

Sports Act as a Function of Nautical Tourism Development in Croatia and in the Mediterranean, II. part

Zakon o sportu u funkciji razvoja nautičkog turizma Hrvatske i Mediterana, II. dio

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Summary

Maritime domain is of great importance for the Republic of Croatia because it represents a developmental foundation of Croatian tourism, especially nautical tourism in which sports ports have not participated so far. In such process it should be noted that activities in sports ports are regulated by the Sports Act. Accordingly, the aim of this paper is to evaluate both positive and negative factors which reflect on the economic interests and finally on the economic effects. In this study we used methods of analysis and synthesis, and when we were analysing and comparing Croatia with other Mediterranean countries (Italy, Spain, France) we used the comparison method. The scientific contribution of this study is reflected in the latter.

KEY WORDS

maritime domain
sports ports
Sports Act
cruise ports

Sažetak

Pomorsko dobro ima izuzetan ekonomski značaj za Republiku Hrvatsku jer predstavlja temelj razvoja hrvatskog turizma, posebice kapaciteta nautičkog turizma u kojem zasad ne sudjeluju sportske luke. Pritom se mora voditi računa da se u sportskim lukama, temeljem koncesije, obavljaju sportske djelatnosti iz Zakona o sportu. Cilj ovoga istraživanja je vrednovati pozitivne i negativne čimbenike koji iz toga proizlaze, a koji se odražavaju na ekonomske interese, i u konačnici, ekonomske efekte. U ovom istraživanju koristile su se metode analize i sinteze, a u ekonomskoj analizi i usporedbi s državama Mediterana (Italija, Španjolska i Francuska) koristilo se metodom komparacije. U tome je znanstveni doprinos ovog rada.

KLJUČNE RIJEČI

*pomorsko dobro
sportske luke
Zakon o sportu
luke nautičkog turizma*

1. INTRODUCTION / *Uvod*

All the developed world's economies have regulated the protection of their natural resources, as well as the role and the method of their utilization and restoration by specific documents, making the economy responsible for resource management. The economic potential of the maritime domain of the Republic of Croatia is based upon the three components, which are as follows: (1) maritime domain is the most attractive part of the national territory; (2) the total length of the Croatian coastline amounts to 6,278 km including the coastline covering approx. 1,244 islands, islets, reefs, and rocks; (3) the overall area of the Republic of Croatia, amounting to 87,661 km², includes the internal sea waters and the territorial sea (maritime domain) covering an area of 31,479 km² (the internal sea waters accounting for 12,498 km² and the territorial sea accounting for 18,981 km²).

In analyzing the maritime domain, the question arises as to the methods of governance. Therefore, the economy of resources within the maritime domain is the focus of this research paper. The purpose of the research is to examine the economic aspect of the problem with the seaports and seaport system management with particular focus on the berths and activities at sports and municipal utility seaports. Accordingly,

the objective of this research is to assess the positive and negative factors arising from the legal framework reflecting on the economic interests and, ultimately, the economic effects. The research *hypothesis* is the following: basing the national economic system on the legal system, as well as on its frequent amendments, is both ineffective and harmful.

Various scientific methods (such as the analysis, synthesis, deduction, and comparison etc.) were used in this research, and secondary research known as *desk research* in particular. The comparative method showing the effects of management onto the maritime domain of some Mediterranean countries (such as Italy, Spain and France) we can consider the most developed countries in nautical tourism is extremely important.

All the aforementioned has motivated the author to conduct this research.

This research paper consists of several interconnected sections which represent the continuation of the previous work which elaborated on the legal aspect of this issue. The introduction is followed by the section on the economy of resources within the maritime domain. The section emphasizes the importance of seaports and seaport system for the national wealth, as well as the function of the strategic management

within the maritime domain as natural capital. In this regard, it has been established that the Republic of Croatia has no maritime domain development strategy, which has been confirmed by the few research papers of the Croatian authors on the sports and municipal utility seaports, and on the utilization of the maritime domain in general (Frković, 2017). This section is followed by the third and the most significant one presenting the results of the author's research on the topic of the structure and economic capacity of berths in Croatia. The fourth section contains the models of the maritime domain management in Italy, Spain and France. The research paper ends with the conclusion, which is the fifth and final section of the paper and represents its essence.

2. THE RESOURCE BASED ECONOMY WITHIN THE MARITIME DOMAIN / *Ekonomija resursa na pomorskom dobru*

The maritime domain requires an integral and comprehensive management since different interests must be reconciled there which are the following: economic and public interests, the interests of its protection, and the sustainable development. The economic interests arise from the strategic relevance it has to the economy of all the economic activities on the territory of the Republic of Croatia which are performed within the maritime domain or in relation to it, and which themselves affect the following: a) gross domestic product and added value, b) creation of new jobs and the employment policy, c) job structure, and the income and earnings policy, d) investment activity and the attracting of domestic and foreign investment, e) promotion of tourism consumption, f) import and export, g) tourist offer related to the extension of the tourist season and expansion of the tourism product range, h) recognition of the destination, i) development of underdeveloped areas, j) reducing of poverty of the local population etc. The public interest implies granting everyone the right to use the domain. The interest of the protection of the maritime domain prohibits the devastation of the domain due to utilization and the appropriation of the maritime domain landside, requiring a constant supervision by the environmental protection authorities. Finally, the sustainable development represents the compromise between the preservation of natural areas and the economic development.

