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Exploring Transparency in Port Governance

Objectives

This study explores the levels and standards of transparency in the governance of ports. Transparency is associated with goals such as accountability, inclusivity, legitimacy and socially responsible outcomes. It is also linked with efficiency of resource allocation decisions and improved performance of an industry, sector, or firm. Key actors in port governance, such as government departments involved in port policy-making, port authorities, and port regulators need to be transparent about their behavior, policies and practices as a way of enhancing economic performance and accountability to their stakeholders, particularly the community that hosts them. Transparency, however, remains a remarkably under-analysed notion in port studies. This is surprising as waves of port policy reforms have been examined over the last three decades but with limited investigation into transparency *per se*, although, for many governments, the devolution of power from a central government to more autonomous ports aimed to reach the reform goals through increased transparency.

This study explores the availability of information available to the general public and port stakeholders through the ports most public face- its website. For most port stakeholders, using or searching a port website is the first action taken by a member of the public or a port stakeholder to find information. Thus, the availability of information and the ease with which it can be located is an indicator of a port's commitment to transparency. The empirical research explores both formal transparency related to requirements imposed and those that are voluntarily adopted.

Data/Methodology

The empirical research examines key transparency indicators used at public ports in North America, Europe, and South America. The constructed database includes 87 ports, 23 in the United States, 17 in Canada, 21 in South and Central America and 26 in Europe. In the United States, public ports, both large and small, were selected from each of four coastlines (Pacific; Atlantic, Gulf; Great Lakes). This ensured coverage of all areas of the country, providing an opportunity to examine any regional differences within the US. In Canada, all Canada Port Authorities (CPAs) were examined; these ports are the ‘corporatized federal agencies’ under the Canada Marine Act and responsible for all of the international container traffic and the majority of international bulk traffic. In Europe, the sample includes the major port in each of the 21 European Union member countries plus any other port listed in the top-15 container ports in terms of throughput and according to the 2018 data. In South and Central America, the sample includes the major ports in each country, and any other major container port.

Ports in different parts of the world have different governance structures and different mandates for public access and disclosure. This exploratory investigation centered on identifying the parameters that would be useful for the general public to have sufficient information to monitor, review and in many cases, participate in the decision-making process carried out by the port authority, irrespective of whether or not laws mandate such disclosure. Beyond the analysis of the extent to which ports supply such information to the general public, the analysis also looks at the regional differences and patterns that can be discerned from the ports examined. Research data was collected by a systematic review of each port’s website. Where a port may be part of a larger government authority (an office within a state department of transportation in the case of some US ports), the website of the higher government authority was also searched.

The analysis

Fifty-nine items were identified for the examination of each port’s website. They comprised two major categories: *decision-making governance* and *port communications and accessibility*. The decision-making governance category included such things as board member biographies, whether there were public meetings, whether there were agendas posted prior to the meetings and the availability of meeting minutes. The port communications and accessibility category included contact information for key executives and staff, the availability of port-generated reports such as annual reports, financial statements or port development plans as well as the use of social media and the provision of tools or materials for non-English speaking or reading members of the public.

Data were recorded as *yes*, when the data were found on the port web site or in a downloadable report on that web site, and could be downloaded by anyone. A *no* meant the data was not available or, at least, not found within one hour of searching the site or any downloadable report. There may be cases where the data are publically available and may even be on the website but was not found by the investigators within that one hour time limit. Difficulty in finding information is one aspect of transparency.

Beyond reporting the findings, and regional variations, with respect to each of these 59 items, nine have been selected as potential proxies that might be serve as key indictors for recording and monitoring the evolution of port transparency levels over time.

Results/Findings

The research reveals uneven levels of port transparency, as well as the need for further improvements in that transparency. Within each region, transparency levels in *decision-making governance*, the reporting of these decisions, and the consequent port activities were found to be inconsistent. Reporting on relations with stakeholders and public consultations are irregular. Comparing with indications in few relevant studies of the past, in general, transparency has improved in recent times but, for many ports, there is a considerable distance to go and further improvements are possible.

Such inconsistency, as well as regional variance is evident in all four categories of *decision-making governance* by port authorities examined (i.e. transparency on decision-makers; assessment of annual meetings and/or board meetings and their decisions as well as on board and non-board committee information; and port community relations). Similar are the findings in all five categories of transparency parameters related to the levels of transparency of *port communications and accessibility* (i.e. communications access; availability of reports; transparency of port planning and reporting (i.e. disclosure of public interest) as well as of financial reporting (i.e. public scrutiny of audited financial reports; disclosure of financial data); transparency of port activities; and key content of port website).

The relatively low levels of port transparency are illustrated when we focus on the nine key port transparency indicators (**Table 1**).

Table 1. Key Port Transparency indicators

	Total (n=88)	Canada (n=17)	Europe (n=26)	S. & C. America (n=21)	U.S.A (n=23)
Decision-making Governance					
Port Website and/or Annual Report provides bio of Board of Directors (BoD) members	51%	47%	27%	31%	91%

Annual Meeting (AM) and/or the Board Meeting (BM) are open to the public	39%	59%	0%	8%	96%
Minutes of the Annual Meeting (AM) and/or the Board Meeting (BM) are published	30%	6%	12%	15%	78%
Web site has a community and/or a stakeholder link	39%	71%	15%	12%	65%
Port Communications and Accessibility					
Contact information at Department and/or office level is available directly on the website	62%	24%	92%	50%	57%
Annual report is publicly available on the website	74%	82%	65%	62%	74%
Complete audited financial statements are publicly available on the website	69%	71%	65%	50%	78%
Corporate Social Responsibility (CSR) and/or environmental and sustainability reports are publicly available on the website	56%	53%	62%	46%	52%
Port Tariffs	66%	100%	77%	4%	83%

Implications for Research/Policy

Having explored the state of transparency in the sector, further research is needed with respect to both the current levels of transparency and the observed variance in the X ports examined. For instance, are the identified levels of transparency dictated by the applicable regulatory obligations on each port? Do they reflect the corporate governance culture in the respective economies? Are transparency levels higher as port authorities voluntarily seek to engage their stakeholders? Are different levels of transparency evident in different port markets (i.e., container, bulk, cruise, and the like)? Foremost, further research on the essential elements of transparency, and their use to monitor the transparency of the industry is worthy of further research.

At a practical level, the study reveals a need for increasing the existing levels and standards of transparency in the governance of the port industry, and for greater consistency between ports within a region. Our analysis also provides details on those aspects where port transparency is satisfactory. Port authorities, and relevant decision makers at national or regional level, might consult the findings and proceed to implement corrections to existing policies and actions, thereby enhancing port accountability, inclusivity, legitimacy and socially responsibility.

Keywords: *Port transparency, port governance, port policy, (maximum 6 key words)*