Ownership and Management of Port Administration

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1. Port management objectives

- Ways of minimizing costs
  1. Minimize payments by users in the port-including ship’s time at a port.
  2. Minimize users’ total through-transport costs.
  3. Minimize port cost
- Maximization of benefits.
  1. They maximize benefits to the owners of the port
  2. They maximize benefits to the town, region or country.
1.1 Category of Port ownership

- Ports can be classified as to their type of ownership or administration.
- Port ownership can be classified:
  1. State ownership
  2. Autonomous
  3. Municipal ownership
  4. Private ownership
1.2 Port Regulator

- Regulatory activities within a port will generally be related to duties and responsibilities such as enforcing regulations and providing pilotage services and vessel traffic management, most of which will have been established by statute.
1.3 Port landowner

They key tasks a port landowner will need to undertake include:

◆ Managing and developing the port estate
◆ Conceiving and implementing policies and development strategies
◆ Supervising major civil engineering works
◆ Providing and maintaining channels, breakwater, locks, truing, basins, berths, piers and wharves.
◆ Providing or arranging road access to the port complex
1.4 Port operator

- Operations may include a range of value-added activities and free trade zones related activities within the port estate.
1.5. Four types of port management models

- Public Service port
- Tool port
- Landlord port
- Private Service port
## Basic port management models

<table>
<thead>
<tr>
<th>Type</th>
<th>Infrastructure</th>
<th>Superstructure</th>
<th>Port labour</th>
<th>Other functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public service port</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>Majority public</td>
</tr>
<tr>
<td>Tool port</td>
<td>Public</td>
<td>Public</td>
<td>Private</td>
<td>Public/Private</td>
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<tr>
<td>Landlord port</td>
<td>Public</td>
<td>Private</td>
<td>Private</td>
<td>Public/Private</td>
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<tr>
<td>Private service port</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Majority private</td>
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</table>
## Public-Private Roles in Port Management

<table>
<thead>
<tr>
<th>Port Activity</th>
<th>Port Administration</th>
<th>Nautical Management</th>
<th>Nautical Infrastructure</th>
<th>Port Infrastructure</th>
<th>Superstructure (equipment)</th>
<th>Superstructure (buildings)</th>
<th>Cargo Handling Activities</th>
<th>Pilotage</th>
<th>Towage</th>
<th>Mooring Services</th>
<th>Dredging</th>
<th>Other Functions</th>
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<tr>
<td>Public Service Port</td>
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<td>Landlord Port</td>
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</tbody>
</table>

- **Public Responsibility**
- **Private Responsibility**
Figure III.1. Matrix of competitive advantage
The public-private balance of Risk and Regulation
2. Arguments for increased private sector participation in the port industry

- Reduce size of public sector financial commitments.
- Improve the productivity through competition.
- Raise funds for other public activities.
- Escape the problems of bureaucracy.
- Reduced the size of the port labor force, hence the reason for the general lack of enthusiasm of unions for privatization.
2.1 Various methods of increasing private sector participation

- Lease land and facilities
- Lease land and infrastructure-sell super structure.
- Lease land, sell facilities.
- Convert public authority to public enterprise.
- Sell land and all infrastructure and superstructure
### Categories of Port functions privatization

#### Table 3.3 Key port elements: Privatization options (Baird, 1999)

<table>
<thead>
<tr>
<th>Port Models</th>
<th>Port</th>
<th>Operator</th>
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<tr>
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<td>PRIVATE/III</td>
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3.1 Profile of Rotterdam Port Authority

- The Port of Rotterdam Authority is the coordinator, authority and service provider of the Rotterdam port area. The Port Authority stimulates and facilitates economic activity in the port area, leases sites to businesses and bears responsibility for the efficient and safe handling of shipping traffic.

- In cooperation with customers, (local) authorities, (umbrella) organizations and the surrounding the Port Authority wants to develop a definitive world-class European port. And quality is the key.
The port of Rotterdam, which covers some 10,500 hectares, is a major factor in the national and regional economy. The port is a hub in the international freight flows, and a business location for industry and logistics services. Every year, some 35,000 deepsea ships and 130,000 inland waterway vessels call at the port of Rotterdam.
The Port of Rotterdam Authority is responsible for the efficient, safe and reliable handling of all this deep-sea and inland shipping. We do so using an advanced radar system, patrol boats, and inspectors who keep a close eye on the transport of dangerous freight. Attention for safety and the environment is crucial for the Port Authority.

As the manager of the port, the Port of Rotterdam Authority leases sites amounting to around 5,000 hectares to businesses. The Port of Rotterdam Authority also provides the infrastructure of waterways, roads, quays and other services for the users of the port area.
Structure of Rotterdam Port Authority
Core values of Rotterdam Port Authority

- The Port of Rotterdam Authority has defined the following core values for achieving its aims:
  - **Reliability** sticking to agreements;
  - **Enterprising** proactive and businesslike conduct within the set course and the vision;
  - **Customer-orientation** putting the interests of the port and its customers first;
  - **Care** honest and responsible in dealing with interests and resources;
  - **Sustainability** working with an eye to the future on the definitive world-class European port.
Port Vision 2020

Port Vision 2020 has three objectives:

- to reinforce the international competitive position of the port and industrial complex;
- to help strengthen the economic structure of the city and region;
- to contribute to a better residential and living environment in the region.
Important components

Among the important components of Port Vision 2020 are the following:

- constructing a port extension into the sea;
- bringing together the port, housing and work in the City Ports (Waalhaven, Eemhaven, Merwehaven/Vierhavens);
- improving the accessibility of the port by water, rail, road and pipelines;
- strengthening the existing business clusters in the port;
- devising creative solutions for uniting the port, industry, housing, natural amenities and recreational facilities on the right and left bank of the River Maas.
Map of Rotterdam Port

- Distriparks in Rotterdam
- Waalhaven-Zuid
- Distribution centers outside the port and industrial area
3.2 Profile of Busan Port Authority

Busan Port Authority (BPA), the first port authority in Korea, is responsible for the management and development of the Port of Busan. It was launched on January 2004 with 3.2 trillion won worth assets. Busan Port, the largest port in Korea, handles about 80% of the total container volume in Korea. It is the 50th busiest container port and 3rd busiest transshipment port in the world. In addition, Busan Port has excellent connectivity with 500 ports in more than 100 counties and all the world’s major shipping companies are calling at Busan Port.
BPA is now undertaking three important projects—First, New Port project. A total of 30 new berths will be completed by 2011, Then the Port of Busan will have 52 berths that will be the largest port capacity in the world. Three will enter into operation on January 2005. Secondary, a total of 1.2 million sq. m of logistics areas called Districtpark will be offered to provide comprehensive logistics services to the customers. Lastly, BPA will redevelop the old piers in the present port as the significant part of current cargoes will gradually flow into New Port.
The port facilities managed by the BPA include
- the quay wall where loading work is performed while a vessel is berthing, fishing boat quay, pier, dolphin,
- anchoring facilities such as the dock,
- CY in an open storage yard of the warehouse, CFS, silo, oil storage facility,
- distribution/sales facilities of freight such as a freight terminal,
- fixed or movable loading facilities such as cargo transportation facility/piping facilities,
- passenger convenience facilities such as a waiting room, passenger elevator facility, and a parcels office, and oiling and watering facilities for vessels.
Map of Busan Port