



Management of Croatian passenger liner maritime ports

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ABSTRACT

Maritime passenger transport has a social and cohesive dimension. For islander's maritime transport influence their quality of life since it has a crucial role in connecting insular places with urban places by providing reliable maritime transport service. Service expected by the traveller in the port varies. In order to satisfy the user requirements maritime passenger ports have specific organizational, functional and administrative characteristics. In Croatia maritime passenger ports, according to their organizational aspect of business operations, are designed for passenger liner traffic, cruise traffic and nautical traffic. In this paper the main focus will be given to the organizational aspect of passenger liner ports, i.e. on the management of these ports. In the first part of the paper a short overview of the maritime passenger transport is given following the analysis on organisation and management of Croatian maritime passenger liner ports.

KEYWORDS: maritime transport, management, ports

1. Introduction

Maritime passenger transport until the affirmation of air transport was the main mode of intercontinental passenger transport. Today maritime passenger transport is operating mostly at shorter distances within enclosed seas. Its main transport role in transit is connection of insular areas as well as connections of two cities or two locations within the same city. Time duration of this ferry lines can be from a few minutes until 48 hours.

Except maritime passenger liner transport by ferry, on national economy a big impact also have cruise transport and nautical transport. Nautical transport typically uses special purpose ports like marinas, while cruise transport uses specially designed ports for cruise ships as well as ports that are used by ferries also. Maritime passenger ports that are used both by cruise ships and ferries in literature [1, p. 75] are referred as hybrid passenger ports. In this paper the main focus will be on ports used mostly by ferries. These ports will be hereinafter referred as maritime passenger liner ports.

First part of the paper gives an overview of the maritime passenger transport in Europe and Croatia following the overview

of different types of management models in the world. After an overview of maritime passenger traffic and management models, Croatian organisational structure of port authorities is analysed.

2. Analysis of maritime passenger liner traffic in Europe

Areas with high percentage of maritime passenger traffic, excluding maritime passenger traffic provided specially for tourist, encompass area of Europe, Canada, Japan, Australia, New Zealand, Malaysia [2, p. 32; 3, p. 309], Indonesia [4, p. 51] and USA.

According to the Eurostat data [5] for year 2012 highest passenger maritime traffic in Europe, excluding cruise passengers, was recorded in Italy (37.6 mil passengers), followed by Greece (35.8 mil), Denmark (30.0 mil), Sweden (28.4 mil), United Kingdom (22.6 mil), France (21.6 mil), Germany (20.5 mil), Finland (17.7 mil) and Republic of Croatia (13.1 mil). Excluding from this data international traffic [6] as well, the highest national

(cabotage) passenger maritime traffic in Europe was recorded in Greece (34.4 mil passengers), followed by Italy (33.0 mil) and Republic of Croatia (12.4 mil). High number of inhabitant islands is one of the reasons why these ports have the highest percentage of national maritime passenger traffic, i.e. most of the national maritime traffic within each of these three countries is between mainland and island coastline.

According to the statistical data of Croatian Ministry of maritime affairs, transport and infrastructure in year 2012 over 11 million passengers embark and disembark in Croatian ports as part of a coastal shipping and nautical tourism industry [7].

3. Maritime passenger liner ports in Croatia

There are 94 ports alongside Croatian coast that has at least one maritime national liner connection. Out of 94 ports 21 ports are located alongside mainland coastline, while 73 ports are located along-side island coastline, situated on 43 different islands (see Fig. 1). These ports are connected with three types of passenger shipping lines using Ro/Ro ferries, fast ferries or high-speed crafts (HSC) and ferries exclusively intended for passenger transport. Croatian coastal maritime transport system covers 56 national lines (27 Ro/Ro ferries, 16 fast ferries and 13 ferry lines). [cf. 8, p. 65]

Except on mainland and island ports, ports are divided also by the level of their importance in transport and port system of the Republic of Croatia, i.e. ports of national, county or local importance. Port are categorised according to the size of port capacities, size and type of port traffic and connections with hinterland. The biggest mainland ports of national importance (from north to south) are national ports of Rijeka, Zadar, Šibenik, Split, Dubrovnik and Ploče. Ports Zadar, Šibenik and Split are Croatian biggest maritime mainland passenger liner ports, while core port business of ports Rijeka and port of Ploče for now is mainly cargo. In 2013 port of Rijeka was connected with three maritime passenger national line, while port of Ploče with one. Port of Dubrovnik on the other hand is oriented more to cruise traffic, but also other national ports can provide and are providing a service to cruise ships. Other Croatian passenger mainland ports as well as all island ports are of county or local importance. Most of the islands ports are located within or close to the town centre, and so the level of the service provided within or in close vicinity to the port area varies according to the size and the offer of the town. Also some ports of county and local importance are profiled in the direction of cruising, for example port of Korčula. These ports can accommodate smaller cruise ships.

