%
<b>CURRENCY:</b>	Maltese Lira (Lm)	
<b>EXCHANGE RATE:</b>	Lm1 = approx. 3.2 US\$	
<b>GROSS DOMESTIC PRODUCT:</b>	Lm591.8 million	
<b>GROSS NATIONAL PRODUCT:</b>	Lm623.6 million	
	Per capita Lm1,795.	
<b>FOREIGN TRADE:</b>	Total Imports (CIF)	- Lm447.3 million
	Total Exports (CIF)	- Lm235.9 million
	Trade Balance	- -Lm211.4 million
<b>MAIN TRADING PARTNERS:</b>	Germany, United Kingdom and Italy	

## **CHAPTER ONE**

# **THE PRESENT SET-UP OF THE MALTESE PORT ADMINISTRATION**

- 1.1 INTRODUCTION
- 1.2 ORGANISATIONAL HISTORY OF PORTS IN MALTA
- 1.3 PRESENT ORGANISATIONAL AND FUNCTIONAL SET-UP OF THE  
MALTESE PORT ADMINISTRATION
- 1.4 PORT LEGISLATION IN MALTA

## 1.1 INTRODUCTION

From time immemorial, Malta has been endowed with natural, deep and sheltered harbours. Coupled with the Island's strategic location in the centre of the Mediterranean Sea, these harbours have, over the centuries, provided valuable services to major commercial and political powers. Nowadays, although their economic function has changed radically from being mainly naval bases to commercial complexes, these harbours continue to play an essential role in economic development by providing safe and useful berths on major sea-routes.

Ports constitute focal points for world trade and are an important element of the global transport system. Developing countries need to adapt to this phenomenon through "inter alia" properly organised port regulatory agencies. The Maltese economy, similar to other developing countries' economies, depends heavily on maritime transport and ports. Consequently, the importance of having an efficient port administration cannot be more emphasised.

The objective of this dissertation is to propose a port administration policy for Malta. It will discuss the need to reorganise port administration in Malta and would advocate the establishment of an autonomous Ports

Authority as the most appropriate form of port administration. This is, in fact, the main hypothesis being explored in this study.

This study will mainly focus on the autonomous Ports Authority, which, in the author's opinion, is the most suitable body to administer the main Maltese seaports. It will not, however, discuss the Authority's financing and matters related to port finance and economics. Although this is connected to port administration policy, the area of port finance and economics is a great domain and a thorough discussion of this subject would indeed require a separate study. Furthermore, the various port services and associated problems are outside the scope of this study, hence, they will not be discussed in detail.

It should be pointed out from the outset that the expression "ports authority", used also in the title of this dissertation, is generally intended to refer to one particular organisational form of port administration which exists amongst the many different types of port administration. So unless otherwise required by the context, this expression should not be perceived in its strict sense, that is, the authority (individual or otherwise) responsible and empowered to administer seaports. Also, for the purpose of this study, the term "port administration" is used to mean the general

procedure of managing seaports. Put differently, it refers to the administrative system of seaports (i.e. the structure administering a seaport).

Port administration has been one of the main themes in port literature. There are various authors who dwelt with this subject and separate books and documents have indeed been published.<sup>1</sup> However, in Malta, research on port matters has been rather limited. Moreover, the available research has generally dealt with different aspects of port work<sup>2</sup> and the theme of port administration has seldom been discussed except in some internal Government reports.<sup>3</sup> Notwithstanding this, one study which indeed did discuss aspects of port administration was that conducted by T. A. Abela Fitzpatrick in 1963.<sup>4</sup> However, this study, although containing a detailed description of the organisation of port work in Malta, focused on the administrative bodies which controlled cargo handling and port workers at that time. It is possible that other studies were conducted but none of these studies seem to have been widely publicised.

In view of what has been said above, the need to conduct a study on port administration in Malta has long been felt. Having been indirectly involved in port matters, the author felt the need to try and fill this gap in Maltese port literature. Thus, it is hoped that this

work will serve as a platform for further research in this area.

After this short introduction, this study gives a brief historical overview of the administration of ports in Malta, and then passes on to discuss the present organisational and legal structure of the Maltese port administration. After defining the functions of a port and the duties of a port administration, Chapter Two reviews the different types of port administration. This chapter then discusses a port administration policy for Malta and proposes the establishment of an autonomous Ports Authority. Chapter Three analyses the establishment and activities of the proposed Ports Authority and outlines its composition, objectives, duties, and powers. This chapter also examines the relationship between the Ministry responsible for ports and the Authority. The organisational structure of the Authority and the roles of its various departments are outlined in Chapter Four. Finally, Chapter Five draws together the main conclusions of the study.

## 1.2 ORGANISATIONAL HISTORY OF PORTS IN MALTA <sup>5</sup>

Ports have existed for a long time in Malta. Consequently, various forms of organisation for port work have naturally been developed throughout the years.

It is not the author's intention to write a long treatise about the organisational history of ports in Malta. However, it is considered both necessary and interesting to have a look at the organisational history of Maltese ports since World War II.

Before tracing the organisational set-up of Maltese ports during the Second World War, it is perhaps important to point out to the reader that most of the commercial shipping activity in Malta was and still is concentrated at the Grand Harbour of Valletta. The Grand Harbour is a natural deep water harbour extending inland for 1.6 km and lying off the east of the Valletta peninsula. Throughout the years this port has undergone major developments and today it provides berths for the loading and unloading of conventional, bulk, containerised, RORO, and passenger vessels. Located within the Grand Harbour area are also a grain silo terminal, oil storage and bunkering facilities, the Malta Drydocks, and the Malta Shipbuilding Company. Besides Grand Harbour, a new commercial port has now been developed at Marsaxlokk, to the south east of the Island. The new port at Marsaxlokk has been designated as a free port and is part of an overall plan to establish Malta as a Mediterranean transshipment and distribution centre. (Appendix A gives some statistical data about Maltese ports.)



Being a British colony, Malta was inevitably drawn into the tragic chronicle of World War II. Situated in a unique strategic position in the centre of the Mediterranean, Malta served as a naval military base for the Allies during the war. As a result, the restricted supplies coming to the Island during the war were regulated by the Admiralty which had assigned an officer of the Royal Navy to take responsibility for the handling of supplies. This officer was known as the Sea Transport Officer, and according to Abela Fitzpatrick, it was his duty "to co-ordinate naval and civilian shipping movements and cargo handling in the port".<sup>6</sup>

In 1941, following the air raid on HMS Illustrious and M/V Essex, the Naval Sea Transport Officer found it necessary to register port workers, to expand that force, and to organise the port workers in gangs for shipboard, lighter and shore operations. He also directly administered and controlled the whole port labour force.<sup>7</sup>

The Naval Sea Transport Officer was elevated to the rank of Divisional Sea Transport Officer around 1943. He relinquished the administration and control of cargo operations late in 1945, when ship agents resumed their functions as representatives of the respective shipowners.

When the Sea Transport Officer relinquished his responsibilities over port labour, the administration and control was taken over by the Manager of Port Workers. In 1950, the Port Workers Regulations were made, and, in 1957, the Port Work Scheme was set up to provide an independent management and control of the port labour force.

It appears that the aforementioned bodies, together with the already existing Customs and Port Department, were the organisations immediately responsible for the management of Maltese ports during and after the Second World War. The Sea Transport Office and, later on, the Port Workers' Manager and the Port Work Scheme, were generally responsible for the employment, management, control, and payment of port workers. On the other hand, the Port Division of the Customs and Port Department was mainly responsible for the movement and berthing of merchant ships. Responsibility for cargo operations rested with the ship agents, with Customs providing transit sheds and a crane. However, in 1966, with the coming into force of the Ports Ordinance, 1962 and the Ports Regulations, 1966, the control of cargo operations became the responsibility of the Customs and Port Department. It can be said that this was the existing situation until the establishment of a separate Port Department in 1971.

Until 1971, the central authority empowered to execute the pertinent port legislation was the Customs and Port Department. The overall responsibility of this department rested with a Superintendent of Ports. However, responsibility for port matters generally rested with a Port Manager.<sup>10</sup> The Port Manager was head of the Port Division within this department and was thus responsible for the administration of the port.<sup>11</sup> The Port Division was divided into three main sections, namely, the Marine Section, the Traffic and Operating Section, and the Accounts Section. These sections were headed by a Harbour Master, a Shore Assistant, and a Port Accountant respectively. The Marine Section was mainly responsible for ships movements in port, pilotage, navigational services and aids, and dredging. The Traffic Section was "inter alia" responsible for the general organisation of work in the port, planning and supervision of operations, and handling operations. Finally, the Accounts Section was principally responsible for collecting dues and charges.<sup>12</sup>

As already stated, matters in connection with port workers fell under the jurisdiction of the Sea Transport Office during the war and, later on, (in the post-war era) under the Port Workers' Manager and the Port Work Scheme. The situation remains the same till the present day with port labour organised under the Port Work Scheme.

Prior to the coming into force of the Ports Ordinance, 1962 in 1966, cargo handling operations were mostly carried out by shipping agents. Following the coming into force of this law, it has been the practice to entrust cargo handling operations (with certain exceptions) to a contractor. There have been two contractors since then, namely, the Malta Landing and Shipping Company Limited, a limited liability company formed of ship agents and the Cargo Handling Company Limited, a company owned by the General Workers Union which represents the interests of various personnel associated with port work. The latter company is the present contractor for cargo handling operations.

In 1971, a separate Port Department was established. It came into being by means of the Director of Ports Act, 1971 and it emerged from the Port Division of the then Customs and Port Department.<sup>13</sup> The Act provided that certain rights and liabilities of the then Superintendent of Ports be transferred to a newly established post of Director of Ports. In fact, the Act further provided that references to the Superintendent of Ports in existing laws be construed as references to the Director of Ports. Moreover, the Act provided that, as from its commencement, the Customs and Port Department be operated as two separate departments respectively designated the Customs Department and the Port Department. The powers, duties, and

responsibilities of the newly set up Port Department had as their main objectives the efficient and economic administration and operation of ports and the prevention of accidents at sea.<sup>14</sup> The Port Department continues to exist till the present day and it is in fact the port authority in Malta.

### 1.3 PRESENT ORGANISATIONAL AND FUNCTIONAL SET-UP OF THE MALTESE PORT ADMINISTRATION<sup>15</sup>

The administration of maritime affairs in Malta is currently the responsibility of the Office of the

Parliamentary Secretary for Offshore Activities and Maritime Affairs of the Ministry for the Development of the Tertiary Sector. The Secretariat headed by the Parliamentary Secretary is responsible for the co-ordination of all maritime affairs in Malta and "inter alia" it is also responsible for the Port Department. The Port Department controls and administers all ports in Malta. Ports in Malta are state-owned. Powers to make regulations are vested in the Minister responsible for ports but functions, duties, rights, and liabilities are vested in the Director of Ports.

In broad terms the functions of the Port Department are:<sup>16</sup>

- (a) to provide, operate, maintain, and improve port facilities;
- (b) to regulate the use of such port facilities;
- (c) to provide pilotage services, navigational services and aids in ports and the approaches thereto;
- (d) to facilitate trade and generate entreport trade;
- (e) to provide and operate such other services (connected with port activities) which the Minister responsible for ports may require.

The duties and powers of the Director of Ports include the following:

17

- (a) to provide and operate such port facilities as appear to him best calculated to serve the public interest;
- (b) to carry on the business of carrier by land and water, wharfinger, warehouseman, lighterman or any other business connected therewith;
- (c) to prohibit, control or regulate
  - ( i ) the use of facilities;

(ii) the presence of any person, ship, vehicle or goods within any port;

(d) to load or unload any ship.

