

Establishment of a Port AuthorityMemo by the Minister of Finance, Customs and Port

As Hon. Ministers are aware the Robens Mission Report laid considerable emphasis on the need to rationalize our Port Organization and specifically on the need to set up a Port Authority independent of the Customs Department, to take over responsibility for the efficient running of all Malta's ports. The Mission recommended that the proposed authority should as far as possible be self-financing and should be responsible for the levying of port dues, mooring and towage charges etc.

2. "Finance" have given some thought to the implications of the above recommendations and have tried to assess their advantages and disadvantages in consultation with the Comptroller of Customs and the Port Manager. The arguments brought forward in favour of the scheme are broadly as follows:-

(a) It is advisable that Port Management should not be subject to direct (viz. day to day) political control and that it should be in the hands of men with the requisite technical, commercial and managerial abilities;

(b) The elastic methods of industrial management suitable to such 'a living and changing complex as a modern port' cannot be applied under the bureaucratic system inherent in a Government Department;

(c) The complexities of port management require prompt decisions in day-to-day life and a free hand in all current matters unhampered by the rules and regulations governing public business;

(d) The practice of having autonomous port authorities subject to a general overall control by the State is already followed by most countries.

3. The main points for the retention of the present system of direct administration of the ports by the State are outlined below:-

(a) The increasing dependence of a country's well-being on the efficient operation, maintenance and development of its seaports justifies the exercise of direct responsibility by national Governments for the running of port undertakings;

(b) State administration guarantees the availability of public financial support for port development;

(c) National ownership and central administration prevents wasteful duplication, overlapping and unnecessary expenditure on port development; and

(d) State Administration will ensure long-term planning of port development on a national basis.

4. Having weighed carefully both sides of the problem "Finance" have come to the conclusion that on balance there are grounds for giving Port Administration away from Customs to a separate authority with a certain degree of independence. This measure is necessary specifically to ensure the progressive and effective development of our ports to meet the challenge of the revolution which is currently taking place in the techniques of maritime transport. However in view of the special characteristics of the ports of Malta which, apart from being cargo terminals, serve as naval, passenger, bunkering and refuge ports and also provide a Ship repair service so important to the economy of the island, it is not considered advisable to set up a fully-autonomous Port authority.

5. The Port Manager has suggested by way of compromise the setting up of a semi-autonomous type of administration such as a Board of Trustees or Commissioners for the running of our ports with Government retaining control over major capital expenditure (this would avoid the wasteful duplication of assets) and on the fixing of rates for services and dues on ships and goods, as well as the right to dissolve the Board if necessary. The Port Manager has further proposed that apart from the above controls the new Port Organization should be given a measure of financial independence in order to operate efficiently the ports under its jurisdiction.

6. "Finance" are inclined to favour the alternative proposal put forward by the Port Manager but find it difficult at this stage to express any opinion on the degree of financial independence to be given to the Board. This will depend on various factors which still have to be examined (such as "inter alia" the assessment of port assets and liabilities, the cost of the harbour facilities to be taken over from the Admiralty, etc.) The Ministry of Finance intend to arrange for these and other matters relating to the Scheme to be studied by a Committee appointed for the purpose.

7. It is proposed to set up this Committee as follows:

The Port Manager, Chairman  
 Mr R. J. Stivala, D.P.A. Assistant Secretary, Finance  
 Dr C. A. Zarb, A.M.Inst. J., Econ. D., Shore Assistant

with the following terms of reference:-

"To report on ways and means for the implementation of the recommendations contained under Heading D - Ports - Chap. 2 of the Robens Report."

8. In all marine matters the Marine Adviser shall be co-opted as Member of the Board.

9. The Board shall also have power to co-opt or consult any other person, department or organisation as and when necessary.

10. It is felt that in the meantime Government should as a first step accept in principle the giving of Port Administration away from Customs to a separate Port Authority.

11. Hon. Ministers are requested to agree accordingly.

17th January, 1968.