The seaports and seaport system are part of the maritime domain, and represent the lifeline of the economic development of the entire community, as well as the national interest of all the countries that have them. They represent the economic resource that requires the strategic planning and development strategy. The strategic planning is a process used to determine the priorities which are to be achieved in the future. Unlike the traditional planning, the strategic planning is proactive, long-term and oriented towards the entire community (Rahman, 2014). The strategy, though, is a rational planning process which includes the selection of specific operations and activities. It consists of the four interrelated components, which are as follows: a) scope, b) allocation of resources, c) specificity of competence, and d) synergy (Buble, 2006; Luković, 2007). The strategy is implemented by strategic managers, and the ultimate effects of the strategy depend on the effective benefits (Rahman, 2014).

As stated in the Section 1 of the research paper, the seaports in the Republic of Croatia are divided into the following: a)

seaports open to public transport, and b) special purpose seaports. According to the activities performed at the special purpose seaports, we distinguish between the following: a) military ports, b) cruise ports, c) industrial ports, d) shipyards, e) sports ports, fishing ports and other ports used for similar purposes. The economic potentials of all the seaports and berths at the ports have not been sufficiently studied or acknowledged. It is still not quite clear what should be the purpose of the sports ports in the future: a) should they remain an unfair competition to the nautical tourism ports, or b) part of the tourist offer as a complementary system of the public ports and traditional ports? At the moment, the concession holder of the sports port is the sports association which performs sports activities at the port, with its members being the only ones using the berths on a non-commercial basis. Another issue which has not yet been addressed is the legal status of the municipal utility seaports with a specific economic potential. The concept of a municipal utility seaport has not yet been defined by the Croatian legislation, but it has been merely determined that the utility berth is to be used for special purposes and predominantly for the commercial use of the local population.

Unfortunately, as we can see, there is still no strategic planning or a maritime domain development strategy in the Republic of Croatia (Kundih, 2017). For this reason, the exploitation of the maritime domain covering 1/3 of the state's area has not been economically assessed. This is a paradox, since the models of exploitation of the maritime domain, together with the touristic land, are the basic prerequisites for the growth of investment in tourism accounting for almost 20% of the Croatian GDP. To this day, the Croatian economic literature has not addressed the issue of sport and utility port operation or their berthing capacity. Panžić (2010) is one of the few who has analyzed in detail the sports seaports in comparison to the nautical tourism ports. He stresses the negative aspects of their operation and the so-called "positive discrimination". The negative aspects, among other things, include annual concession fees collected by concession providers by port and sports port concession holders. The fixed part of the concession fee for the existing and built-up ports is at least KN 10/m² of the occupied space, while the fixed part of the fee for the sports ports amounts to KN 0.6/m². The variable part of the concession fee is also much lower for the sports ports in relation to the ports. Thus, the initial amount of the variable part of the concession fee for the existing and the built-up ports is calculated as a percentage of the bidder's income, and it amounts to 4% of the bidder's income, while the initial amount of the variable part of the concession fee for sports ports amounts to 20% of the total amount of all the collected annual fees. We can conclude that such a method of the calculation of the fee substantial resources are being lost, and the multiple effects of the nautical tourism ports onto the economy are being lost to an ever greater extent.

The situation with municipal utility ports is similar or even worse. By delegating the authority to manage, exploit, build and maintain the seaports of regional and local importance to the regional port authorities, the municipal utility ports are indirectly categorized among the ports open to public service, not the special purpose ports by the legislation. On the other hand, Luković and Bilić (2007) provide a definition of the municipal utility port as "a multipurpose seaport, a special purpose seaport used for nautical tourism" managed

by municipalities and towns. Mišić (2012) completely agrees with them, stressing that “municipal utility seaports should be predominantly used for special and commercial purposes by the local population, and the maintenance and exploitation are to be under the jurisdiction of local authorities”. The legal chaos poses problems to the implementation, so specific county port authorities do not charge mooring fees to the users at all (such as the County Port Authority of Korčula) while the other port authorities do charge the mooring fees.

The management of sport and municipal utility ports are actually the paradigms of the maritime domain management in general. The analysis of the maritime domain management in Croatia shows, inter alia, the following substantial limitations:

- in general, there is no clear model of the evaluation of maritime domain or the model of determining the concession fee for the utilization of the seaports (Kesić, Jugović, 2005);
- the economic development of the Croatian seaports is also limited by the existing categorization of seaports into the two aforementioned groups, such as: a) seaport open to public service (*general purpose*) and the seaport not open to public service (*specific purpose*). Therefore, for the purpose of implementing the fundamental EU market policy, the modernization of the classification is proposed which is to include the following: a) public ports, b) private ports performing the public service, and c) private ports for personal use (Vojković, Grubišić, Vojković, 2016);
- a clear model of the maritime domain evaluation certainly includes the possibility of acquiring the ownership of the superstructure facilities built within the maritime domain the purpose of which is to spur the interest of financial institutions in investing in the development of the facilities within the maritime domain in the Republic of Croatia since in this case the development project would be “bankable” (Stanković, 2016).