Presently, the Port Department, headed by the Director of Ports, is divided into four sections, namely, the Marine Section, the Traffic Section, the Management Services Section, and the Finance Section. The Marine Section is mainly responsible for pilotage, navigational services and aids, dredging, and hydrographic work. The Traffic Section is "inter alia" responsible for vessel traffic, berthing allocation, supervision of port operations, and cargo handling. The Management Services and Finance Sections are mainly responsible for general administrative support services including "inter alia" secretarial services and port accounting. It is to be noted that the Port Department depends on the services provided by other Government departments for some particular services like, for example, engineering, legal, and security services.<sup>18</sup> Moreover, there are also various other Government agencies which are involved in the administration and operation of ports in Malta, for example, the Health, Customs, and Immigration Departments.

Until very recently, the Port Department was also responsible for the Registry of Shipping and Seamen and

for the management of yacht marinas. However, the Registry has now been hived off from the Port Department and is to function as a separate government department. Likewise, the management of yacht marinas has been entrusted to a Yachting Centres Management Committee. Nevertheless, this Committee still depends heavily on the Port Department to provide some of its services.

As stated elsewhere, although the Port Department is empowered to perform operational activities in the exercise of its functions, it may also engage the services of a contractor for the operation or the provision of any of the port facilities and services.<sup>19</sup>

In fact, since 1966 it has been the practice to entrust shore handling of cargo to a contractor. The contractor operates within the framework of the port legislation and in accordance with the terms of the contract entered into with the Director of Ports. The contractor is subject to the general supervision of the Port Department.

As we have seen, one of the main functions of the Port Department is to provide pilotage services. It should be pointed out that in the exercise of control over the Pilotage Corps (which consists of a number of self-employed pilots and mooring men who provide their services to the Port), the Director of Ports is aided by a Pilotage and Mooring Board established under the



relevant legislation.

When it comes to port labour, the immediate organisation looking after the administration of port workers is the Port Work Scheme which is regulated by Maltese port labour legislation.<sup>21</sup> Port workers in Malta are casual workers and as a result the Port Work Scheme acts as a labour exchange bureau. It receives orders for port work, allocates port workers to such work in accordance with their rosters, collects fees payable to port workers, and effects payments to individual workers.

In Malta, port workers are divided into three categories:

- (a) stevedores for cargo work on board vessels (except bulk);
- (b) port labourers for cargo work alongside vessels;
- (c) cargo workers for bulk cargoes.

Port labour is organised on a system of gangs and works directly on a roster basis. In the case of unitised cargoes the stevedores and port labourers are pooled together in gangs of ten men made up of both sections. It should be pointed out that the unification of stevedores and port labourers in respect of unitised

cargo is the result of a reorganisation of port workers which was carried out in 1973. Presently, Government is having discussions with representatives of port workers aimed at the amalgamation of the three categories of port workers into one category.

Towage services in the ports and territorial limits of Malta are provided exclusively by Tug Malta Limited, a limited liability company which was formed in 1979 and started operating in 1980. Tug Malta Limited, whose major shareholder is the Maltese Government, operates a fleet of six tugs. Towage services, which are governed by Regulations published by the Government of Malta, are provided on a twenty-four hour basis, seven days a week. It should be noted that until the incorporation of Tug Malta Limited towage services in Malta were provided by private companies.

A recent addition to the Maltese port industry is the Malta Freeport Corporation<sup>22</sup> which is responsible for the functional development and terminal facilities of the Malta Freeport located at the new port of Marsaxlokk. The Malta Freeport is a customs free zone and is managed by this Corporation. It is made up of three elements, all geared to enhance its function as a distribution centre in the region. These three elements are container and break bulk handling, oil storage, blending and bunkering, and cargo storage and

warehousing. The Malta Freeport Corporation, which is a totally government owned company, is the Freeport Authority in charge of the development of the freeport and of its commercial utilisation. Besides the Freeport Corporation, two companies have recently been set up to manage the container and break bulk terminal, and the mineral oil terminal. The first company is Freeport Terminal (Malta) Limited, a joint venture between the Malta Freeport Corporation and A & P Appledore Harbours Limited of the United Kingdom. The second company is Oil Tanking (Malta) Limited, another joint venture between Malta Freeport Corporation and the German Company, Oil Tanking GmbH. In addition to these companies, another company, Freeport Industrial Storage Company Limited, has just been set up to manage and market the warehousing facilities at the freeport.<sup>23</sup>

#### 1.4 PORT LEGISLATION IN MALTA

The principal law regulating the conduct of ports in Malta is the Ports Ordinance, 1962. This law provides for a co-ordinated and integrated system of port facilities and services connected therewith. It is basically an enabling law from where most of the subsidiary legislation connected with ports emanates.

Besides the above-mentioned law, there is a number

of other laws directly or indirectly connected with the running of ports. One particularly important law is the Port Workers Ordinance, 1962 which regulates the employment of port workers. Another law, the Ports Dues Ordinance, 1939, empowers the Minister responsible for ports to establish the port dues. Moreover, the Malta Freeports Act, 1989 provides for the establishment of a Freeport system in Malta and regulates its operation. In addition, there is a substantial amount of subsidiary legislation originating from these laws or from other primary legislation directly or indirectly connected with ports. A list of these laws and regulations can be found in Appendix B.

The main subsidiary legislation made under the provisions of the Ports Ordinance, 1962 consists of the following:

- (a) the Ports Regulations, 1966 which, so to say, provide the "modus operandi" of port work;
- (b) the Port Rates Regulations, 1969 which lay down the rates, fees, and charges levied in the Port;
- (c) the Pilotage and Mooring Regulations, 1975 which provide for the pilotage and mooring operational and control matters, and for the fees to be charged for such services.

It should be pointed out that port legislation is limited to the places which the Minister responsible for ports declares to be ports in accordance with the provisions of the Ports Ordinance, 1962.<sup>24</sup> It may be interesting to point out that jurisdiction over bays, creeks, and waters around and between the Maltese Islands, other than areas declared as ports, is exercised under the provisions of the Code of Police Laws (Chapter 10 of the Revised Edition of the Laws of Malta).

## NOTES

( 1 ) See amongst others

Beth, H. L., "Port Organization And Administration," Port Management Textbook Containerization, (Institute of Shipping

Economics and Logistics, Bremen, 1985), pp.39-51;

Goss, R. O., A Comparative Study of Seaport Management and Administration, (Government Economic Service, Department of Industry, Trade and Prices, London, 1979);

Nagorski, B., Port Problems in Developing Countries - Principles of Port Planning and Organization, (IAPH, Tokyo, 1972), pp. 153-171;

Port Administration and Legislation Handbook, (Dept. of Economic and Social Affairs, United Nations, New York, 1969);

Thomas, B. J., "Port Administration I - A Review of the Different Forms of Port Ownership and the Numerous Functions within Ports," Manual on Port Management, Part I, (UNCTAD, Geneva, 1976), pp. 95-101.

( 2 ) See amongst others

Abela, C., Social Repercussions of Unitisation and New Cargo Handling Techniques in Ports, (B.A. (Hons) Business Management Dissertation, University of Malta, 1988); and

Coppini, J. P., The Maltese Port and Unitization,

(B.A. (Hons) Economics . Dissertation, Royal University of Malta, 1973).

- ( 3) See, for example, Committee Report On The Reorganisation And Modernisation Of Port Services, (Restricted), (Malta, 1988); Various people have indicated several other restricted Government reports in connection with this subject.
- ( 4) Abela Fitzpatrick, T. A., Port Work Organisation in Malta, (Diploma in Public Administration, Royal University of Malta, 1963).
- ( 5) Most of the information for this section was obtained from an interview with Mr W. L. Scicluna, former Port Manager and former Director of Ports of Malta.
- ( 6) Port Work Organisation in Malta, op. cit., p. 8.
- ( 7) A previous attempt to regulate the position of port workers was made in 1939 through the Stevedores and Port Labourers Ordinance, 1939. However, the outbreak of the Second World War hindered its coming into effect.
- ( 8) The Port Work Scheme falls under the jurisdiction of the Department of Labour and Social Welfare. For more information see Port Workers Ordinance, 1962, (Chapter 171 of the Revised Edition of the Laws of Malta) and the Port Workers Regulations, 1966, (Legal Notice

No.45 of 1966, as amended).

- (9) See Ports Ordinance, 1962, (Chapter 170 of the Revised Edition of the Laws of Malta) and the Port Workers Regulations, 1966, op. cit.
- (10) Although the Port Manager was accountable to the Superintendent of Ports, he was "de facto" directly responsible to the Minister responsible for Ports. (Information obtained from an interview with Mr W. L. Scicluna, former Port Manager and former Director of Ports of Malta.)
- (11) Reports on the working of the Customs and Port Department, (Central Office of Statistics, Malta) - various years.
- (12) Ibid.
- (13) The Director of Ports Act, 1971, (Chapter 224 of the Revised Edition of the Laws of Malta) was brought into force on the 20th April, 1971 by Legal Notice No.29 of 1971.
- (14) Report on the working of the Port Department, 1971/72, (Central Office of Statistics, Malta, 1972).
- (15) Information for this section was obtained from papers dealing with port organisation and operations written by the present Director of Ports of Malta, Mr A. J. Mangion.
- (16) See Government Financial Estimates 1990, (Government Printing Press, Malta, 1989), p. 242.
- (17) See Sections 5 and 6 of the Ports Ordinance,



- 1962, op. cit.
- (18) Previously, the Port Department used to have a mechanical engineering unit. This unit was however dismantled. (Information obtained from interview with Mr W. L. Scicluna, former Director of Ports of Malta.)
- (19) See Section 6 of the Ports Ordinance, 1962, op. cit.
- (20) See Pilotage and Mooring Regulations, 1975, (Legal Notice No. 163 of 1975).
- (21) Port Workers Ordinance, 1962, op. cit.,  
Port Workers Regulations, 1966, op. cit.,  
Port Labour (Determinations) Order, 1966, (Legal Notice No. 46 of 1966).
- (22) See Malta Freeports Act, 1989 (Act XXVI of 1989).
- (23) See Fairplay, 14th June, 1990, p. 7.
- (24) See Section 4 of the Ports Ordinance, 1962, op. cit.

## **CHAPTER TWO**

# **THE PROPOSED PORT ADMINISTRATION FOR MALTA**

- 2.1 THE FUNCTIONS OF A PORT
- 2.2 DUTIES OF A PORT ADMINISTRATION
- 2.3 TYPES OF PORT ADMINISTRATION
- 2.4 DECLARED POLICIES IN MALTA
- 2.5 PROPOSED PORT ADMINISTRATION POLICY FOR MALTA

## 2.1 THE FUNCTIONS OF A PORT

Ports constitute an essential link in the global transport system. Without ports international trade would be inconceivable. The importance of ports may best be seen from the international trade they handle, which today amounts to about eighty-two per cent of the total international trade.<sup>1</sup> Trade between different nations is a must and since ports provide the facilities for this trade, it follows that ports are a vital element in any economy. Moreover, it has been established that there is a close dual relationship<sup>2</sup> between ports and economic development. This is even more so in the case of developing countries.<sup>3</sup>

There are a number of reasons why ports can be so important in the economic development of a country (irrespective of the stage of development of the country). This importance is perhaps best explained through the definition of a seaport and through the functions of a seaport, which in turn are effected by various factors.<sup>4</sup>

The Port Working Group of the Commission of the European Communities defines a seaport as follows:

"an area of land and water made up of such improvement works and equipment as to permit, principally, the

reception of ships, their loading and unloading, the storage of goods, the receipt and delivery of these goods by inland transport and can also include the activities of businesses linked to sea transport.<sup>5</sup>

From this definition it follows that, although the primary function of a port remains the rapid, safe and economic transfer of goods and passengers between maritime and inland transport, the port industry is today "a multi-faceted service industry"<sup>6</sup> which includes other functions apart from the traditional basic functions connected to the shelter of ships and the transfer of goods and passengers.

