

CROATIA TOURISM REPORT 2008 - VOLUNTEER

2. ORGANISATIONAL STRUCTURE

This section should provide an overview of the main organisational structure to illustrate how tourism is organised and managed, to identify linkages and to identify the engagement of other organisations/stakeholders.

The information required will only need to be prepared fully in year 1 as it will subsequently only be necessary to provide details of any changes.

2.1 Please identify the national bodies responsible for tourism (Ministry and also any separate/related National Tourism Organisation), including their mission and spheres of competence, and their connection to other national bodies with direct or indirect influence in tourism. (maximum of 1.000 characters)

In the Republic of Croatia the national body responsible for tourism is the Ministry of Tourism (NTA). The Ministry is responsible for strategies, policies and measures on the national level; it proposes laws regulating tourism and hospitality industry, the tourist board system and tourist tax. Promotion is the responsibility of the Croatian National Tourist Board-CNTB (NTO), the President of which is *ex officio* the Minister of Tourism. Nevertheless, they have a professional director, managing its activities. They are governmental type of organization, but the employees are not civil servants. On the regional level, incorporated within the County authority offices, there is usually a department/section responsible for tourism and hospitality (littoral counties all have it, continental ones usually have one person dedicated to tourism within the Economic Affairs Department). They are responsible for some classification procedures and permits.

2.2 Please provide a **diagram/organogram of the organisational structure for tourism** identifying the connection between national, regional and local bodies. Provide also a short description of the core responsibilities and competencies of each of the organisations. Include also information about mechanisms of decision making process and participation (e.g. forums, advisory committees, other existing coordination mechanisms) from outsider organisations (e.g. other departments, stakeholder organisations and unions). (maximum 2 pages)

The Ministry is headed by the Minister, he has two deputies which are State Secretaries. There are also six Directors of Directorates (Travel Market, Tourism Policies and International Cooperation; Tourism Development; Alternative Types of Tourism and Tourism on the Continent; Alternative Types of Sea Tourism; Tourist Board System, Tourist Infrastructure and Protection of Tourism Resources), each Directorate being composed of a number of Departments, Sections and Units. The CNTB is managed by its Director, he has two Assistants. The CNTB work is monitored by its Supervisory Committee (one member is always from the Ministry), and its Council (representatives of Regional Boards and the Ministry) regularly meets to discuss current issues and prepare decisions. The Government also appoints a special Committee for the preparation and monitoring of the tourism year, members of which come from a number of line ministries (e.g. transport, ecology etc.) and public institutions/organizations (e.g. transport companies, National Protection and Rescue Directorate

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etc).The Committee is convened by the Minister several times a year (depending on the current situation, but the first is in winter months and the last at the closing of the season).

We also cooperate with a number of NGOs and professional associations (e.g. NGO Bicycle, associations of travel agents, hoteliers, camping sites etc.)

2.3 Please provide information about **financial data**, including tourism budget as a percentage of overall government budget, the amount of national funding support for tourism marketing, the amount of EU funding support made available for tourism and data concerning the support to SMEs and destinations. (1000 characters)

The overall State Budget is a bit over 119 billion kunas (approximately 16.5 billion €) and the budget allotted to the Ministry of Tourism(MT) within the State Budget is 222 million kunas (30.8 million €) which is 0.002 % of the overall State Budget.

Out of the MT Budget 88.3 kunas (approximately 12.3 million €) is “donated” to the NTO for their promotional activities.

The EU funds were used for the support in preparing the Draft Strategy of f social tourism in Croatia through technical assistance (Phare 2005) in the amount of 108,166 € As there is no obligation to report to the line Ministry projects or funds utilized by regional/local authorities connected with tourism, we cannot provide any other data. As far as we know, there are plans to establish better coordination in that respect.

Within the MT budget there are special lines for funding a number of projects dealing with support to SMEs, rural homestead wishing to develop tourism, grants for thematic routes, development of original Croatian souvenirs, preservation of tangible and intangible heritage etc. There are also a number of programmes on local/regional level, some supported with their funds .