Finally, the question is whether and in what way (if so) the Law on Sports as a special law (*lex specialis*)¹ for the area of sports activities and all the other issues related to sports, serve in developing the nautical tourism ports and the national wealth? We are referring here particularly to the relationship between tourism and sports in which the sports activities (sports competitions and sports recreation) represent an added value to tourism in terms of the quality and the diversity of tourist offer, such as in case of Italy, Spain and France.

3. RESEARCH RESULTS / *Rezultati istraživanja*

The berth is a part of the maritime area which can accommodate a vessel (a ship, boat, or yacht) and is used to determine the capacity of a specific seaport. The function of the berth is different for each type of the seaport. The function of berths at the sport and municipal utility seaports is quite different from the function of the berths at the nautical tourism seaports. The purpose and objective of the existence of sports ports is to increase the number of facilities and the quality level of the sports component in the social life of the sports association, and the berths they contain are intended exclusively, as mentioned previously, for the accommodation of the vessels of its members. As for the municipal utility berth, it is used primarily for special purpose and commercial usage of predominantly

local population. The operation at sport and municipal utility seaports is not commercial.

In reality, sports seaports are ever more used for commercial activities, and have therefore been losing their original purpose, generating chaos in practice (Luković, 2014). Therefore, the need arises as for the repositioning of their role from the economic point of view. The actual situation with the number of berths at sport and municipal utility seaports is reflected in the results of the desk research given below. Before this, for the purpose of a better understanding of the topic, the basic concepts related to the nautical tourism ports are presented briefly, as well as the recent official statistics on the types and number of berths at the seaports.

On the other hand, the fundamental function of the nautical tourism is to increase the economic benefits through the tourist offer in terms of the extension of the season and expansion of the tourism product range, and the berths are available to everyone, on a commercial basis, though.

3.1. Berths at cruise ports / *Vezovi u lukama nautičkog turizma*

The activities at the special purpose seaports, including the nautical ports, are performed by legal and natural persons based on the obtained concession. A nautical port is the tourism facility which forms a single unit in terms of business, spatial planning, construction and functionality, or as part of the broader territorial unity it has a separate area and special conditions for the purpose of nautical tourism and nautical tourists. The nautical port provides nautical tourism services and other accompanying services to nautical tourists (commercial and hospitality services etc.). The cruise ports include the following: anchorages, moorings, dry docks and ports. The ports fall into three different categories which are as follows: - the first category includes the ports of the highest quality standard, - the second category includes the ports of the medium quality standard, - the third category includes the ports of the lowest quality standard.

Pursuant to Communication nr.4.3.4. of the Croatian Bureau of Statistics as of March 24, 2017 in the year 2016 there were 139 nautical ports on the seashore of the Republic of Croatia, including 71 ports (13 of which are dry docks) and 68 other nautical ports (58 anchorages, 7 moorings and 3 unclassified nautical ports). The number of berths for yachts and other vessels amounted to 17,428. In 2016, the overall revenue of the nautical ports amounted to KN 769 million, with KN 539 million generated through the rental of berths, accounting for 70,1% of the overall revenue.

3.2. Berths at sports ports / *Vezovi u sportskim lukama*

Sports ports are not cruise ports. They are not part of the maritime domain intended for the performing of lucrative activities, although, like nautical ports, they are officially classified as special purpose seaports (Bartoluci, Čavlek, 2007).

Unfortunately, there is no systematic sports port record keeping in the Republic of Croatia. Each of the seven (7) counties on the Adriatic coast keeps its own records from which the most important thing is not publicly visible, which is as follows: the number of berths at a specific sports seaport. What additionally contributes to this confusion are the official websites of the two Ministries (the Ministry of Finance, and the Ministry of the

¹ Official Gazette Nr.71/06, 150/08, 124/10, 124/11, 86/12, 94/13, 85/15, 19/16.

Table 1 Cruise ports, 2016
 Tablica 1. Luke nautičkog turizma u 2016.

| County of | Total | Ancho- rage | Mooring | Ports | | | | | Uncategorised nautical ports |
|-----------------------|-------|----------------|---------|--------------|-----------------------------------|-----------------------------------|-------------------------------------|--|---------------------------------|
| | | | | Land port | Port, 1 st category | Port, 2 nd category | Port, 3 rd - category | Port, categori- sed and marked by anchors | |
| Republic of Croatia | 139 | 58 | 7 | 13 | 6 | 17 | 17 | 18 | 3 |
| Primorje-Gorski kotar | 26 | 8 | 3 | 5 | 1 | 2 | 3 | 4 | - |
| Zadar | 44 | 30 | 2 | 4 | - | 4 | 4 | - | - |
| Šibenik-Knin | 21 | 7 | - | 1 | 2 | 3 | 5 | 3 | - |
| Split-Dalmatia | 27 | 12 | 1 | 2 | - | 3 | 3 | 5 | 1 |
| Istria | 13 | - | 1 | - | 3 | 3 | 2 | 4 | - |
| Dubrovnik-Neretva | 8 | 1 | - | 1 | - | 2 | - | 2 | 2 |

Source: Croatian Bureau of Statistics

Sea, Transport and Infrastructure) which do not contain any cumulative data on all the concessions within the maritime domain which are publicly available and suitable for a more detailed analysis.