The other main functions of a port are the commercial and the transport functions. Firstly, a port facilitates the trading activities of a country and provides a direct access to world trade without the need of depending on other countries. Secondly, a seaport forms a key link in the international transport chain between the manufacturer and the final customer. The seaport in fact connects sea transport with other modes of transport. Besides the aforementioned functions, ports perform other functions such as administration, industrial, and storage and distribution functions. The administrative function originates from the fact that ports provide the site for the fulfillment of certain administrative and legal shipping requirements such as,

for example, the establishment and collection of port dues, the tallying of cargo, and the provision and maintenance of adequate and efficient navigational aids and services. The industrial function is basically the establishment of industries in the vicinity of ports. These industries need not necessarily be related to transport and can, for example, be export oriented industries or industries depending on raw materials or semi-finished products. The storage and distribution function basically involves the storage and distribution of goods for various corporations. This offers a number of advantages to these corporations such as short delivery times and low delivery costs.

The above-mentioned port functions show the importance of ports to a country. There are other reasons which make ports so vital such as, for example, those associated with the economic and political independence of the country and those connected to employment. It should however be noted that, although ports perform more or less the same basic functions, they are indeed different from each other. This is due to a variety of factors like, for example, the geographical location of the port and the ownership of the port.

## 2.2 DUTIES OF A PORT ADMINISTRATION

In the same way that ports vary from one another, port administrations are also different from one place to another. Consequently, their ownership, organisation, policies, objectives, duties, and powers vary considerably. Notwithstanding this, their responsibilities and powers contain certain common features. These are usually to provide, maintain, improve, and operate port facilities under their jurisdiction and to regulate their use. Port administrations are sometimes also empowered to carry out other duties which seem necessary or advantageous in the discharge of their functions like, for example, the provision of navigational aids and the general promotion of the port. J. G. Baudelaire<sup>8</sup> suggests that "the basic missions of a port organisation" comprise the following areas:<sup>9</sup> conservancy, long term planning, basic infrastructural investments, monitoring of port-related activities, general promotion and public relations.

The number of organisations involved in providing facilities and services within the area under the jurisdiction of the port administration may vary from a few to many. This generally depends on the number and type of functions which the port administration provides itself and on the functions which are delegated to other organisations. This is, of course, a matter of policy

should be "appropriate to the general system of government and the beliefs of the people in their own country, even if the latter are expressed as oversimplified slogans." <sup>13</sup> And indeed, it has been established that the various types of port administrations (and the organisational concepts which have evolved from them) are the result of different historical, socio-political, legal, and geographical <sup>14</sup> developments of different seaports.

Besides the aforesaid, port administrative systems are highly influenced by the ownership. This can be clearly seen from the different types of port administration which are usually divided into four different categories according to the ownership of ports: The four categories are usually the following: state or national ports, municipal ports, autonomous ports, and private ports. However, it should be pointed out that this is not a rigid classification since national circumstances play an important part in such a classification. Consequently, this categorisation of ports should be treated with appropriate reservations.

The first category of port administration is that of state ports or as they are sometimes referred to national or nationalised ports. These ports are centrally controlled especially with regard to infrastructure investment decisions and other major

decisions and operation is usually in the hands of a local administration. A State port may also take the form of a state private corporation where the state is the only shareholder. This type of port administration which is prevalent in Italy and in France is sometimes referred to as the "Latin tradition" in port administration.<sup>15</sup> It is generally characterised by financial strength and rationalisation of activities besides, of course, centralised control. State ports often evolved from railway ports.

The second category is that of municipal ports which refers to those ports which are under the control of a municipality or county. The municipal type of port administration which has evolved from the "Hanseatic tradition"<sup>16</sup> is usually characterised by local municipal control, political influence, excellent borrowing powers, strong affiliation with the local community, and improved local or regional planning. Municipal port administration is very common in major North European ports such as Rotterdam, Antwerp, Bremen and Hamburg.

Another category of port administration is that of ports with autonomous statutes of which the origin is found in Anglo-Saxon countries.<sup>17</sup> Autonomous ports, or as they are sometimes referred to authority ports, are of a public character and are operated by various appointees in accordance with their own particular statute. This

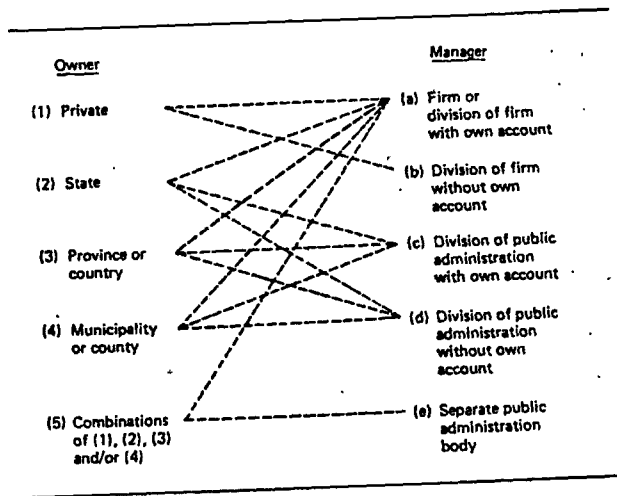


category of port administration includes trusts ports, port authority ports, port commission ports and other similar entities. The main characteristics of such ports are a good amount of autonomy, national or local representation, user representation, and elected or appointed members.

Finally, the last category groups together the private ports which are used as common user ports and ports for private use which are usually integrated within a major private manufacturing or industrial enterprise. Private port administration is not very common especially in connection with common ports and there are indeed only a few of such ports in the world.<sup>18</sup> However, private ports do exist and can be found, for example, in Great Britain. The general characteristics of private port administration are equity financing, maximisation of profits, and purely commercial management.

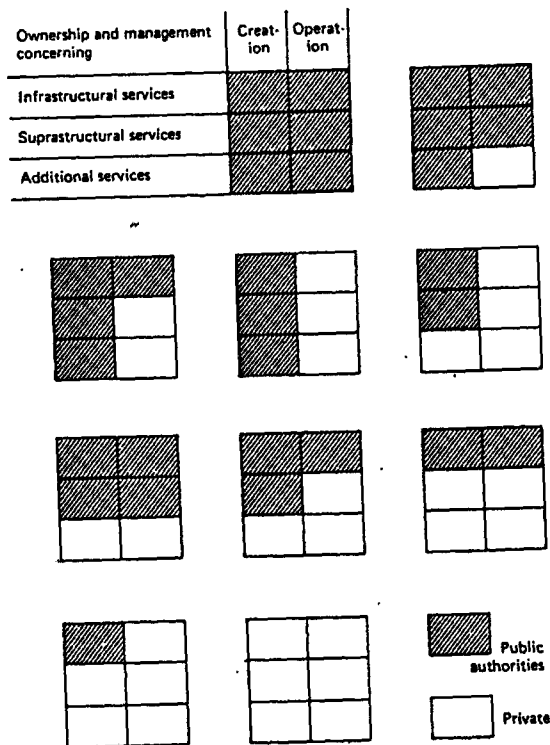
But, as it has already been stated, this classification of port administration is not a rigid classification and, as V. M. Verhoeff has demonstrated, a number of combinations of port ownership and management can be distinguished.<sup>19</sup> Moreover, various degrees of autonomy and intervention can be identified in the provision of port services.<sup>20</sup> Figures 1 and 2 overleaf are reproduced from Verhoeff<sup>21</sup> and show the different combinations of port ownership and management and the

Figure 1.



Combinations of port ownership and management

Figure 2.



The possible involvement of public authorities in the production of port services

various possibilities of the involvement of public authorities in the production of port services. In figure 1, Verhoeff indicates that one category of port administration can contain two or more different management structures. In figure 2, he divides port services into three elements (infrastructure, suprastructure, and additional services) which he believes can be equated with the three factors of production (land, capital, and labour). He then goes on to illustrate the possibilities of the involvement of the public and private sectors in the production of port services.

The aforesaid discussion clearly indicates what has been stated previously that, there is no "ideal" form of port administration and that the latter "should be appropriate to the general system of government and the beliefs of the people in their own country".<sup>22</sup>

#### **2.4 DECLARED POLICIES IN MALTA**

The discussion on port administration in Malta is not a recent one. This subject has long been discussed and debated and it has indeed been one of the main issues for different Maltese Governments. In fact, as early as in 1958, in the "Development Plan for the Maltese Islands, 1959-1964", we find the following:

"The improvement for the physical port facilities will have to be accompanied by a reorganisation of the administration of the port. It is intended to set up a Port Department or Authority."<sup>23</sup>

Approximately at the same period of time, W. Stolper, a United Nations expert, in his "Report on the Economic Adaptation and Development in Malta" published in 1964 "inter alia" stated that:

".... the capacity of the Grand Harbour commercial port has become adequate to deal with all large cargo vessels. The outstanding problem now is to improve the organisational efficiency ...."<sup>24</sup>

It also seems that the need to reorganise the Maltese port administration has long been felt and it was indeed being contemplated by various Maltese Governments. In fact, there is evidence showing that experts had been engaged by Government to advise on this matter and that legislation for the setting up of a Port Authority had been prepared.<sup>25</sup> However, it seems that for some reason or another successive Governments postponed the planned reorganisation of port administration, except for the setting up of a separate Port Department in 1971.<sup>26</sup> Notwithstanding this, it seems that throughout the years there has been a consensus on the need to reorganise the Maltese port administration. Moreover, in the recent

past, there existed a general agreement amongst all concerned with ports that there is a need to set up an autonomous and self-financing Ports Authority.<sup>27</sup>

Presently, the declared policy of the Maltese Government is that "the administration of the main seaports be vested in a Port Authority endowed with appropriate legal and administrative powers."<sup>28</sup> The Opposition Malta Labour Party does not seem to disagree with this policy and when previously in Government had advocated the setting up of such an Authority.<sup>29</sup> Moreover, various constituted bodies and port users associations have expressed agreement with the present Government policy and some of them had indeed lobbied for the establishment of an autonomous Ports Authority in the recent past.<sup>30</sup> The General Workers' Union who represents the interests of various personnel associated with port work in Malta has in principle also agreed that the administration of Maltese ports be vested in an autonomous Authority. However, it has certain reservations on the type and composition of the Authority.<sup>31</sup>

The aforesaid shows that presently there exists a consensus in Malta on the need to reorganise the Maltese port administration and to set up an autonomous Ports Authority. This agreement on the need for a reorganisation of port administration is probably due to

the fact that the present set up of the Maltese port administration is shackled by unsuitable intricate and bureaucratic processes, not to mention the unnecessary ministerial involvements. This has led to poor performance and lack of modern facilities which in turn has led to calls for a complete change and demands to transform the present Port Department into an independent Ports Authority.