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3. POLICIES AND STRATEGIES

3.1 Is there a current **National Strategy for tourism**? Yes No

If yes, please, provide information in bullet point format about the **key aims, objectives and priorities** of the strategy highlighting those that are designed to address sustainability issues in economic, environmental and social terms in particular those related in the six aims included in the Agenda. In the **formulation process of the tourism strategy**, briefly explain whether and how consideration has been given to the 9 principles set out in the Agenda (para2.3 p5) and given in the appendix. (maximum 2000 characters)

- development of an integral and integrated offer in a tourist destination based on synergy of all destination stakeholders in public and private sector (supporting development of additional offer – better exploitation of natural and cultural resources)
- establishing a development of spatial plan for Croatian tourism for the purpose of preserving attractive natural resources – as an initial step for the development and support of the sustainable development of tourism
- continuous protection, implementation and respect of high ecological standards and long-term sustainable valorisation of tourism potential
- increasing the level of quality of all accommodation facilities, primary and secondary, and adapting categorisation criteria to international quality standards
- support the production of organic food and its sale via the tourism sector

3.2 Who was the **initiator** and who is **responsible** for its implementation? (maximum 500 characters)

Initiators are: Ministry of Tourism - Republic of Croatia which is also the main body responsible for its implementation together with other governmental institutions e.g. Croatian National Tourist Board, Croatian Association of Hoteliers and Restaurateurs, Ministry of Culture, Ministry of Sea, Transport and Infrastructure, Ministry of Environmental Protection, Physical Planning and Construction, Marine Association etc. Croatian Government and local governments etc.

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3.3 How is the strategy **monitored** and how often? (maximum 1000 characters)

Strategy is continuously being monitored by the Ministry of Tourism and by the Government of the Republic of Croatia (The Development Strategy of Croatian Tourism by 2010).

The Ministry of Tourism initiated this year the preparation of a new tourism strategy starting with an in-depth analysis of the whole hospitality and tourism industry.

3.4 What **national legislation** exists which is specific for tourism or which has a major impact on the sector? (maximum 2000 characters)

- 1) ACT ON THE PROVISION OF TOURISM SERVICES;
- 2) THE HOSPITALITY AND CATERING INDUSTRY ACT;
- 3) THE SOJOURN TAX ACT;
- 4) THE TOURIST BOARDS AND PROMOTION OF TOURISM ACT;
- 5) THE TOURIST BOARDS MEMBERSHIP FEE ACT.

The first two are translated into English, as well as the Amendments to the third one. The other two are to be either amended or written anew, so we decided to wait with the translation.

More than 50 subordinate legislation, e.g.: Ordinance on Classification and Hospitality Facilities Categorization, Ordinance on Classification of Tourist Destinations, etc.

There are other laws which influence tourism (e.g. Value Added Tax Act) but other line Ministries have competence over them.

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4. MEASURES AND INITIATIVES

This section provides Member States with an opportunity to outline *specific initiatives and policies* that are or are going to be adopted to manage and develop tourism activity in ways which respond to the key challenges referred to in the “*Agenda*” and which fall within the six main aims of the “*Agenda*” itself.

These initiatives could for instance fall into the following types of policy instruments: command and control instruments (legislation, regulation and licensing, land use planning and development control), voluntary instruments (guidelines and codes of conduct, reporting and auditing, certification, eco-labels, awards, voluntary contributions), economic instruments (taxes and charges, financial incentives and agreements), supporting instruments (infrastructure provision and management, capacity building, awareness raising, marketing and information services), measurement instruments (benchmarking, assessments on optimal use levels, carrying capacity).

1 Economic prosperity

- a. To ensure the long term competitiveness, viability and prosperity of tourism enterprises and destinations.
- b. To provide quality employment opportunities, offering fair pay and conditions for all employees and avoiding all forms of discrimination.

2 Social equity and cohesion

- a. To enhance the quality of life of local communities through tourism, and engage them in its planning and management
- b. To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, religion, disability or in other ways.