Table 2. shows the following:

1. In Croatia, there are significantly less active sports port concession agreements (37) than (100) the ones stated in the legal literature (Panžić, 2010);
2. The only sports port of national relevance to the Republic of Croatia is the Vitrenjak sports port located in the Town of Zadar. The Republic of Croatia has granted the concession for this port to the Uskok Sailing Club in Zadar following the public bidding process. The concession is granted for the period of 20 (twenty) years from the day of conclusion of the concession agreement for the purpose of utilizing the sports port and performing the economic activity;
3. The largest number of active agreements on sports ports (20) is located in the Split – Dalmatia County, ten (10) of which are in the Cadastral Municipality of Split;
4. Assuming each of the 37 sports ports contains up to 150 berths, it follows that there are approx. 5,500 – 6,000 berths for boats at sports ports in the Republic of Croatia;
5. The benefits for the budget obtained from the sports port concessions, as well as from the concessions for other types of ports are the lowest possible. The Report on the conducted concession policy for the years 2014 and 2015 issued by the Ministry of Finance of the Republic of Croatia does not show clearly what was the revenue for the budgets

based on the active sports port concession agreements, but it contains the cumulative sums of concession fees. Therefore, the revenue generated from the concessions within the maritime domain for the state budget, as well as the budgets of the counties and towns/municipalities amounted to KN 94,8 million in total for the year 2015 (1/3 of the concession fee was paid to each of the budgets). The income generated by the concession approvals issued by the towns/municipalities is not included in the aforementioned Report;

It is considered that the existing sports port management system is to be upgraded significantly in terms of vessels and economic activities. In fact, the compromise is to be made between the tradition and the smart economic policy. In terms of the vessels, in addition to boats, yachts should also be provided with the berthing at the sports ports. With respect to the economic activities, distinction must be made between the economic and the non-economic activities. In the sports area of the sports port, the concession may be granted exclusively to the sports clubs which, in compliance with the Sports Act, have active competitors of all age categories (non-economic activities). The activation of the remaining part of the port area is possible through the commercialization by means of the cruise port (economic activity). The bottom line is that the local population engaging in all the other types of sports activities set out in the Sports Act (sports recreation, for example) will have the municipal utility berths at their disposal as a substitute for the berth at the sports port, which is elaborated below.

Table 2 Sports ports of the regional and national relevance to the Republic of Croatia
 Tablica 2. Sportske luke županijskog i državnog značaja u Republici Hrvatskoj

| Item Nr. | County | Sports ports of regional relevance | Sports ports of national relevance |
|----------|--------------------------------|---------------------------------------|---------------------------------------|
| 1 | Dubrovnik-Neretva County | 2 | - |
| 2 | Split – Dalmatia County | 20 | - |
| 3 | Šibenik – Knin County | 7 | - |
| 4 | The County of Zadar | - | 1 |
| 5 | Lika – Senj County | - | - |
| 6 | Primorje – Gorski kotar County | 5 | - |
| 7 | The County of Istria | 2 | - |
| | TOTAL: | 36 | 1 |

Source: Data was collected and processed by the Author (as of July 1, 2017)

Table 3 The municipal utility and other berths at ports of regional and local relevance which are open to public service
 Tablica 3. Komunalni i drugi vezovi u lukama otvorenim za javni promet županijskoga i lokalnog značaja

| | County Port Authority | Municipal berth | Nautical berth | Anchorage | Mooring | Ro - Ro dock | Total |
|-----|--|-----------------|----------------|-----------|---------|--------------|--------|
| 1. | Port authority County of Šibenik-Knin | 998 | 328 | 75 | - | - | 1.401 |
| 2. | Port authority County of Split-Dalmatia | 3.340 | 778 | - | - | - | 4.118 |
| 3. | Port authority County of Dubrovnik-Neretva | - | - | - | - | - | - |
| 4. | Port authority County of Zadar | 3.695 | 125 | 39 | - | - | 3.859 |
| 5. | Port authority Dubrovnik | 1.000 | 35 | 1 | - | - | 1.036 |
| 6. | Port authority Umag-Novigrad | 669 | 230 | 70 | - | - | 969 |
| 7. | Port authority Pula | 1.320 | 250 | - | - | - | 1.570 |
| 8. | Port authority Rabac | 28 | 11 | - | - | - | 39 |
| 9. | Port authority Rovinj | 624 | 36 | 85 | - | - | 745 |
| 10. | Port authority Poreč | 918 | 66 | 52 | - | 6 | 1.042 |
| 11. | Port authority Novi Vinodolski | 400 | 362 | - | - | - | 762 |
| 12. | Port authority Crikvenica | 1.000 | 100 | - | - | - | 1.100 |
| 13. | Port authority Bakar-Kraljevica-Kostrena | 1.059 | 36 | - | - | - | 1.095 |
| 14. | Port authority Opatija-Lovran-Mošćenička Draga | 950 | 35 | 60 | - | - | 1.045 |
| 15. | Port authority Krk | 2.577 | 877 | - | - | - | 3.454 |
| 16. | Port authority Cres | 535 | 77 | - | - | - | 612 |
| 17. | Port authority Mali Lošinj | 865 | 306 | 45 | - | - | 1.216 |
| 18. | Port authority Rab | 1.294 | 318 | 2 | - | - | 1.614 |
| 19. | Port authority Senj | 1.015 | - | 30 | - | - | 1.045 |
| 20. | Port authority Novalja | 402 | - | 20 | - | - | 422 |
| 21. | Port authority Korčula | 60 | 30 | - | 5 | - | 95 |
| 22. | Port authority Vela Luka | 544 | 21 | 29 | 4 | - | 598 |
| | TOTAL | 23.293 | 4.021 | 508 | 9 | 6 | 27.837 |

