

Port devolution revisited: the case of regional ports and the role of lower tier governments

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Abstract

Most models of port governance have been developed to fit the largest ports, and tend to simplify the devolution process as one involving the transfer of jurisdiction from the State to the private sector. The devolution of smaller ports has been largely ignored as have transfers involving transfers from upper levels of government to lower tiers of public administration. Yet in many countries this has been the experience of port governance, where complex structures have arisen, many of which involve public control, in contrast to the strongly privatised process covered in the literature. The objective of this paper is to examine the process and consequences of changing port governance involving small and medium size ports where lower tiers of government are involved. It examines the recent devolution process in Canada and the decentralization policy in France. It brings to light the diversity of actors, public and private, who have come into play. The paper goes on to examine the challenges that have come about as a result of devolution that face the new port administrations. The paper concludes that existing models of port governance are incomplete and that the role of public administration in port governance is greater, albeit in a different form, than claimed in the existing literature.

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1. Introduction

Port governance involved public control for much of the Twentieth Century. Public control extended through a range of roles: as regulator, as provider of infrastructures and superstructures, as provider of port services including cargo handling and port labour. In the last two decades of the past century, however, a great deal of devolution has taken place. In many jurisdictions ports have been transferred from state ownership and control to more flexible governance regimes involving private actors in varying degrees. This process of devolution has drawn the attention of international agencies and academic researchers. The World Bank in its Port Reform Toolkit (World Bank, 2001) placed the process as a continuum from on one extreme, the

service port model – the classic public port, to a fully privatised port, where all actions are determined by private owners. Other authors (Baird, 1995, 1999, 2000; Baltazar and Brooks, 2001; and Brooks, 2004) have elaborated and extended this devolution continuum.

In the majority of cases the focus of devolution in the literature has been on the transfers of responsibilities from a state authority towards the private sector, either directly through a sale or concession or through a sharing of responsibilities (Cullinane and Song, 2002; Hochstein, 1996; Hoffman, 2002; Thomas, 1994). In few instances only is devolution in the academic literature seen as a transfer from one level of government to another. Yet in many countries, such as Argentina, China, Canada and France recent devolution is involving transfers from the national governments to lower tiers. In the case of France the primary devolution has taken place from the State to the *régions*, while in Canada the provinces, regional municipalities and municipalities have been among the ‘beneficiaries’

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in most cases. In a sense, therefore these are still ‘public’ ports, but their changing status exposes a range of issues poorly represented in the present literature.

At the same time, the literature on devolution is heavily biased towards the largest ports. In Brooks’s work on Canada (2004), for example, the focus is on the 19 ports that have become Canada Port Authorities, with little mention of more than 500 smaller ports transferred to other agencies. In the case of Argentina, where all but one port were devolved to the provinces, Serebrinsky and Trujillo (2005) explore in depth the one that was retained by the national government, Buenos Aires. Devolution of smaller ports involves a very different set of conditions and problems than those that confront the major ports, so that the issues and challenges confronting the new agencies are not directly comparable with those already described in the literature. When these agencies are lower tiers of government a further range of issues are precipitated.

The goal of this paper is to fill a lacuna in the existing literature by bringing into focus the questions raised by the process of divestiture of small and medium size ports, questions that relate not only to the maintenance of port activities but also to the ability of the new agencies to carry out their new responsibilities. While devolution may be seen as a

means of invigorating the port sector by moving towards a more flexible and commercial organization, governments are also pursuing devolution as a means of reducing the financial burden on the State. For smaller ports the reduction in funding imposes a much more severe burden than the larger ports which are capable of generating higher revenues. When these financial obligations are transferred to a lower tier of government, many questions arise, not just about the ability to finance the activity, but also how to establish partnerships with actors in the port industry, how to manage conflicts between other ports under the same jurisdiction, how to coordinate relationships with other jurisdictions: police, environment, maritime security etc., and how to respond to legal issues relating to property rights, concessions etc.

Evidence is drawn from divestiture in Canada and France. In the case of the former, the process has been taking place over the last decade during which time over 500 ports have been transferred from Transport Canada to other bodies, mainly public (Dion et al., 2002). In France a process of regionalization is taking place in which 19 *Ports d'intérêt national* are being transferred to lower tiers of government (see Fig. 1). Information was obtained primarily through government reports and audits as well as interviews. While we were interested in the general trends in

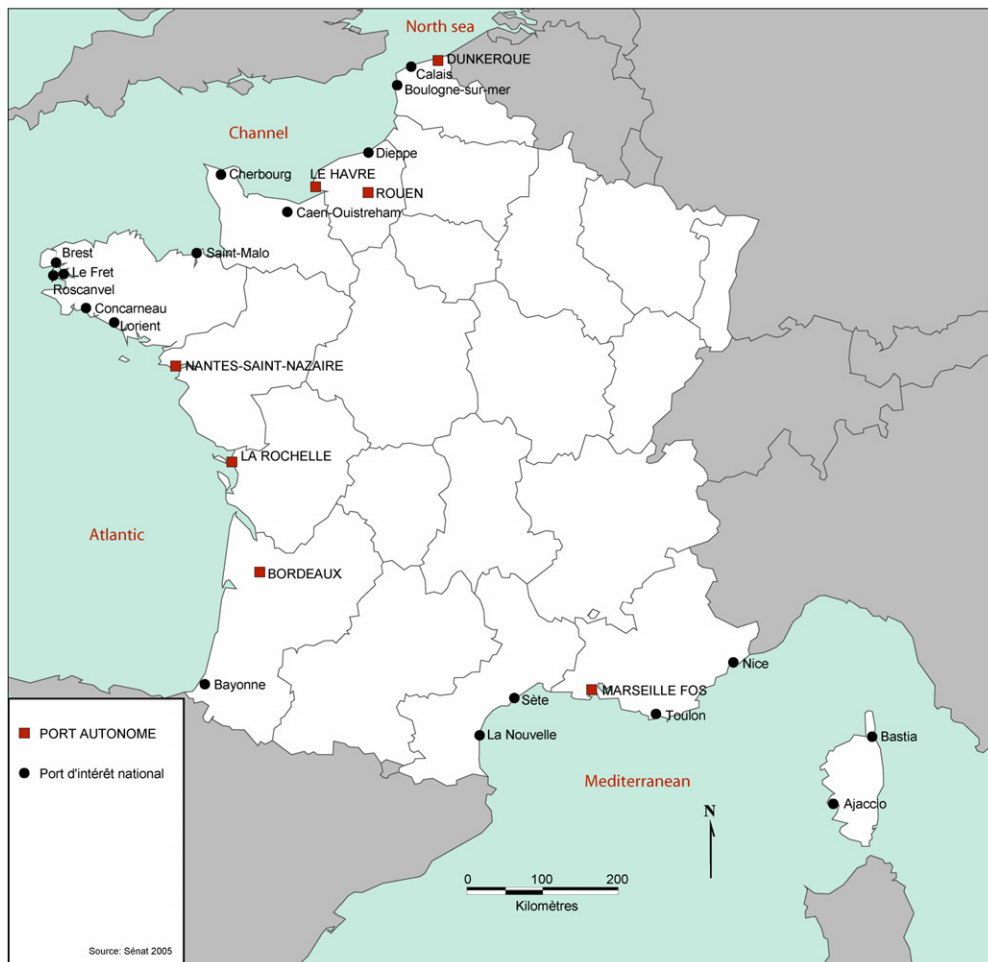


Fig. 1. Ports *d'intérêt national* and ports *autonomes* in France.

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