3 Environmental and cultural protection

- a. To minimise pollution and degradation of the global and local environment and the use of scarce resources by tourism activities.
- b. To maintain and strengthen cultural richness and biodiversity and contribute to their appreciation and conservation.

4.1 Please set out, briefly, the **steps** which have been or will be taken, if any, **to address the 7 key challenges** for the delivery of sustainable and competitive tourism, covered in the TSG report and referred to in the ‘Agenda’.

4.1.1 Reducing the seasonality of demand. (maximum 1000 characters)

One of the key problems of Croatian tourism is seasonality. In the period from June to September 86% of total overnight stays are realised and 62% in the two peak summer months . The reasons for outstanding seasonality are focusing to the one main product 'sea and sun', adverse structure and quality of tourism offer and its concentration in the coastal region of the country. Steps to ease	
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seasonality are mainly connected to raising the quality of tourism supply and thus higher usage of accommodation, focusing on diverse segment of tourist's demand as well as to diversification of tourist products that are not closely related to the summer period such as spa and wellness tourism, urban tourism, wine roads and traditional dishes, excursion routes and national parks etc. Relevant documents are: The Development Strategy of Croatian Tourism by 2010 and Ordinance on Classification and Hospitality Facilities Categorization.

4.1.2 Addressing the impact of tourism transport. (maximum 1000 characters)

Since more than 90% of international tourists use road transport to arrive to Croatia, Croatian government efforts are focused on finishing the motorway network to improve the accessibility of tourism destinations and safety of travelling. The construction of motorways Split – Dubrovnik and Zagreb – Rijeka are underway. The bottlenecks of motorway Zagreb – Split that slows down speed during the summer will be eliminated by construction of additional tubes of the tunnels Mala Kapela and Sveti Rok.

4.1.3 Improving the quality of tourism jobs. (maximum 1000 characters)

Improving the quality of tourism jobs requires the preparation of national standards, determination of the lowest salary for all jobs in the hospitality industry in the National Collective Agreement, quality regulation of the migrant workers employment, intensified inspection control and higher fines, analysis of fiscal and parafiscal taxes as well as comparison with other Mediterranean countries to find out the incentive measures for employment and salary growth. Special effort is needed in the educational segment which requires the tourism educational system reform and its continuous coordination with the needs of the tourism industry (public-private partnership), coordination of personnel development, their knowledge, skills and competences with tourism offer development.

4.1.4 Maintaining and enhancing community prosperity and the quality of life, in the face of change. (maximum 1000 characters)

A number of initiatives that add quality of experience for tourists are also beneficial for the community wellbeing, like construction of new roads and better water supply or sewage systems, more events(cultural, sporting etc.). The mentioned CNTB ecological and educational campaign “I Love Croatia” with its main goal to promote cleanliness and make

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destinations more appealing and beautiful surely adds to the quality of life of local communities. Their prosperity is enhanced through income generated by tourism (directly or indirectly) especially that tourism creates additional employment in the tourism but also in other service or production sectors. Through a number of programmes (grants, subsidized interest of commercial loans) the Ministry of Tourism tries to assist private sector (predominantly micro and medium size enterprises) to start their own tourism businesses or to add quality to the existing ones. We believe this also contribute to better life within a specific community, especially with programmes that evaluate the heritage, trying to preserve it and put it to use it through tourism thus saving it from oblivion or destruction.

4.1.5 Minimising resource use and the production of waste. (maximum 1000 characters)

Although preventative and minimization approaches are defined by legislation, only Cleaner Production Centre systematically deals with this issue. Unfortunately, there is neither a voluntary scheme (i.e. green labelling) nor any other approaches that would stimulate this issue on the wider scale. Some hotels and restaurants reduce water use and waste production because it is in their corporate agenda or because it reduces costs.

Key tourism resources (i.e. Adriatic sea, national parks, sensitive habitats) are exploited without consideration of possible limits to growth or carrying capacity.