Source: Data was collected and processed by the Author (as of July 1, 2017) / Izvor: Autor prikupio i obradio podatke

3.3. The municipal utility and other berths at ports of regional and local relevance which are open to public service / Komunalni i drugi vezovi u lukama otvorenima za javni promet županijskoga i lokalnog značaja

The ports of local and regional relevance which are open to public service are not the traditional public ports intended exclusively to the transportation of cargo and passengers anymore. Since 2007, they have been representing a combination of municipal utility ports, public ports and special purpose ports.

The municipal utility berth includes the berth of the vessel with the residence of its owner being on the territory of the local self-government unit, or the vessel is permanently moored in the area and is entered into the Naval Vessel Register of the authorized Harbor Master's Office or the Boat Register of the authorized Harbor Master's Office or its branch office. The public port implies its utilization by all the natural and legal persons under equal conditions according to its intended use and within the limits of the available capacities.

On the territory of the Republic of Croatia, there are currently 65 ports of regional relevance which are open to public service, and 369 ports of local relevance (accounting for 434 ports in total) distributed according to their geographic position within a specific county. The founders of all the port authorities are the counties, which minimizes the jurisdiction of the local self-government. The management, construction and utilization of these seaports have been granted exclusively to the regional port authorities (22) as public institutions (non-profit legal persons).

The official statistics on the number and types of berths at the ports of regional and local relevance to the Republic of Croatia do not exist. The websites of the county port authorities usually do not contain statistics on the number or types of berths they manage. The Author's *desk research* included the questionnaires sent to the addresses of all the county port authorities published on the official website of the Ministry of the Sea, Transport and Infrastructure. All the county port authorities have replied, except for the Port Authority of the Dubrovnik-Neretva County.² The research has generated the following results:

Table 3. shows the following:

1. All the ports have a conspicuous municipal utility aspect. Their nautical aspect is much less conspicuous, though it is more profitable, which will be confirmed below;
2. There are no concrete economic criteria for the establishing of county port authorities. In specific counties, the centralized governance model has been implemented with a single port authority (the Split-Dalmatia County, the Šibenik-Knin County, and the County of Zadar), while in the remaining counties (the Dubrovnik-Neretva County, the Lika-Senj County, the Primorje-Gorski kotar County and the County of Istria) the decentralized governance model has been established with several port authorities within a county;

What are the financial performance indicators of the county port authorities?

² Explanation is the following: "The main reason for this is that we do not have systematic data, and we are currently expanding the port area at a number of our ports."

The comprehensive annual financial statements on the business performance of the county port authorities are usually not publicly available. The exception is the Port Authority of the Šibenik-Knin County which has published the revised financial reports for 2016 on its official website. From its financial statements it follows that: a) there is an excess of income over expenditure amounting to KN 2,171.091; b) nautical berth fee-generated revenue amounts to as much as 80% of the overall revenue (KN 9,871.948/KN 12,346.710); c) municipal utility berth fee-generated revenue amounts to only 2.64% of all the revenue (KN 326,400/KN 12,346.710); d) revenue from donations from the state and county budget amounts to 4.27% of the overall revenue (KN 528,069/KN 12,346.710); e) anchorage berth fee-generated revenue amounts to 1.4% of the overall revenue (KN 170,405 /KN 12,346.710); f) within the structure of expenditure, the port remediation cost, i.e. the cost of the regular and investment port maintenance amounts to 9.4% of the overall expenditure (KN 1,007.668/KN 10,726.342).

In brief, the revenue of the port authority consists of the following:

1. The collection of the nautical berth fee (harbor dues for the nautical berth) constitutes the basic income (80% of the overall income);
2. Donations from the state budget and the budget of the Šibenik-Knin County (the founder) i.e. the resources from the founder's budget in financial terms includes the direct public subsidy, but it does not represent a significant source of income in relative terms (4.27% of the overall income);

The fees obtained from the concessions for port activities, as well as the other revenues (fees collected for the performed services), i.e. the revenue obtained from economic activities are insignificant and represent weaknesses in the business activity.

Several current issues have arisen from the analysis of the current state of the governance of ports of regional and local relevance to the Republic of Croatia begging an answer, as well as the proposals for a solution.

Firstly, is the existence of the 22 county port authorities justified? Upon the foundation of port authorities, the counties used the possibility provided for in the legislation according to which each county can establish several port authorities upon the request of the municipal or the town council, with other parameters, the economic ones in particular (the *Cost – Benefit Analysis*) not being evaluated sufficiently.

Secondly, should the ports, instead of being under the authority of counties, be under the authority of towns and municipalities instead? The model in which the municipality, i.e. town manages the port within our legislation system instead of the county has not been recognized yet since there is no political will for this. The delegation of authority to the self-government units indisputably leads to the government decentralization, and it can be assumed that it will bring more significant economic effects to the local community through an efficient monitoring system.