32

## 2.5 PROPOSED PORT ADMINISTRATION POLICY FOR MALTA

Although, as already stated, the declared policy of the present Maltese Government in connection with port administration is to set up a Ports Authority, it would perhaps be useful to discuss the viability of such a policy and the form which the envisaged Authority is to take. But in order to do this, it is necessary to briefly discuss the basic nature of the port industry.

It has been stated that "transport is a blend of industry and service ....". This statement is even more relevant to the port industry where public and private commercial services are clearly visible. Ports are also essential to international trade and as such they are vital to country's economy. Moreover, ports are an expensive capital investment with a large proportion of sunk costs. All this implies that there

is a strong case for some form of public involvement in the port industry. And indeed this is the case in most countries of the world, even in countries with policies of free enterprise, such as the United States of America.<sup>34</sup>

It should however be noted that the public involvement advocated above should not be construed to imply that there is no place for private sector involvement. Moreover, it should not imply the complete disregard of purely financial and commercial operating principles in port administration. In fact, the trend world wide is to decentralise direct government control and to place the port industry on a more commercial footing. A recent survey conducted by Frederic R. Harris Research News and summarised in Fairplay<sup>35</sup> revealed a continuing increase in private participation in the port sector. Four out of five of the ports surveyed replied that private involvement was increasing or being promoted, although the form this participation took varied considerably from country to country. The reasons given for this increased private involvement in ports were various but mainly centred around the reduction of the size of public sector financial commitments and improved productivity and efficiency. Thus, in view of the fact that state involvement in the ports sector in one form or another is inevitable, the best solution seems to be to try and have the best of both worlds: public and

private. This can be achieved by various forms of port administration and it may vary from country to country and from port to port. However, it should be pointed out that one vital element of increased efficiency is an efficient management and consequently joint public and private involvement is not the only solution to increased efficiency. Indeed, the latter depends on a number of factors such as a competent, experienced, motivated, and well trained management and the amount of Government or external involvement in port operation.

The aforesaid implies that the envisaged establishment of a Ports Authority in Malta is feasible as long as it would enjoy effective autonomy and be free from bureaucratic processes and political involvements. Keeping in mind that such an organisation needs to be subject to some form of public accountability, it seems that this organisation should preferably take the form of an autonomous body corporate subject to a limited amount of public accountability. Put differently, the envisaged Maltese port administration should take the form of the so called authority ports which are usually of a public character and have autonomous statutes on which to operate. This would also be in line with the present Maltese Government's policy of keeping under its control the country's essential services.

36

The above-mentioned proposed form of port administration should go a long way towards improving the



administration and operation of Maltese ports. However, for this to become a reality it is important to ensure that the transformation of the present Port Department into a Ports Authority would not be in name only and that the envisaged Ports Authority would be led by principles of progressive commercial management. In other words, the Authority cannot be managed in accordance with civil service rules and regulations. Moreover, it is imperative that the Authority be guided by what has been referred to as the essential principles of port administration.

37

Firstly, it should enjoy effective autonomy and Government should only be involved in matters pertaining to general directions and overall supervision. Nagorski argues that "the basic aim of government's control should consist in insuring that the port will be managed and developed in accordance with the economic policy of the country, that management will be honest and efficient and that national and public interests will be fully safeguarded." Thus, the Ports Authority should "inter alia" be free to establish its own rules and regulations, to perform its own strategic planning, to engage and regulate personnel in accordance with their professional abilities, to carry out maintenance work, to set tariffs (subject to some form of government approval), and above all, to operate the ports in a commercial and efficient manner.

38

Secondly, the Ports Authority should as far as possible be in a position to manage the ports under its jurisdiction as whole economic entities. This ensures unity of command and avoids fragmentation of authority. This is, of course, not always possible and there are certain exceptions when this is also not practicable. Moreover, there are certain specialised functions which must be performed by other specialised Government agencies such as health and immigration matters. However, in each case, there should be good liasoning and cooperation between the various organisations involved.

Thirdly, the proposed Authority should be a self-financed organisation. In other words, port finances should be separate from Government finances and the Ports Authority should have its own separate budget and balance sheet. This would in practice mean that its income can exclusively be used for port matters. This would "inter alia" also ensure that its autonomy would be safeguarded. Moreover, it would make it easier to plan and to evaluate the economic performance and efficiency of the organisation. These advantages and other advantages associated with the day to day running of the ports, provide a strong case for financial independence even if the Ports Authority can only achieve a relatively small degree of self-financing.

Finally, as previously stated, the new Ports Authority should be guided by modern commercial management principles. The port industry is a very dynamic industry and the management methods applied by the Authority should ensure that decisions are taken quickly, intelligently, and with responsibility according to the merits of each case. This means that the management must be practicable, flexible, and efficient.

Before concluding this chapter, it is felt necessary to briefly discuss the different areas of responsibility of the proposed Ports Authority and the newly established Malta Freeport Authority. This is being done in view of the fact that both organisations would deal with port matters. Moreover, this is considered necessary in order to avoid any misconceptions and confusion pertaining to the responsibilities of each organisation.

The areas of responsibility of each organisation should be in accordance with the legislation setting up the two Authorities. Thus, while the proposed Ports Authority would be responsible for the administration of all seaports in Malta, the Malta Freeport Authority will remain responsible for the terminal facilities and functional development of freeports. It should be noted that this division of responsibilities is already in operation and consequently the proposed Ports Authority

would more or less assume the responsibilities of the present Port Department. However, notwithstanding the fact that each organisation would have its own area of responsibility, it is important that both organisations work in close cooperation with each other. This would ensure a good working relationship and environment for both organisations.

## NOTES

- ( 1 ) Frankel, E. G., Port Planning And Development, (John Wiley & Sons, Inc., United States of America, 1987), pp. 1 and 6.
- ( 2 ) Faust, P., "The Role of Ports In Economic Development," Port Management Textbook, (Institute of Shipping Economics and Logistics, Bremen, 1978), p. 15.
- ( 3 ) Nagorski, B., Port Problems in Developing Countries - Principles of Port Planning and Organization, (IAPH, Tokyo, 1972), p. 11.
- ( 4 ) These factors include technical and economic changes, changing trade patterns and different national and international policies.
- ( 5 ) Report Of An Enquiry Into The Current Situation In The Major Community Sea-Ports, (Port Working Group, Commission of the European Communities, Brussels, 1986), p. 5.
- ( 6 ) Nettle, S., Port Operations And Shipping: A Guide To Ports And Related Aspects Of The Shipping Industry, (Lloyd's of London Press Ltd., 1988), p. 4.
- ( 7 ) See Stelli, H., "Typology of Ports," Port Management Textbook, (Institute of Shipping Economic and Logistics, Bremen, 1978), pp. 25-35.
- ( 8 ) Baudelaire, J. G., "Privatisation of Port Activities Within the Context of Port Public

Responsibilities," Ports And Harbors,  
September, 1988, p. 31.

- ( 9) This term includes various responsibilities such as the preservation of the port estate, the operation of a Vessel Traffic System (VTS), the provision of navigational aids, wreck removal, et cetera.
- (10) Thomas, B. J., "Port Administration I - A Review of the Different Forms of Port Ownership and the Numerous Functions within Ports," Manual on Port Management, Part I, (UNCTAD, Geneva, 1976), p. 95.
- (11) Goss, R. O., A Comparative Study of Seaport Management and Administration, (Government Economic Service, Department of Industry, Trade and Prices, London, 1979).
- (12) Suykens, F., "Administration and management at the port of Antwerp," Maritime Policy and Management, 1985, Vol. 12, No. 3, p. 182.
- (13) Ibid.
- (14) See, for example, EEC Port Working Group Report, op. cit., p. 27.
- (15) Administration and management at the port of Antwerp, op. cit., p. 182.
- (16) Ibid.
- (17) Ibid.
- (18) See Port Pricing, (UNCTAD, New York, 1975), pp. 12-17.

- (19) Verhoeff, J. M., "Seaport competition: some fundamental and political aspects," Maritime Policy and Management, 1981, Vol. 8, No. 1, pp. 55-56.
- (20) Ibid.
- (21) Ibid.
- (22) Administration and management at the port of Antwerp, op. cit., p. 182.
- (23) Development Plan for the Maltese Islands, 1959-1964, (Department of Information, Malta, 1958), p. 27.
- (24) Report on the Economic Adaptation and Development in Malta, (Department of Information, Malta, 1964), p. 133.
- (25) See, for example, Development Plan for Malta 1969-1974, (DOI, Malta, 1969), p. 81; and Parliamentary Debate on the Director of Ports Act, 1971 as reported by the "Times of Malta" of the 12th March, 1971.
- (26) See The Director of Ports Act, 1971 (Chapter 224 of the Revised Edition of the Laws of Malta).
- (27) See amongst others Development Plan for Malta 1986-88, (Economic Division, Ministry of Trade and Economic Planning, Malta, 1986), pp. 54-55; and "Xoghol, Gustizzja, Liberta" - Nationalist Party Electoral Manifesto 1987, para. 2. 7a.
- (28) Committee Report On the Reorganisation And

- Modernisation of Port Services, (Restricted),  
(Malta, 1988), pp. 1-2.
- (29) Development Plan for Malta 1986-88, op. cit.,  
pp. 54-55.
- (30) See amongst others  
Lloyd's List Malta Special Supplement, November,  
1989, p. 8; and  
Various Memoranda presented to Maltese political  
parties prior to the last General Elections in  
1987.
- (31) General Workers' Union and Cargo Handling Company  
Limited Minority Report To The Committee Report  
On The Reorganisation And Modernisation Of Port  
Services, (Restricted), (Malta, 1988), pp. 1-4.
- (32) Lloyd's List Malta Special Supplement, op. cit.,  
pp. 8-11.
- (33) Bonavia, The Economics of Transport, (Cambridge  
University Press, 1966), p. 5.
- (34) Seaport competition: some fundamental and  
political aspects, op. cit., p. 55.
- (35) Fairplay, 21/28th December, 1989, p. 37.
- (36) See report of press conference by Dr. E. Fenech  
Adami, Prime Minister of Malta, as reported in  
"In-Nazzjon Taghna" of the 30th May, 1990, p. 8.
- (37) Port Problems in Developing Countries -  
Principles of Port Planning and Organisation, op.  
cit., pp. 155-162.
- (38) Ibid., p. 156.



## **CHAPTER THREE**

# **ESTABLISHMENT AND ACTIVITIES OF THE MALTA PORTS AUTHORITY**

- 3.1 ESTABLISHMENT AND INCORPORATION OF THE AUTHORITY**
- 3.2 COMPOSITION OF THE AUTHORITY**
- 3.3 OBJECTIVES, DUTIES AND POWERS OF THE AUTHORITY**
- 3.4 THE RELATIONSHIP BETWEEN THE MINISTRY RESPONSIBLE  
FOR PORTS AND THE AUTHORITY**

### 3.1 ESTABLISHMENT AND INCORPORATION OF THE AUTHORITY

Having established that the most suitable form of port administration for Malta is an autonomous Port Authority, the discussion will now focus on this body, or rather legal entity, which it is being proposed to establish. The discussion will in turn consider the establishment and activities of the proposed autonomous Port Authority which shall be referred to as the Malta Ports Authority.

It is natural that the establishment of such a body will require the drawing up of a legal statute setting up the Authority and regulating its operation. Thus, it is proposed that a Malta Ports Authority Act be drawn up to establish the Malta Ports Authority which shall be a body corporate having all the qualities of a body corporate and shall be subject to this law. This law will have to provide "inter alia" for the transfer to the Authority of existing seaports together with all assets and liabilities and for matters incidental thereto. Moreover, the act should also spell out the composition, objectives, duties, and powers of the Ports Authority and the rules and regulations governing the operation of seaports. Some financial provisions are also necessary.