Ports with highest number of maritime passenger transport, excluding traffic on cruise ships, according to the Eurostat [10] for year 2012 in Croatia, were port of Split with traffic of 3.7 mil passengers, followed by port of Zadar with 2.1 mil. Excluding international traffic as well, port of Split recorded 3.4 mil passengers while port of Zadar 2.0 mil. These two ports together encompass for almost 50% of total national maritime passenger traffic in Croatia. Busiest Croatian cruise port is port of Dubrovnik [11] with annual traffic of cruise passengers of almost one mil passenger in 2012 (950,791 passengers).

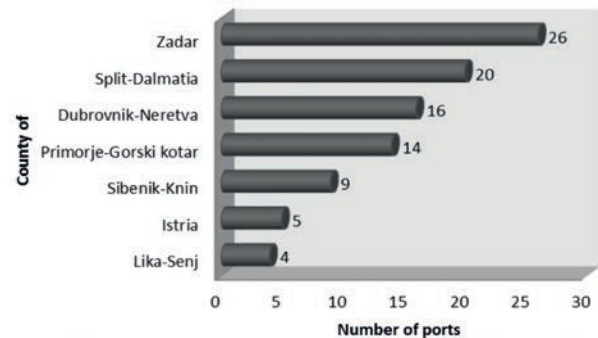


Fig. 1. Number of passenger ports per county with a minimum of one state line in 2011 [9]

4. Organisation of ports

European Seaport Organization (ESPO) report from 2004 [12] has shown that there are multiform types of the port organization in Europe, varying from a country to a country and from a port to a port and preventing generalization. In most ports the management of passenger ports is entrusted to private concessionaries (private companies), but also there are cases where management is carried out by port authorities¹, port operators, port companies, and carriers. Also durations of contracts, concessions and authorizations varies from one year to 30/40 years, maximum being 100 years. In some cases maximum duration is not foreseen by law, i.e. it doesn't exist or is under review.

A number of factors influence the way ports are organized, structured and managed, including: the socioeconomic structure of a country, historical developments, location of the port, types of cargoes handled, etc. According to their characteristics (orientation, infrastructure ownership, as well as superstructure and equipment ownership, labour management, etc) ports can be classified into four main models: 1) the public service port, 2) the tool port, 3) the landlord port, and 4) the fully privatized port or private service port [13, p. 81].

Organization and management of maritime passenger's ports, in the world, differs as a result of different economical and transport characteristics of each port and due to the specifics of each port. Management models, most used, can be classified into four main models: [14, p. 58; cf. 15, pp. 38-43]

- national - port is managed by the government, i.e. Marseilles, Calais, Rio de Janeiro, Barcelona,
- city / regional - port is managed by the port city or region. Management of these ports is more flexible and more suitable to the local characteristics, i.e. Rotterdam, Kobe, Oslo, Los Angeles,
- autonomous - port is managed by its users, i.e. Trieste, Venice, Genoa, Liverpool,

¹ Ports governing body is usually have a referred to as the port authority, port management, or port administration. Port authority is used widely to indicate any of these three terms [13]

- public private partnership - i.e. Hong Kong, Riga, Coching, Long Beach)
- private – privatisation is often referred as final step of the public private partnership, i.e. Felixstowe, Kelang, Southampton, Bangkok

In the following chapters organisation of port authorities and ports in the Croatia is analysed.

5. Port authorities in Croatia

In Croatia management of maritime public passenger port is entrusted to port authorities. Port authorities are established as non-profit landlord entities for the purpose of management, construction and port usage. Establishment, organization and operation of port authorities is regulated under Maritime Demesne and Seaports Act² [16, 17, 18] while procedures for granting concessions are regulated under Concession Act³ [19]⁴.