Thirdly, why the model of concession granting to economic operators has not started operating? The private investment into the ports of the local and regional relevance through the concession granting model is really minimal, since the port authorities as public institutions, instead of the concession holders, have completely assumed onto themselves the role of construction, maintenance and utilization of the port area.

It is questionable whether this is the *mission* of the county port authorities or not.

Fourthly, do the county port authorities by providing the service of using nautical berths and anchorages present unfair competition to nautical ports? The quality of service at the ports on one hand, and the ports of regional and local relevance on the other one, is not the same. The former provide a complete service, while the latter provide only the berth and possibly the supply of electricity and water. However, the municipal utility ports have been destroying the existing method of exploitation of nautical ports because the concession holders, unlike the county port authorities, have been paying high concession fees for utilizing the maritime domain to the benefit of the budget.

Fifthly, what are the benefits of the existing governance system of the ports of regional and local relevance? The fundamental function of the county port authorities is to ensure the providing of services of general interest (*public interest*) or the providing of services other economic entities have no economic interest in.

It is believed that the existing system of governance of the ports of regional and local relevance is not sufficiently rational. The centralized governance method (a single county port authority in each county) means lower cost of the system operation and the management of the port area from a single place. A better solution would be to grant the towns and municipalities the authority to manage the port areas. In so doing, it is important not to disregard the fact that the ports of the regional and local relevance are predominantly the ports of public interest (the profit is not a business objective), with the economic and commercial interest of the state being the alternative to it. In other words, the state must retain the supervisory function over the work of all the business entities operating at the ports. It does not exclude private investment into the ports that must be promoted through the model of granting concessions with the duration of the concession enabling the concession holder the depreciation of investment into the maritime domain.

4. SPORTSPORTS IN SOME MEDITERRANEAN COUNTRIES/ *Sportske luke u nekim državama Mediterana*

In Italy, Spain and France there is no unique concept of the "commercial port", due to which the data cannot be compared completely among them (Šerić, Luković, 2012). On the other hand, all these countries have one thing in common, and that is the care for the sustainable development of the maritime domain. In Italy, the public character of the maritime domain on the beaches, regardless of the transparent regulation, is "part of the struggle for the rule of law of the civil society" (Author's Comment) (Bešker, 2017). In Spain, they have been adopting laws for the purpose of protecting the private investment of foreigners in the coastal zone, and forbidding further devastation of the coastline (Negro, Lopez-Gutierrez, Estaban, Matutano, 2014). The beaches in France are victims of the conflict of interest with the requests for an ever greater tourism development and private occupation of the beaches on one hand, and the requests for environmental protection and free access to the beaches on the other hand (Kundiš, 2015).

However, the following analyses show that sports activities on the sea are the driving forces of the tourism development,

together with the entrepreneurship related to the sports activities (the building of all types of vessels in particular).

4.1. Italy / Italija

The nautical and tourism sector (industry + tourism) is an important branch of the Italian economy. It has been the driving force of the strong Italian economy for twenty years now, and what is more, it is export-oriented. Still though, the global recession, particularly in the Mediterranean countries, which started in 2008, has slowed down its development and significantly reduced the production and revenue (Ivaldi, 2014). The recovery of the overall nautical sector, which started in 2015, is based on the specialization of the nautical industry (the production, technology and design *know how*). The following development strategy stands out, which is the nautical sector in combination with the nautical tourism-related activities, is a significant employment multiplier since ten new jobs in the nautical sector generate 64 new jobs in the state economy (Ivaldi, Soliani, Ugolini, 2017).

The statistics for the year 2015 has proven that the percentage of the nautical and tourism sector in the GDP (*it. PIL*) amounts to 1.75 % and that it has increased with respect to the year 2014 (1.46 %). The production value in absolute numbers amounted to EUR 2,374.960.000 (2015), and EUR 1,995.570.000 (2014). The region of Liguria is still the most important one for the nautical tourism development (Quagli, 2008).

The nautical tourism ports fall into the three basic types, and have different service quality levels: a) tourism ports which are completely designed for the purpose of nautical tourism (the ports) which are mostly owned by private persons, b) multipurpose (polyvalent) ports which are mostly state-owned, composed of multiple (plural) structural divisions within the very port, which are used, among other (remaining) destinations, partly by boaters only (the ports and small harbors, industrial and commercial ports, the ports in the channels and the ports at the mouths of rivers and on the rivers), and c) anchorages.

Sports ports (*it. porto turistico*) are tourism ports divided into several classes and categories. They are not independent ports of the special purpose and contribute to the development of nautical sector in Italy.

The cruise port statistics are kept according to the number of berths in 15 regions. The total of 774 cruise ports, among which there are 83 ports, 454 multipurpose ports, and 237 anchorages. Among the total number of berths (156,793) most of them are in the region of Liguria (22,508). The highest service quality standards are provided by the ports with an average of 517 berths (42,924 – the total number of berths / 83 ports). At the multipurpose ports there is an average of 217 berths, and an average of 65 berths at anchorages (the regions of Lazio, Basilicata, Molise, Abruzzo and Marche have no anchorages at all). In comparison to the data for year 2005, (Šerić, Luković, 2012) the fact is that the number of commercial berths in 2014 has reduced from 167,875 to 156,793 berths, while the number of nautical ports has increased significantly from 478 to 774 ports.