It can be said that the enabling act is the Authority's

statute to operate. The act would also have to empower the Authority to adopt regulations which govern its day to day running. These regulations generally refer to the orderly conduct of internal affairs and are basic to the operation of the Authority.

### 3.2 COMPOSITION OF THE AUTHORITY

Since ports are expected to run in a commercial-like manner, it is expected that like other commercial organisations their administration would consist of two main branches: the board of directors, or as they are sometimes referred to members or commissioners, and the management. The first branch would be responsible for policy-making while the second branch would be responsible for the executive functions. The blend of policy-making and executive functions is a vital element of the organisation's effectiveness and consequently every effort should be made to try and obtain the optimum blend. This will thus require extreme caution when it comes to the selection and appointment of the Authority's board of members and chief executive officer.

The optimum blend referred to above is a rather elusive goal and it seems that there is nothing like an optimum top management structure. This appears to be more true

in the case of port administrations mainly because of the big variety that exists in this sector. Nevertheless, one should still pay particular attention when establishing the top management structure of a port administration.

One of the immediate and common dilemmas that one encounters in the top management selection process is the composition or membership of the Authority's board of members and its size.

Membership of the Ports Authorities' policy-making boards varies considerably. The members may represent different government departments, the business community or other sectoral interests. Despite the great variety of procedures, most Ports Authorities' board members are appointed by the public authorities owning the port facilities.<sup>1</sup> Generally, they are expected to be persons of proven qualities who would be able to understand the different aspects and requirements of the port industry. Nagorski argues that "their role should not consist in defending particular interests ...."<sup>2</sup> Indeed, this is quite a common problem when selecting Authority board members, especially in small developing countries. For it is sometimes very difficult to find suitably experienced and sufficiently impartial candidates for these posts. Nevertheless, it seems that amongst the most appropriate requirements for membership there

should be independence and impartiality, apart from proven managerial abilities.<sup>3</sup>

The size of Ports Authorities' boards also varies a lot from one place to another and it usually depends on a number of local factors. Thus, the decision concerning the numerical composition of the Port Authority board has to be made with regard to the actual situation.<sup>4</sup> This notwithstanding, Nagorski argues that "in many ports it has been found preferable to have less numerous and more compact governing boards, where decision taking would be made easier and time consuming deliberations avoided."<sup>5</sup> Moreover, he further argues that "in ports of developing countries it appears advisable to foresee a limited number of members in Port Authorities' Boards, in the range of 5 to 10."<sup>6</sup> It has been argued that board members should serve for renewable terms of office of about three or four years each, so as to ensure continuity of work.<sup>7</sup>

In view of what has been stated in the preceding paragraphs, it is recommended that the board of members of the Malta Ports Authority should be small in number and preferably not exceeding five members, inclusive of the Chairman, the Vice-Chairman, and the Chief Executive. It is also suggested that members be appointed for a term of office of at least three years duration, which may be terminated before the expiry of

such a term. The board members' terms of office should be renewable. Moreover, it is recommended that board members be appointed by Government (through the Minister responsible for seaports) on their own individual merits and not on a representative basis. Put differently, the Authority's board should not be representative of the various interested parties in the port industry. On the contrary, the members of the board should be independent and impartial persons of high calibre. Moreover, persons who may have any interest that may prejudicially affect the discharge of their functions as board members of the Authority should not be eligible for appointment as board members. Likewise, members of the House of Representatives should be disqualified from becoming board members.

A problem which is quite often encountered in the top management structure of any organisation is the division and definition of the responsibilities of the controlling and executive bodies. This problem may also be encountered in a Ports Authority and consequently it is best to stipulate the responsibilities of each body at an early stage. The Authority's board is the body ultimately responsible for the proper running of the organisation. However, the board cannot manage all the affairs of the Authority and consequently it has to delegate some of its management responsibilities to the executive body. The board should, in this respect, be a

policy making body and should mainly assume supervision duties and responsibility for decisions of a certain importance. The latter type of decisions should, as far as possible, be identified beforehand but should, for example, include decisions pertaining to financial policy, sale and lease of property, port planning, engagement of executives, et cetera. On the other hand, the executive body should be responsible for carrying out the policies of the board. It should thus be responsible for all administrative, technical and operational functions. In this regard, the senior executive officers of the Authority should, as far as possible, be highly qualified, experienced, and conversant with the port industry.

Notwithstanding the above, in order that the interests of the various port users and of other interested parties in the port industry would be well served, it is proposed that a Ports Advisory Board be established. The establishment of this advisory board should be entrenched in the Malta Ports Authority Act and the board should "inter alia" be representative of importers, exporters, shipping lines, ship agents, trailer operators, freight forwarders and clearance agents, port workers, harbour towage organisation/s, ship repair and shipbuilding yards, and insurance industry. The possibility of including representatives of the Customs, Health and Immigration authorities

should also be explored.

The function of the Ports Advisory Board should be to make submissions to the Ports Authority aimed at improving the services, facilities and operations of the ports. The Ports Authority should be required by law to consider such submissions and to reply to the Ports Advisory Board within a stipulated period of time. This would give the different port interested parties an effective say in the running of the ports. It would also ensure that there is some sort of communication between the Ports Authority and the various interested parties in the port industry.

### 3.3 OBJECTIVES, DUTIES AND POWERS OF THE AUTHORITY

The formulation of official overall aims and objectives for ports can be quite an intricate matter. R. O. Goss observed that the setting of aims and objectives has posed many difficulties and that confusion exists as to what ports should attempt to maximise.<sup>8</sup> In fact, while some ports have not officially formulated precise aims and objectives, other ports have just opted for a broad statement on aims (i.e. a broad statement of what the port hopes to achieve) rather than objectives (i.e. the expected results and how they are to be measured).<sup>9</sup>



The overall goals of a port are closely related to a number of factors like, for example, ownership, administration, and financial policy of the port. Hence, the difficulty in defining precise objectives. Nevertheless, most port objectives (whether officially formulated or not) are generally a combination of the following:<sup>10</sup>

- (a) Maximisation of cargo throughput subject to the financial constraint of covering costs and other constraints;
- (b) Achievement of profit goals (for example, percentage of capital investment or coverage of operating costs);
- (c) Maximisation of local employment;
- (d) Maximisation of benefits to the local community, state or nation.

Despite what has been stated above, it is felt that if an organisation is to be viable it is necessary to establish some goals. This would also give a sense of direction to the organisation. Thus, the formulation of a broad statement of goals is not superfluous. And indeed, this is not a novelty as can be seen from, for example, the Nigerian Ports Act, 1959 and from the Port

of Melbourne Authority Act, 1958.

Throughout the years, the aims of the Maltese port authorities have mainly centred around the following ideas:

- (a) the provision, operation, maintenance and improvement of port facilities;
- (b) the facilitation of Maltese trade;
- (c) the generation of entrepot trade.

In view of this, it is proposed that a broad statement of goals be included in the Malta Ports Authority Act. This general statement of goals should centre around the aforementioned aims which have characterised Maltese ports for a long time. This, of course, does not preclude any other aims from being included in this general statement and indeed every effort should be made to include other goals which are sensible enough to be included. For instance, the inclusion of goals related to cruise ship trade, maximisation of cargo throughput, and cost-effective operations would certainly be in place.

However, it is felt that specific, precise and measurable objectives should not be included in the law

because this is likely to lead to various problems and  
conflicts between the various interested parties.<sup>11</sup>

Nevertheless, the formulation of financial objectives for the internal use of the envisaged Ports Authority is indispensable. These objectives would amongst other things include the formulation of port tariffs and the profit goals of the Authority. As already stated in Section 2.2 above, the main duties of a port administration are generally to provide, maintain, improve and operate port facilities and to regulate their use. Thus, the duties of the Malta Ports Authority, which are to be embedded in the law, should revolve around the aforesaid main duties and should "inter alia" include the following:

- (a) the provision, maintenance, improvement, and operation of adequate and efficient services and facilities in the ports;
- (b) the regulation and control of navigation and movement within the limits of the ports and their approaches;
- (c) the provision and maintenance of adequate and efficient navigational aids and services, including pilotage services;
- (d) the promotion of the ports;

- (e) the provision and operation of such other ancillary services and facilities as may be required from time to time.

But, in order for the Authority to be able to properly discharge the above-mentioned duties, it is required to have a wide array of powers. These powers, which can best be specified in a schedule to the Malta Ports Authority Act, should "inter alia" include the following:

- (a) to prohibit, regulate, and control the use of ports' precincts;
- (b) to acquire, hire, procure, construct, erect, manufacture, provide operate, maintain or repair anything whatsoever, whether movable or immovable, required by the Authority for the fulfilment of its duties;
- (c) to carry on the business of stevedores, wharfingers, warehousemen and lightermen;
- (d) to provide services and facilities in relation to:
  - ( i) the anchoring, berthing, mooring and towing of vessels;

- ( ii) the loading and unloading of cargoes, sorting, weighing, storing, warehousing or other relevant or necessary handling of goods;
- ( iii) the navigational aids and services;
- ( iv) the piloting of vessels;
- ( v) the bunkering of vessels;
- ( vi) the hydrographic work;
- ( vii) the dredging requirements;
- (viii) the supply of water to vessels;
- ( ix) the provision of fire services;
- ( x) the security in the ports' precincts;
- ( xi) the safety in the ports' precincts.

It should be pointed out that some of the above-mentioned services and facilities are presently being provided by other organisations. Nevertheless, the Malta Ports Authority should still have the power to either involve itself directly in the provision of such services and facilities (whenever this is felt necessary or advantageous for the fulfilment of its duties) or to grant licences (subject to certain conditions) for the provision of such services and facilities by other persons or organisations. This should not be construed to imply that the proposed Authority should involve itself in all port services and facilities. On the contrary, if certain services are presently being well provided by other organisations, there is no reason why

the Authority should engage itself in such activities unless this is considered necessary to increase efficiency in Maltese Ports or else it is in the public interest to do so.

Although it is not the objective of this study to discuss present shortcomings associated with port services in Malta, it is however considered necessary, at this stage, to point out that certain radical changes in connection with some present port practices are needed if the efficiency of Maltese ports is to improve. The establishment of the Malta Ports Authority would not automatically lead to an end of all the problems associated with port services in Malta and consequently certain important decisions ought to be taken in conjunction with the setting up of the Authority. Amongst the decisions that need to be taken there are those associated with the unification of the different sections of port workers, the reorganisation of the pilotage and towage services, the future of cargo handling operations, and the future roles of the Grand Harbour and the Marsaxlokk freeport (especially with regard to the type of cargo to be handled at these ports and consequently the type of investments needed at both ports).

Besides the aforesaid, it is also felt necessary to point out that the recent separation of the Registry of

Shipping and Seamen from the Port Department should be effectively enforced in all its aspects when the proposed Malta Ports Authority is established. Presently, although on paper the two offices are regarded as separate and distinct government departments, in practice, this is not always the case. For example, when it comes to accounting, budgeting, and certain management services, the Registry of Shipping and Seamen still depends on the Port Department for these services. Moreover, it seems that although the two offices were hived off from each other, there was no official review of each office's functions and powers. The result is that certain functions which should clearly be absorbed by the Registry of Shipping and Seamen are still being performed by the Port Department. One good example is the certification of seaworthiness of local marine craft and small passenger vessels which should clearly be amongst the Registry's functions. Consequently, in view of what has been stated above, there would have to be an evident and an effective separation between the two organisations when the Malta Ports Authority comes into being. In addition, a review of their respective functions and powers would also have to take place.