4.1.6 Conserving and giving value to natural and cultural heritage. (maximum 1000 characters)

The Ministry of Culture (MC), in charge of cultural and natural heritage, develops appropriate legislations, programmes, funding and management (www.min-kulture.hr). The MC has introduced the heritage tax payable by those operating business in heritage areas. Tax relief is available to the corporate sector donating culture. The Ministry of Tourism (MT) and the Croatian National Tourism Board – CNTB (<http://kulturniturizam.croatia.hr>) are in charge of implementing the National Cultural Tourism Development Strategy approved in 2004. Through small grant schemes these institutions invest in heritage preservation; supporting public access to these resources through improved management; investing in small and medium size enterprises and supporting community based programmes. The CNTB also runs an extensive public awareness programmes. The MT and CNTB are also sponsoring a series of tourism research projects, among else nation-wide survey of visitors to national/nature parks and of visitors to cultural sites and events.

4.1.7 Making holidays available to all. (maximum 1000 characters)

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With the support of Phare2005 funds, the Ministry of Tourism just completed a project with a team of foreign experts and prepared the document to serve as a basis for the creation of the Social Tourism Strategy in Croatia. It will be a part of the overall Tourism Strategy, the work on which is scheduled to start next year (preparation activities are already under way).

Aside from that, there are laws that regulate the construction in the Republic of Croatia and prescribe mandatory adaptation for the handicapped (competence of another ministry, in force since 2005). MT used to have more extensively prescribed standards for new hotels, but eliminated the majority of them to avoid overlapping of legal provisions. At the time there is only obligation for the new hotels to have Braille signage in the elevators and room doors, since this is not prescribed in the above mentioned regulation on new construction. Also, we have a special label for hotels adapted for the handicapped, which is issued on a voluntary basis (provided additional conditions are met) and provisions in the new Quality certificate, to be announced, hopefully, very soon (also on voluntary basis). The Ministry of Tourism just published a public call for grants to be given to local/regional authorities, NGOs, tourist boards for the improvement of accessibility in their destinations (programme called "Tourism without Barriers").

There are also a number of activities absolutely on local/regional levels providing access to holidays to those less fortunate ones, usually by providing cheap or in certain cases free holidays for children and youth, sometimes seniors, in facilities owned by those authorities in holiday destinations.

4.2 As key challenges may change over time, please identify any other areas that are **becoming a new challenge**. (maximum 1000 characters)

The structure of accommodation facilities in Croatia is not a favourable one to develop tourism beyond the main season and develop it with a highly diversified offer of top quality. Hence our main challenge in the near/medium term future will be restructuring of the accommodation capacities for tourism. Out of almost one million beds only 12% are in hotels. Since hotels represent the basis of a more developed, more diversified offer that can attract tourists outside the summer months, restructuring will bring about longer and/or more employment, more activities in the destination and, very important, more income to the local economy with enhanced quality of life.

One of the additional challenges is development of golf that faced a number of legal obstructions that we expect to be solved shortly through the proposed Golf Act (soon to be sent to the usual procedure within Government and then Parliament).

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There is also the law that should regulate the ownership of the tourism land (some hotels lack land for their further development) that would deal with compensation for the use of the land (proposed to be dealt with through concessions).

One of the challenges is certainly restructuring of the travel agencies sector as with the extraordinary speed of development of the IT sector many of them will have to find different ways of doing business or transform themselves potentially into DMCs. It is a challenge as it means maintaining the employment of currently employed in that sector, avoiding creation of newly unemployed.

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4.3 Please identify and describe one ***SPECIFIC INITIATIVE*** (i.e. how it worked, difficulties and problems encountered, solutions and success factors), which is related to the 7 key challenges, that is ***INNOVATIVE/ SUCCESSFUL*** and which would be of interest to or of help to other Member States.
(maximum 2 pages)

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5. MECHANISMS FOR IMPLEMENTATION

The "Agenda" identified three mechanisms for its implementation: sustainable destinations, sustainable businesses and responsible tourists.