4.2. Spain / Španjolska

According to Dulčić (2002), the cruise ports in Spain are the sports ports (*es. puertos deportivos*). They are well-equipped with all the types of facilities, and an effective governance. The new classification of such ports is the following: 1.) anchorage (*es. fondeadero*), 2.) berth (*es. darsena*), 3.) internal port (*es. puerto interior*), 4.) port (*es. puerto marítimo*) and 5.) dry dock (*es. port seca*). Sports ports are part of the nautical tourism offer which represents the strategic sector for tourism development in Spain.

The records on the typology and number of sports ports, as well as the berths at them in 12 autonomous communities are kept by the Spanish Federation of Associations of Sports Ports (FEAPDT). On December 31, 2013 there were 452 active concession agreements on the coastline which is 7,880 km long.

Table 4 Berths in Italy (2014)
Tablica 4. Vezovi u Italiji u 2014.

| Region | Turistic port (port) | Polyfuncional port | Anchorage | Total |
|-----------------------|----------------------|--------------------|-----------|---------|
| Liguria | 6.491 | 15.780 | 237 | 22.508 |
| Toscana | 3.999 | 11.637 | 1.496 | 17.132 |
| Lazio | 2.978 | 5.503 | 0 | 8.481 |
| Campania | 2.943 | 8.936 | 1.071 | 12.950 |
| Basilicata | 1.300 | 600 | 0 | 1.900 |
| Calabria | 205 | 3.725 | 750 | 4.680 |
| Sicilia | 2.195 | 10.288 | 3.756 | 16.239 |
| Sardegna | 5.094 | 11.107 | 3.211 | 19.412 |
| Puglia | 1.648 | 7.450 | 1.028 | 10.126 |
| Molise | 420 | 290 | 0 | 710 |
| Abruzzo | 1.250 | 1.074 | 0 | 2.324 |
| Marche | 2.660 | 3.290 | 0 | 5.950 |
| Emilia Romagna | 3.512 | 1.761 | 748 | 6.021 |
| Veneto | 2.881 | 8.111 | 1.970 | 12.962 |
| Friuli Venezia Giulia | 5.348 | 8.883 | 1.167 | 15.398 |
| Total | 42.924 | 98.435 | 15.434 | 156.793 |

Source: UCINA Confindustria Nautica – La Nautica in Cifre (2015).

Table 5 Nautical installations in Spain (December 31, 2013)
 Tablica 5. Vrste nautičkih instalacija u Španjolskoj (31.12.2013.)

| Community | Moorings | Internal ports | Marines | Total |
|------------|----------|----------------|---------|---------|
| Andalucia | 2.899 | 5.752 | 11.621 | 20.272 |
| Asturias | 0 | 886 | 1.669 | 2.555 |
| Baleares | 10.073 | 2.791 | 9.567 | 22.431 |
| Canarias | 881 | 0 | 7.353 | 8.234 |
| Cantabria | 1.403 | 2.075 | 215 | 3.693 |
| Cataluna | 7.153 | 7.193 | 16.434 | 30.770 |
| Ceuta | 0 | 0 | 300 | 300 |
| Galicia | 3.033 | 3.501 | 5.822 | 12.356 |
| Melilla | 493 | 0 | 0 | 493 |
| Murcia | 1.256 | 310 | 4.955 | 6.521 |
| Pais Vasco | 1.900 | 2.877 | 887 | 5.664 |
| Valencia | 8.952 | 2.185 | 8.504 | 19.641 |
| Total | 38.033 | 27.570 | 67.327 | 132.930 |

Source: FEAPDT (2015)

In Spain there are 132,930 berths (es. *amarres*) at sports ports. The largest sports port in the Mediterranean is Empuriabrava with 5,000 berths for the vessels which are up to 26 m long. For Luković and Bilić (2007) it actually represents the port-town where it is almost impossible to separate and distinguish between these two concepts.

Lam-Gonzalez, Leon, Leon Ledersma (2017) have analyzed separately the nautical tourism in the Canary islands. The authors have conducted research related to the preferences and perceptions of tourists in the most important economic industry of the said islands. They have proven that sports activities at 44 sports ports can be an even greater added value to the nautical tourism of this autonomous community. The authors have concluded that "the main weaknesses of these areas/ports from the consumers' perspective arise from the environmental management, as well as the fundamental and additional services. The knowledge of the current market preferences (the participation in regattas or other competitions, or of the high percentage of boaters who prefer recreational travel) would generate a better opportunity for the Canary island destinations".

4.3. France / Francuska

Spatial management and the implementation of the state's public maritime domain development policy (fr. *domaine public maritime*) in France are under the jurisdiction of local communities. The built ports and the port system are provided for the purpose of economic exploitation with stringent sustainable development measures. The most powerful person with the authority to supervise the utilization of the maritime domain is the Prefect (Kundih, 2015).

According to many indicators, France is the most powerful country in the Mediterranean in nautical industry, with sports

as a new and complementary industry in the nautical tourism being of vital significance. Together with economic activities associated with it, it represents an added value to the tourism. Sports competitions and recreation in sailing and its associated sports at the seaports and river ports, as well as the ports on the lakes (fr. *ports de plaisance*) have been developing the perception of France as an attractive and desirable sports and tourism destination.