Similarly, a decision ought to be taken regarding the management and development of yacht marinas. Presently, the management of yacht marinas is entrusted to a

Yachting Center Management Committee. However, this Committee still depends on the Port Department when it comes to the execution of its functions. Consequently, Government has to decide whether the management of yacht marinas would fall under the jurisdiction of the proposed Malta Ports Authority or whether this would be the responsibility of some other organisation.

#### 3.4 THE RELATIONSHIP BETWEEN THE MINISTRY RESPONSIBLE FOR PORTS AND THE AUTHORITY

As it has already been stated elsewhere in this paper, the proposed Malta Ports Authority should enjoy effective autonomy if it is to bring about the necessary and expected changes in the Maltese port industry. Consequently, a clear distinction needs to be drawn between the functions and powers of the Government Ministry responsible for ports and the duties and powers of the Malta Ports Authority.

Although it is a recognised principle that the Authority has to be subject to some form of public accountability, this principle should not be abused of. In fact, the exercise of this public accountability should not go beyond overall supervision and directions of a general character by Government. Moreover, the Ports Authority would be expected to submit an annual report of its



activities and an audited copy of its accounts to the Minister responsible for ports for onward submission to Parliament, as it is the practice with other public autonomous body corporates in Malta.

In view of this, the role of the Ministry responsible for ports would thus be a very general role mainly relating to national ports policy and general overall supervision. The main objectives of this role should effectively be to ensure that national economic policy is followed, that the Authority is efficient and well managed, and that national and public interests are fully safeguarded. In addition, the Ministry responsible for ports would, amongst other things, also have to enforce the Malta Ports Authority Act.

## NOTES

- ( 1 ) De Zwijger, F., "Top Management Structure," The Dock & Harbour Authority, April, 1977.
- ( 2 ) Nagorski, B., Port Problems in Developing Countries - Principles of Port Planning and Organization, (IAPH, Tokyo, 1972), p. 163.
- ( 3 ) For a more thorough discussion on this subject see amongst others,  
Ibid., and  
Baudelaire, J. G., Port Administration And Management, (IAPH, Tokyo, 1986), pp. 141-148.
- ( 4 ) Stehli, H., "Port Organization - Internal Structure," Port Management Textbook, (Institute of Shipping Economics and Logistics, Bremen, 1978), p. 68.
- ( 5 ) Port Problems in Developing Countries - Principles of Port Planning and Organization, op. cit., p. 164.
- ( 6 ) Ibid.
- ( 7 ) Ibid., p. 165.
- ( 8 ) Goss, R. O., A Comparative Study of Seaport Management and Administration, (Government Economic Service, Department of Industry, Trade and Prices, London, 1979), pp. 3-21.
- ( 9 ) Monie de, G., "Port Management Policy And The Selection Of Development Schemes In Third World Countries," Tijdschrift voor Vervoerswetenschap,

Vol. 23, No. 2, June, 1987, p. 123.

- (10) See, for example, Goss, R. O., "The Economic Efficiency of Seaports," Conference on Ports - Policy and Practice, (The Nautical Institute, London, 1979), pp. 3-6.
- (11) See, for example, Port Management Policy And The Selection Of Development Schemes In Third World Countries, op. cit., p. 124.

**CHAPTER FOUR**

**MANAGEMENT AND ORGANISATION OF  
THE MALTA PORTS AUTHORITY**

- 4.1 MODEL ORGANISATION STRUCTURE OF THE AUTHORITY**
  
- 4.2 THE ROLES OF THE VARIOUS DEPARTMENTS OF THE  
AUTHORITY**

#### 4.1 MODEL ORGANISATION STRUCTURE OF THE AUTHORITY

Sound organisation is today regarded as one of the key elements which are necessary for the success of an enterprise.<sup>1</sup> Ports are no exception and whatever their regulatory framework may be, their efficient functioning depends on their organisation structure. This chapter will thus discuss a model organisation structure for the proposed Malta Ports Authority and the roles of its various departments. But before proceeding with this discussion, it is felt necessary to briefly discuss the importance of management organisation.

Organisation is considered as the foundation of management. According to Allen, sound organisation facilitates administration, encourages balanced growth and diversification, provides for the best use of human resources, and stimulates creativity.<sup>2</sup> The same author states that "a properly designed and balanced organisation facilitates both management and operation of the enterprise; inadequate organization may not only discourage but actually preclude effective administration."<sup>3</sup>

The three basic elements of organisation are division of labour, a source of authority, and relationships.<sup>4</sup> Management organisation, in these terms, means determining the specific activities that are necessary

to accomplish the planned goals, grouping the activities into a logical pattern or framework, assigning the activities to specific positions and people, and finally, providing means for co-ordinating the efforts of individuals and groups. Allen, in fact, defines organisation as "the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work<sup>5</sup> most effectively together in accomplishing objectives."

The above implies that organisation is composed of people and is developed for people.<sup>6</sup> People are in fact regarded as the core element of organisation and the latter is a structured process in which persons interact for objectives. This indirectly means that a good organisation structure does not necessarily lead to an efficient enterprise. A sound organisation structure made up of inefficient persons does not lead to success. The latter also depends on the abilities and performance of the people involved in the organisation. Thus, the quality and performance of the persons involved in the organisation is also important.

Although there are many different types of organisations, it can generally be said that there are three main forms of organisation structure: functional, divisional, and matrix.<sup>7</sup> The functional organisation separates the principal functions of the organisation

into separate organisation units, each headed by a manager who is responsible for a specified function. The divisional organisation creates different organisation units, each of which is headed by a manager and responsible for all or almost all the functions that are involved in the organisation. Finally, the matrix organisation super imposes functions and projects of the organisation and can thus be considered as a hybrid of <sup>8</sup> the functional and divisional forms of organisation. But, in spite of the aforementioned forms of organisation structure, it is said that generally every enterprise begins its existence with a functional type <sup>9</sup> of structure.

Management organisation is usually influenced by the concept of line and staff relationships. <sup>10</sup> This is perhaps the simple most widely used concept of management. At the same time, misunderstanding about line and staff relationships is one of the major sources of friction in an organisation. So, in order to avoid conflicts and in order to establish accountability between the different units of an organisation, it is necessary to make a distinction between line and staff. The latter designation is usually given to persons or departments which provide advice and service to the organisation. The former designation refers to those positions and elements of the organisation which have responsibility, authority, and accountability for

accomplishing the objectives of the organisation. A line exists in staff as well as line departments.

Although it is recognised that the establishment and design of an organisation structure for the proposed Malta Ports Authority is mainly the prerogative of the board of members and the top management of the Authority, it would not be inappropriate to discuss a model organisation structure for the Authority. It is felt that such a discussion falls well within the scope of this study.

In view of what has been stated in the preceding paragraphs, it is suggested that the initial organisation structure of the proposed Malta Ports Authority should take the form of a functional organisation based on the principle of delegation of authority and on the concept of line and staff relationships. Put differently, this simply means identifying the basic functions and activities of the Authority and dividing these functions into different specialised departments according to similarity of activities and occupational specialty. This would provide for responsibility, authority, and accountability and, also, for the establishment of staff relationships which should facilitate the accomplishment of the Authority's objectives.



Bearing in mind the aims, duties, and powers of the proposed Malta Ports Authority as specified in Section 3.3 above, it is suggested that the initial organisation structure of the Authority be based on the model organisation structure outlined on the following page. Thus, the Authority would comprise the following departments: marine, operations, commercial, administration and personnel, engineering, and finance. The role of each element of the model organisation structure will be outlined in Section 4.2 below.

It is felt that the proposed model organisation structure is a simple and straight forward one involving only a limited number of functional departments. This model structure assumes that the proposed Malta Ports Authority would assume the responsibilities of the present Port Department. However, this initial structure has to be reviewed as time passes by. The top management of the Authority has to ensure that the organisation structure always reflects the changes in the size and in the activities of the Authority, which might take place from time to time. Moreover, it has to ensure that the structure caters adequately for the dynamic and highly competitive markets in which it operates.

Prior to discussing the roles of the different elements making up the model organisation structure of the

# MALTA PORTS AUTHORITY

## Proposed Model Organisation Structure

Chairman  
and  
Board of Members

Chief Executive

Deputy Chief Executive

MARINE DEPT.

Movement of Vessels  
Pilotage, Mooring &  
Towage Services  
Navigational aids  
Lighthouses  
Port Marine Craft  
Signal Station  
Dredging  
Hydrographic Matters  
Fire & Safety Matters

ADMINISTRATION &  
PERSONNEL DEPT.

Administration  
Corporate Planning  
Supplies  
Security  
Legal Matters  
Manpower Planning  
Training  
Industrial Relations  
Health & Safety

OPERATIONS DEPT.

Berth allocation  
Bunkering  
Wharves  
Terminals  
Cargo Handling  
Storage  
Warehousing

COMMERCIAL DEPT.

Tariffs  
Port Promotion &  
Public Relations  
Statistics  
Market Research &  
Analysis  
Cruise Ship Business  
Contracts  
Container Freight  
Stations

FINANCE DEPT.

Revenue Accounts  
Budgeting  
Management Accounts  
Internal Audit  
E.D.P. Systems

ENGINEERING DEPT.

Planning & Design  
Construction and  
Maintenance  
Control, Supervision &  
Co-ordination of  
Consultants and  
Contractors

Authority, it is considered necessary to point out once again that a good organisation structure does not necessarily lead to an efficient and successful enterprise. The success and efficiency of an enterprise also depends on its system and quality of management. This implies that the quality of the personnel of an enterprise is of considerable importance and could indeed make or break an enterprise. Baudelaire states that "a poor organization will work despite its deficiencies if it is staffed with good men."<sup>11</sup> On the other hand, he argues that "a good organization will perform poorly if it is staffed with poor men."<sup>12</sup>

It is therefore important that the staff of the proposed Malta Ports Authority would be of a certain calibre and would thus possess high professional skills. Selection of the Authority's personnel should thus be mainly based on the professional abilities and qualifications of the individual. The same criteria should govern the promotion procedure of the Authority and the latter should here be guided by the principle of efficiency and not by the principle of seniority prevailing in the civil service.<sup>13</sup> Having staff of a certain calibre would of course necessitate good salaries and fringe benefits. Moreover, the Authority would have to develop management development schemes in order to enhance the quality and professionalism of its staff, and consequently to improve its services.<sup>14</sup> In this

Finally, it should be noted that co-operation between all members of the Authority's staff is vital for the efficient running of the Authority. Thus, the involvement of the various members of staff and the communication flow amongst them is of paramount importance to the organisation because it provides a good basis for making valid decisions and implementing them.

#### 4.2 THE ROLES OF THE VARIOUS DEPARTMENTS OF THE AUTHORITY

Having proposed a model organisation structure for the Authority, it is now appropriate to discuss the role of each element of this model organisation structure.

As it was stated in Section 3.2 above, the board of members of the proposed Malta Ports Authority would be the body ultimately responsible to the government for the management of the Authority. The board of members would essentially be a policy making body because the actual management of the Authority would rest with the executive body. The Authority's board would thus serve as an important link between the Authority as a legal entity and the Authority as a dynamic phenomenon of human co-operation.<sup>19</sup> In this respect, the Chairman of the Authority, which can be regarded as the most

senior member of the Authority, would have the ultimate control and management of the Authority. He would be responsible for the Authority's policy together with the Authority's board of members. The Chairman should keep himself fully informed about the activities of the Authority but should not perform the duties pertaining to the Chief Executive.