5.1 Sustainable destinations: What support is given to strengthen destination management at the regional/ destination level (supportive policy environment, knowledge networks, training programmes, establishment of measures/indicators for benchmarking, etc.)? (maximum 1000 characters)

Although the need to strengthen destination management is recognized on all levels (national, regional, local) it can be stated that only some educational activities are realized (conferences and educational seminars supported by the Croatian NTO). According to the law and defined mission, the system of Croatian tourism boards is responsible for the majority of destination management functions, although tourism boards are not the only actors that are taking care of destination development, especially tourism product development and tourism infra and supra-structure.

The Croatian National Tourist Board has been running an annual competition called "More flowers, less garbage", which is an ecological and educational campaign (children participate with their literary and art work). There is also competition among the destinations (Blue Flower for the seaside destinations and the Green Flower for the continental ones) that aims at raising awareness about the importance of cleanliness, sustainability, making destinations more appealing and attractive. There are different categories for prizes: towns (as a whole), squares, streets, even individual gardens or balconies. The destinations find their participation and possible award as an especially important incentive to strive for better, nicer, cleaner environments for both the tourists and the locals.

5.2 Sustainable businesses: What support is given to strengthen the sustainability and competitiveness of businesses (supportive policy environment, orientation of business support services to sustainability, training, financial incentives, etc.)? (maximum 1000 characters)

In general, sustainability and competitiveness of businesses is closely related to new capital investment. Hence, in order to stimulate new investment projects (FDI and domestic), Croatian government passed the Law on Investment Incentives (December 2006) by which various financial incentives are granted to investors in "Greenfield" and/or "Brownfield" projects (such as tax reliefs, import duty reliefs, new employment grants, skills improvement grants, investment subsidies/grants etc.). Financial incentives are positively correlated to the size of the investment and/or new employment created.

Apart from the provisions of the Law in Investment Incentives, and in order to stimulate the

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SME start-up process, Croatian Ministry of Tourism has also introduced several investment subsidies' programmes (interest rate provision under preferential terms).

Finally, in order to promote SME development, Regional Development Agencies have been set up at the County level. These agencies provide potential investors in tourism related start-ups with information on investment possibilities organise various skills enhancement programs and/or provide valuable one-stop consulting services.

5.3 Responsible tourists: What support is given to promote responsible choices by tourists (e.g. sustainability in education, national marketing and media campaigns, promotion of certification schemes)? (maximum 1000 characters)

There are neither national certification schemes nor educational – promotional campaigns regarding sustainability issues. Few destinations have noticeable initiatives in those areas and some international projects have appeared but they are still in early phase to be able to assess their effectiveness. There is a certain level of responsible tourist activity taking place through volunteering schemes of NGOs but there is no visible “responsible tourism” promotion from the Croatian tourism sector.

The Ministry of Tourism will soon make public the voluntary Quality label with standards having a number of “green” elements included, starting with the management acceptance of the sustainable policy for the company. In order to be given the label, the hotel will have to meet a minimum of all standards (different categories and areas), including those referring to sustainable use of energy and resources, handling waste etc.

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6. DATA AND INDICATORS

Eurostat will provide, as an annex, the key statistical data required to support the reporting process covering around 20 indicators¹ (see appendix for a provisional list). These are mainly related to the aim of 'economic prosperity'.

Please, identify indicators that are being used or developed at national / regional level which could add to the range of information being provided by Eurostat, particularly in relation to social and environmental issues (e.g. other indicators from the TSG report, visitors/ residents satisfaction).
(maximum 1000 characters)

All data collected for the collective accommodation establishments should be collected also for private establishments (see List of EUROSTAT indicators: 1a, 1b, 3a, 3b, 4a, 4b).

In Croatia 45% of bed places are in private sector (private rooms, apartments, rural households and private camping sites), where 77% of tourist arrivals and 68% of overnights have been realised.

7. COMPLEMENTARY ADDITIONAL INFORMATION

If necessary use the following box to provide additional complementary information that has not already been covered.

¹ These indicators have been selected from the 50 TSG indicators on the basis of the possibility to calculate them for the EU Member States via existing statistics.