According to the French Maritime Cluster (Cluster Maritime Français - CMF), France is the biggest global manufacturer in the production of sailing boats for sports and recreation, and the fourth largest motor yacht production industry in the world. The recovery of the nautical sector, following many years of crisis, started in 2013, when a total of EUR 426 million in turnover was achieved.

In France there are 263,748 berths in total, while the number of berths in Italy amounts to 156,793 and in 132,930 in Spain, accounting for a total of 289,723 berths. In other words, Italy and Spain together have only 10% more berths than France. Moreover, the statistics show that France has a shorter coastline than Spain and Italy, but the biggest number of berths.

5. CONCLUSION / Zaključak

For the society as a whole it is crucial to have an efficient maritime domain management system. The strategic planning process is used to determine the objectives, priorities and strategies, as well as the measures for the assessment of the success achieved in the implementation of such objectives. The strategic management is a tool and the basis for the development of the maritime domain (Luković, 2007). It consists of several interrelated stages, which are as follows: 1.) the setting up of the external and internal environment, 2.) the establishing of the organizational orientation through the vision, mission

Table 6 The French nautical industry and service economy (2013)
 Tablica 6. Francuska nautička industrija i ekonomija usluga u 2013.

| Boats produced | Jobs | Businesses | Categories of businesses | Ports | Berths | Hard standing facilities (berths) |
|----------------|--------|------------|--------------------------|-------|---------|-----------------------------------|
| 44.580 | 40.000 | 5.109 | 30 | 370 | 252.500 | 11.248 |

Source: Cluster Maritime Français 2015-2016

and objectives, 3.) the defining of the organizational strategy, 4) the implementation of the organizational strategy, and 5.) the implementation of strategic control and evaluation. The implementation of the strategy represents “the most complex, important, difficult, and delicate stage of the strategic management” (Buble, 2006).

The research has proven that Croatia lacks the systematic and meaningful policy of the regulation of the maritime domain and its management. The current development has taken place mostly under the influence of several factors, with one of them not being an economical factor. We mean the economic evaluation of the maritime domain, and the system of determining the concession fee for its utilization. Thus, we have confirmed the research *hypothesis* stating that the foundation of the national economic system of the Republic of Croatia exclusively on the group of laws, as well as its frequent amendments, is inefficient and harmful.

The focus of this research are the sports and municipal utility ports, as well as the berths at such ports. The Law on the Maritime Domain and Seaports has classified the sports ports among the special purpose ports, and the municipal utility ports among the ports open to public services. The extensive *desk research* has confirmed that at 37 sports ports there are approx. 6,000 berths intended for the boats of the sports association members (the concession holder). In addition to this, the research has shown that twentytwo (22) county port authorities under the jurisdiction of which there are municipal utility berths with a total of 27,837 berths (excluding the Port Authority of the Dubrovnik-Neretva County) including 23,293 municipal utility berths, 4,021 nautical berths, 508 anchorages, 9 quays, and 6 Ro-Ro quays.

The existing sports port management system, as well as the management of the ports of local and regional relevance are not economically justified since they are inefficient: the concession fee at the sports ports is symbolical, while the number of the county port authorities is irrationally large (for example, the Port Authority of Rabac disposes of a total of 39 berths, the County Port Authority of Korčula disposes of a total of 95 berths etc.). The solution is to delegate the authority to govern to the local self-government units. In this way, the governance decentralization is inevitably achieved, and it is assumed that it will bring even greater economic effects to the local community through a more efficient monitoring system. The final question to be answered is whether only the sports activities are performed at the sports ports or not. If not, it is considered that there is no sense in calling them the sports ports, but they should fulfill the economic function. The commercial berths should be excluded from the commercial terms and used solely by the local population. Nautical berths and anchorages at the municipal utility ports are redundant, since they are destroying the concept of the nautical ports in which in 2016 the number of berths intended for yachts and other vessels amounted to 17,428.

Finally, the question is in what way the Sports Act can promote the development of cruise ports of Croatia and the Mediterranean? As a special regulation for the area of sports activities and all the other issues related to sports, it is certainly crucial. The experience of Italy, Spain and France confirm that sports activities, and the internationally significant sports competitions and recreation in particular represent an added

value to nautical ports. Sports events, as well as the sports-related activities (such as the building of vessels) promote the sustainability of accommodation capacities, and contribute to the design of the destination, maximizing the economic benefits for the nautical ports of all the observed countries on a short-term and long-term basis. In this sense, the sports and tourism are complementary systems in compliance with the maritime domain development strategies with the sports and municipal utility ports being the conceptual part of the tourism offer in co-existence with other types of ports.

However, the economic development in the aforementioned Mediterranean countries has increased the quality level of the life of the local population and the exploitation of space, but has significantly endangered the coastal ecosystems, thus challenging the attractiveness of the locations as a competitive advantage.

The future maritime domain development strategy in the Republic of Croatia must address the economic evaluation of the accommodation capacities of all types of berths, adopting the concept of port management accordingly. The conducted research has proven that all the berths together meet only in part the increased demand. We base such a conclusion on the assessment that the local population requires the accommodation of approx. 105,000 Croatian vessels. The positive experience of the countries with the developed tourism industry must be accepted, rejecting the negative ones. The sustainable development as a *conditio sine qua non* implies the cooperation of all the shareholders of the maritime domain (the private sector + the public sector + the local self-government + the citizens).

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