As it was already indicated, the post of Chief Executive is the most important post within the entire Authority. The Chief Executive is the head of the executive body of the Authority and serves as a link between the board of members and the executive body of the Authority. He is directly responsible to the Authority's board and to the Government for the correct functioning of the Authority in accordance with guidelines set out by the board and in accordance with the legal statute of the Authority. The Chief Executive would essentially be responsible for the day to day running and for the implementation of the policy of the Authority. Moreover, he would also be responsible for the Authority's development and for the formulation of the Authority's policy in conjunction with the Chairman and the board of members of the Authority. It is suggested that the Chief Executive be appointed by the Authority's board of members in accordance with the principles outlined in Section 4.1  
20  
above.

According to the model organisation structure, the Chief Executive would have an assistant in the form of a Deputy Chief Executive. The main function of the Deputy Chief Executive would be to assist the Chief Executive in the fulfilment of his duties. While having general responsibilities, the Deputy Chief Executive can also be made responsible for specific assignments. It is suggested that the person selected to fill this post would preferably be someone who can later on be considered for the post of Chief Executive of the Authority.

The proposed model organisation structure for the Malta Ports Authority divides the organisation into six departments each headed by a manager and each accountable to the Chief Executive. An important department is the Marine Department headed by the Harbour Master. The latter should be a person in possession of a Master Mariner Certificate (Foreign Going) and should have considerable command experience. Overall, this department would deal with all marine related activities, including movement of vessels within ports and in territorial waters, pilotage, mooring and towage services, navigational aids, port marine craft, dredging, hydrographic matters, and fire and safety matters. In respect of safety matters, it would be the responsibility of this Department to draw up safety regulations such as, for example, for the handling of

dangerous goods, and to see that these regulations are adhered to.

Another important department is the Operations Department managed by the Operations Manager. This person should preferably be a professionally qualified career ports man with a good knowledge of port operations. The selection of candidates for this post requires extreme caution because this position is an important and delicate one. The main objective of the Operations Department should always be optimum operating efficiency which should ensure a prompt turn-round of ships. This objective should strictly be adhered to irrespective whether the shore handling of cargo is done directly by the Authority or through a contractor. The Operations Department would "inter alia" be responsible for allocation of berths, bunkering, wharves, terminals, cargo handling, storage, and warehousing.

The Commercial Department is another department in the proposed model organisation structure for the Malta Ports Authority. It is suggested that this department be headed by a Commercial Manager who should at least be in possession of a business degree. This department would deal with all the commercial aspects of the Authority's business including ports promotion and the formulation of tariffs. It would also deal with yacht marinas, cruise ship business, market research and

analysis, and statistics. It should be pointed out that, in respect of marketing and promotion, there should be good liasoning with the Malta Freeport Authority on how this should be done in order to best serve the interests of the two organisations. This is especially the case in respect of procurement of transshipment cargo which is presently being done by the Malta Freeport Authority.

The primary function of the proposed Administration and Personnel Department, which should preferably be headed by a professionally qualified administrator referred to as the Administration Manager, should be the general administration and the human resources management of the Malta Ports Authority. Its responsibilities would "inter alia" include corporate planning, supplies, security, legal matters, manpower planning, training, industrial relations, and health and safety.

The main responsibilities of the Engineering Department would be the planning, design, construction, and maintenance of port facilities, including mechanical and electrical equipment. This department would be headed by the Chief Engineer who should preferably be a professional civil engineer. It would be the responsibility of this department to control, supervise, and co-ordinate the services of consultants and the works by contractors. Moreover, this department would



also be responsible for the Maintenance Unit which is to perform routine repairs and maintenance work of port facilities.

Finally, the Finance Department, under the direction of a professionally qualified accountant, would deal with all the financial aspects of the Malta Ports Authority and also with computer operations. Its responsibilities would "inter alia" include revenue accounts, budgeting, management accounts, internal audit, and electronic data processing. It would thus be this department's responsibility to develop electronic data processing systems in consultation with other departments of the Authority. Needless to say, the computerisation of the Authority's services is of utmost importance for its success.

As it was pointed out previously, the organisation structure of the proposed Malta Ports Authority is mainly the prerogative of the board of members and the top management of the Authority. The latter can choose from a wide variety of structures. The model organisation structure proposed in this paper is just one example of the various organisation structures which can be developed for the Authority. Various structures can indeed produce an efficient Ports Authority, provided that modern principles of management are applied.

## NOTES

- ( 1 ) See, for example, Allen, L. A., Management & Organization, (McGraw-Hill International Editions, 1958), p. 62.
- ( 2 ) Ibid., p. 70.
- ( 3 ) Ibid., p. 62.
- ( 4 ) Ibid., pp. 52-53.
- ( 5 ) Ibid., p. 57.
- ( 6 ) Ibid., pp. 58-59.
- ( 7 ) For a more thorough discussion on this subject see amongst others,  
Gerloff, E. A., Organizational Theory And Design, (McGraw-Hill, Inc., 1985), pp. 244-264.
- ( 8 ) Ibid., p. 255.
- ( 9 ) Management & Organization, op. cit., p. 77.
- (10) For a more thorough discussion on this subject see amongst others,  
Ibid., pp. 198-223; and  
Albers, H. H., Management - The Basic Concepts, (Robert E. Krieger Publishing Company, Inc., Florida, 1982), pp. 107-129.
- (11) Baudelaire, J. G., Port Administration And Management, (IAPH, Tokyo, 1986), p. 163.
- (12) Ibid.
- (13) Beth, H. L., "Port Organization And Administration," Port Management Textbook - Containerization, (Institute of Shipping

- Economics and Logistics, Bremen, 1985), p. 48.
- (14) Committee Report On The Reorganisation And Modernisation of Port Services, (Restricted), (Malta, 1988), p. 10.
- (15) Nagorski, B., Port Problems in Developing Countries - Principles of Port Planning and Organization, (IAPH, Tokyo, 1972), p. 167.
- (16) See, for example, Port Administration And Management, op. cit., p. 163.
- (17) Schwimmer, M. J. and Amundsen, P. A., Management Of A Seaport, (National Maritime Research Center, Kings Point, New York, 1973), p. 132.
- (18) Port Problems in Developing Countries - Principles of Port Planning and Organization, op. cit., p. 167.
- (19) Management - The Basic Concepts, op. cit., p. 125.
- (20) For a thorough discussion on this subject see, De Zwijger, F., "Top Management Structure," The Dock & Harbour Authority, April, 1977.

**CHAPTER FIVE**

**SUMMARY AND CONCLUSION**

## SUMMARY AND CONCLUSION

Ports are integral links in world transportation systems. In addition, they contribute to the prosperity and development of nations. Although ports have certain common features, each tends to evolve differently according to its own unique geographical location and ownership. This also applies to port administrations.

This dissertation has dealt with the subject of port administration with particular reference to the small island of Malta. The objective was in fact to propose a port administration policy for Malta while the hypothesis was to see whether it is feasible to establish an autonomous Ports Authority in Malta.

It was established that there are various types of port administration. However, there is no ideal formula for the administration, organisation and operation of a seaport. The various forms of port administration are the result of different historical, socio-political, legal and geographical developments of different seaports. Moreover, port administration is also influenced by the ownership of the port. In fact, the various types of port administration are usually categorised according to the ownership of ports. As a result, there are state or national ports, municipal ports, autonomous ports, and private ports.

Notwithstanding the above, public authorities play a major role in the administration of seaports. Apart from the fact that ports are considered as being the lungs of the continents, ports are an expensive capital investment. Consequently, public authorities cannot accept total private monopolies in ports and this leads to their involvement in most ports of the world. This involvement of public authorities in port services may vary from one country to another because different levels of public authorities are involved and there are various combinations of port ownership and management. These combinations also allow for the involvement of the private sector in port services.

The proposed establishment of an autonomous Ports Authority presents a viable port administration policy for Malta. An autonomous Ports Authority offers major advantages. These include prompt decision making and a more precise orientation towards specific targets. Moreover, it offers Maltese policy makers with a good and diverse combination of port ownership and management. In this respect, this study provides a general framework for the establishment and activities of the proposed Malta Ports Authority.

Although an autonomous Ports Authority is an interesting and efficient form of port administration, it is important that the Authority enjoy effective autonomy

and be guided by modern principles of commercial management. A sound organisation structure and efficient professionally qualified personnel are thus necessary prerequisites for the success of the proposed Malta Ports Authority. The model organisation structure proposed in this dissertation is just one example of the various organisation structures which can be developed for the Authority.

The establishment of the autonomous Malta Ports Authority should go a long way towards improving the efficiency of Maltese ports. However, the establishment of the Authority will not solve all the problems associated with port services in Malta. Important decisions ought to be taken in conjunction with the setting up of the Authority. Moreover, radical changes in port practices have to be undertaken in order to improve the operation of Maltese ports. In undertaking these changes, due regard has to be made for the social and economic repercussions which are usually associated with such changes. In this respect, it is important to ensure that the planned changes be well discussed and possibly be agreed upon by all the interested parties in the Maltese port industry. Moreover, the training and education of all those connected to port work cannot be more emphasised.

Though this dissertation has its limitations, it can be

said that it was worth undertaking since it makes a valid contribution to Maltese port literature. This study should also be seen as a contribution to the debate on port administration in Malta. This debate is not a recent one although the subject matter is still presently being discussed. As a result, a lot has been said about this subject. In this regard, this study provides a study on port administration, the need for which has long been felt in Malta. Many assumptions and statements, sometimes prejudiced and conflicting, are frequently put forward. Such a study is thus essential in order to be able to draw good conclusions on the subject and make the right decisions. Furthermore, as it was already pointed out, this study presents Maltese policy makers with a feasible port administration policy which is culminated by the establishment of the proposed autonomous Ports Authority.

Notwithstanding the above, this dissertation is only a small contribution to Maltese port literature. The reader is in fact encouraged to delve deeper into the theme of this study by studying other aspects of Maltese port services like, for example, port pricing. Further research could provide valuable information to those involved in the Maltese port industry and could indeed be the basis for important decisions that ought to be taken. This study is only part of a comprehensive study on Maltese port services which should be undertaken



periodically. Such studies should be dealt with seriously, given the necessary attention they deserve and, where possible, be followed up because they provide a wealth of information which would not otherwise be available. Such information is invaluable because the success of the Maltese port industry lies on a thorough knowledge of present day realities and on possible future strategies.

## APPENDICES

APPENDIX A      SOME STATISTICAL DATA ABOUT MALTESE PORTS

APPENDIX B      LAWS AND REGULATIONS CONNECTED WITH PORT  
OPERATIONS IN MALTA

APPENDIX A

SOME STATISTICAL DATA ABOUT MALTESE PORTS

1. CARGO THROUGHPUT DURING 1988 AMOUNTED TO  
1,729,211 TONS.

(Approx. 50% was unitised cargo)

2. NUMBER AND NET TONNAGE OF VESSELS ENTERED AND  
CLEARED WITH CARGOES AND IN BALLAST DURING 1988:

<u>ENTERED</u>	<u>NO.</u>	<u>TONS</u>
With Cargoes	1,253	2,726,485
In Ballast	2,179	3,604,485
-----	-----	-----
Total	3,432	6,330,970
-----	-----	-----

<u>CLEARED</u>	<u>NO.</u>	<u>TONS</u>
With Cargoes	633	941,696
In Ballast	2,711	5,463,190
-----	-----	-----
Total	3,344	6,404,886
-----	-----	-----

3. PASSENGERS ARRIVING AND DEPARTING BY SEA DURING  
1988:

Arrivals:           64,029 passengers  
Departures:       64,192 passengers

4. CRUISE PASSENGERS DURING 1988 AMOUNTED TO 57,429 PASSENGERS.

5. NUMBER OF VESSELS ENTERED AND CLEARED WITH CARGOES AND IN BALLAST DURING 1988, CLASSIFIED BY TYPE OF VESSEL:

<u>Type of Vessel</u>	<u>With Cargoes</u>	<u>In Ballast</u>	<u>Total</u>
ENTERED			
Yacht	1	928	929
Fishing Vessel	3	58	61
Passenger Vessel	-	142	142
Dry Cargo Vessel	950	318	1268
Tanker	80	86	166
Other	219	647	866
TOTAL	1253	2179	3432

CLEARED			
Yacht	-	878	878
Fishing Vessel	7	48	55
Passenger Vessel	-	142	142
Dry Cargo Vessel	437	816	1253
Tanker	13	152	165
Other	176	675	851
TOTAL	633	2711	3344

Sources: Government Financial Estimates 1990;  
Shipping and Aviation Statistics 1988.

## APPENDIX B

### LAWS AND REGULATIONS CONNECTED WITH PORT OPERATIONS IN MALTA

#### LAWS

1. Ports Ordinance (Chapter 170 of the Revised Edition of the Laws of Malta).
2. Port Workers Ordinance (Chapter 171 of the Revised Edition of the Laws of Malta).
3. Cargo Clearance and Transport Act, 1967 (Chapter 203 of the Revised Edition of the Laws of Malta).
4. Carriage of Goods by Sea Act, 1954 (Chapter 140 of the Revised Edition of the Laws of Malta).
5. Director of Ports Act, 1971 (Chapter 224 of the Revised Edition of the Laws of Malta).
6. Carriage of Goods by Sea (Regulation) Act, 1980 (Act No. II of 1980).
7. Code of Police Laws (Chapter 10 of the Revised Edition of the Laws of Malta).
8. Port Dues Ordinance (Chapter 100 of the Revised Edition of the Laws of Malta).
9. Malta Freeports Act, 1989 (Act No. XXVI of 1989).

## REGULATIONS

1. Dock Safety Regulations, 1953 (Notice No. 497 of 1953).
2. The Petroleum Ships Regulations, 1965 (Legal Notice 53 of 1965).
3. Petroleum Ships (Extension) Order, 1965 (Legal Notice 54 of 1965).
4. Ports Regulations, 1966 (Legal Notice 45 of 1966).
5. Port Workers Regulations, 1966 (Legal Notice 45 of 1966).
6. Port Labour (Determinations) Order, 1966 (Legal Notice 46 of 1966).
7. Yachting Centre Regulations, 1967 (Legal Notice 30 of 1967).
8. Port Rates Regulations, 1969 (Legal Notice 53 of 1969).
9. Landing Charges Regulations, 1973 (Legal Notice 32 of 1973).
10. Ports (Hours of Business) Regulations, 1974 (Legal Notice 13 of 1974).
11. Lighters and Tugboats (Requisition) Regulations, 1975 (Legal Notice 9 of 1975).
12. Berthing Regulations, 1975 (Legal Notice 117 of 1975).
13. Pilotage and Mooring Regulations, 1975 (Legal Notice 163 of 1975).

14. Ports (Disciplinary) Regulations, 1976 (Legal Notice 22 of 1976).
15. Ports Dues Regulations, 1977 (Legal Notice 30 of 1977).
16. Tallying Regulations, 1978 (legal Notice 73 of 1978).
17. Buoyage Dues Regulations, 1979 (Legal Notice 44 of 1979).

## REFERENCES

- Abela, C., Social Repercussions of Unitisation and New Cargo Handling Techniques in Ports, (B.A. (Hons) Business Management Dissertation, University of Malta, 1988).
- Abela Fitzpatrick, T. A., Port Work Organisation in Malta, (Diploma in Public Administration, Royal University of Malta, 1963).
- Albers, H. H., Management - The Basic Concepts, (Robert E. Krieger Publishing Company, Inc., Florida, 1982).
- Alderton, P. M., Sea Transport Operation and Economics, (Thomas Reed Publications Ltd., London, 1973).
- Allen, L. A., Management & Organization, (McGraw-Hill International Editions, 1958).
- Baudelaire, J. G., Port Administration And Management, (IAPH, Tokyo, 1986).
- Baudelaire, J. G., "Privatisation of Port Activities Within the Context of Port Public Responsibilities," Ports And Harbors, September, 1988, pp. 28-35.
- Beth, H. L., "Port Organization And Administration," Port Management Textbook Containerization, (Institute of Shipping Economics and Logistics, Bremen, 1985), pp. 39-51.
- Bonavia, The Economics of Transport, (Cambridge University Press, 1966).
- Branch, A. E., Dictionary of Shipping, International Trade Terms and Abbreviations, (Witherby & Co. Ltd.,



London, 1982).

Branch, A. E., Economics of Shipping Practice & Management, (Chapman & Hall, London, 1987).

Branch, A. E., Elements of Port Operation & Management, (Chapman & Hall, London, 1986).

Branch, A. E., Elements of Shipping, (Chapman & Hall, London, 1981).

Coppini, J. P., The Maltese Port and Unitization, (B.A. (Hons) Economics Dissertation, Royal University of Malta, 1973).

Committee Report on The Reorganisation And Modernisation of Port Services, (Restricted), (Malta, 1988).

Dayal, A., The Ports Authority - Functions, Organisation And Requirements, (Restricted Study), (Malta, 1988).

De Zwijger, F., "Top Management Structure," The Dock & Harbour Authority, April, 1977.

Development Plan for the Maltese Islands, 1959-1964, (Department of Information, Malta, 1958).

Development Plan for Malta 1969-1974, (Department of Information, Malta, 1969).

Development Plan for Malta 1986-88, (Economic Division, Ministry of Trade and Economic Planning, Malta, 1986).

Fairplay International, (Fairplay Publications Ltd., Surrey, United Kingdom) - various issues.

Faust, P., "The Role of Ports In Economic Development," Port Management Textbook, (Institute of Shipping Economics and Logistics, Bremen, 1978), p. 15.

Frankel, E. G., Port Planning And Development, (John

Wiley & Sons, Inc., United States of America, 1987).

General Workers' Union and Cargo Handling Company Limited Minority Report To The Committee Report On The Reorganisation And Modernisation Of Port Services, (Restricted), (Malta, 1988).

Gerloff, E. A., Organizational Theory And Design, (McGraw-Hill, Inc., 1985).

Goss, R. O., A Comparative Study of Seaport Management and Administration, (Government Economic Service, Department of Industry, Trade and Prices, London, 1979).

Goss, R. O., "The Economic Efficiency of Seaports," Conference on Ports - Policy and Practice, (The Nautical Institute, London, 1979), pp. 1-11.

Government Financial Estimates 1990, (Government Printing Press, Malta, 1989).

In-Nazzjon Taghna, (Maltese Daily Newspaper), (Independence Press, Pieta, Malta) - various issues.

L-Orizzont, (Maltese Daily Newspaper), (Union Press, Valletta, Malta) - various issues.

Lloyd's List International, (Lloyd's of London Press, London) - various issues.

Lloyd's List Malta Special Supplement, (Lloyd's of London Press, London, November, 1989).

Malta Freeports Act, 1989, (Act XXVI of 1989).

Malta Information, (Department of Information, Malta, 1990).

Mangion, A. J., Operation of Ports, (Paper delivered at a Seminar on Marine Insurance Claims, Valletta, Malta,

1988).

Mangion, A. J., Port Organization, (Restricted Paper), (Valletta, Malta, 1987).

Maritime Malta, (Office of the Parliamentary Secretary for Offshore Activities and Maritime Affairs, Malta, 1990).

Monie de, G., "Port Management Policy And The Selection of Development Schemes in Third World Countries," Tijdschrift voor Vervoerswetenschap, Vol. 23, No. 2, June, 1987, pp. 122-139.

Nagorski, B., Port Problems in Developing Countries - Principles of Port Planning and Organization, (IAPH, Tokyo, 1972).

National Port Authority Act, Liberia, (Chapter Six, Liberian Code of Laws of 1956, as amended).

Nettle, S., Port Operations And Shipping: A Guide To Ports And Related Aspects Of The Shipping Industry, (Lloyd's of London Press Ltd., 1988).

Pilotage and Mooring Regulations, 1975, (Legal Notice No. 163 of 1975).

Port Administration and Legislation Handbook, (Dept. of Economic and Social Affairs, United Nations, New York, 1969).

Port of Singapore Authority Act, (Chapter 236 of the Laws of Singapore).

Port Labour (Determinations) Order, 1966, (Legal Notice No. 46 of 1966).

Port Pricing, (UNCTAD, New York, 1975).

Port Workers Ordinance, 1962, (Chapter 171 of the Revised Edition of the Laws of Malta).

Port Workers Regulations, 1966, (Legal Notice No. 45 of 1966, as amended).

Ports And Harbors, (IAPH, Tokyo) - various issues.

Ports Ordinance, 1962, (Chapter 170 of the Revised Edition of the Laws of Malta).

Report of An Enquiry Into The Current Situation In The Major Community Sea-Ports, (Port Working Group, Commission of the European Communities, Brussels, 1986).

Report on the Economic Adaptation and Development in Malta, (Department of Information, Malta, 1964).

Reports on the working of the Customs and Port Department, (Central Office of Statistics, Malta) - various years.

Reports on the working of the Port Department, (Central Office of Statistics, Malta) - various years.

Schwimmer, M. J., and Amundsen, P. A., Management Of A Seaport, (National Maritime Research Center, Kings Point, New York, 1973).

Shipping and Aviation Statistics 1988, (Central Office of Statistics, Malta, 1989).

Stehli, H., "Port Organization - Internal Structure," Port Management Textbook, (Institute of Shipping Economics and Logistics, Bremen, 1978), p. 68.

Stelli, H., "Typology of Ports," Port Management Textbook, (Institute of Shipping Economics and Logistics, Bremen, 1978), pp. 25-35.

Stevedores and Port Labourers Ordinance, 1939, Malta.

Suykens, F., "Administration and management at the port of Antwerp," Maritime Policy and Management, 1985, Vol. 12, No. 3, pp. 181-194.

The Cyprus Ports Organization Law, 1973, (Law No. 38 of 1973).

The Director of Ports Act, 1971, (Chapter 224 of the Revised Edition of the Laws of Malta).

Thomas, B. J., "Port Administration I - A Review of the Different Forms of Port Ownership and the Numerous Functions within Ports," Manual on Port Management, Part I, (UNCTAD, Geneva, 1976), pp. 95-101.

Times of Malta, (Maltese Daily Newspaper, later published as The Times), (Allied Newspapers Ltd., Valletta, Malta) - various issues.

Verhoeff, J. M., "Seaport competition: some fundamental and political aspects," Maritime Policy and Management, 1981, Vol. 8, No. 1, pp. 49-60.

Xoghol, Gustizzja, Liberta - Nationalist Party Electoral Manifesto 1987, (Pieta, Malta, 1987), para. 2. 7a.