There are two types of port authorities in Croatia: port authorities of national and county importance. Management of port of national importance (national ports of special international economic interest) is under the jurisdiction of national port authorities while management of ports of county or local importance are under the jurisdiction of county port authorities. There are six national port authorities and 22 county port authorities. Port infrastructure in Croatia is owned by the State, not by the port authorities, or by the counties in the case of county ports [16, 17, 18].

5.1 National port authorities

National port authorities are established based on Regulation of the Government of the Republic of Croatia (hereinafter: Government), i.e. management of the port is under jurisdiction of the Ministry of maritime affairs, transport and infrastructure, Directorate for maritime and inland navigation, shipping, ports and maritime domain, Sector for management of maritime domain, port system and concession system. One of the main tasks of this sector is supervision and providing guidance for port authorities, following the work of the Coastal liner traffic agency, keeping a register of concessions to the maritime domain, for concession that are provided by the Government, and performs all necessary arrangements for concessions to the maritime domain of national importance.

National port authorities are statutory public institutions responsible for the economic development, management and regulation, of ports and terminal facilities within the areas assigned

² Maritime Demesne and Seaports Act regulates legal status of maritime demesne, establishment of its limits, management and protection of maritime demesne, its use and exploitation, classification of maritime ports, port area, establishment of port authorities, port activities and their performance, construction and use of port superstructure and infrastructure, as well as the essential issues concerning the order in maritime ports [16, 17, 18]

³ Concession Act regulates the procedures for granting concessions, concession expiry, legal protection in cases of termination benefits and concessions, and other issues related to concessions [19]

⁴ Role of public private partnership is expected to have important role in the future development of ports, especially port infrastructure. Consequently, in 2012 Public Private Partnership Act (OG 78/12) was passed.

to them. They have both administrative and regulatory control over operating entities inside the port, and they are entrusted with the planning and development of the port infrastructure that falls under their jurisdictions. Port planning and development projects are generally proposed by port authorities and approved by the Government and ultimately by the Parliament [cf. 20]. Port authorities are also authorized to directly negotiate with the private sector concession agreements with a life span of or less than 30 years, otherwise agreements extending beyond 30 years has to be approved by the Government, while agreements beyond 50 years by the Croatian Parliament. Concession agreement can have a life span up to 99 years [16, 17, 18].

Bodies of port authorities are the Governing council and the Director. Governing council is composed of four Government representatives, one of whom is an employee of the harbor master's office in jurisdiction of which is port authority. They are appointed by Government. Other members are representative of the county (one member), town/city or municipality (one member) and of the employees of all concessionaires that perform activities in port area (one member).

This enables state, county and local governments as well as economic entities operating within the port to participate in the management of the port. This type of organization proved to be effective in developed European countries [15]. Spatial area of the national port authorities is determined by the Government and may cover territory of several municipalities, cities and counties.

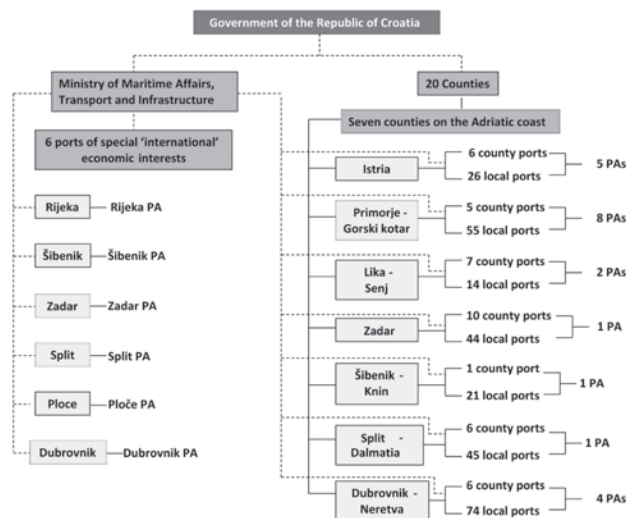


Fig. 2. Organizational structure of the port system in Croatia [20]

National port authorities are members of several international port associations such as the International Association of Ports and Harbours (IAPH) and the International Association of Ports and Cities (IACP). There are also members of national port association of Croatian Association of port authorities which holds an observer member status at ESPO. On regional level, two associations are worth mentioning: the North Adriatic Ports Association (NAPA) which is comprised of five seaports located in the North Adriatic Sea (Ravenna, Venice, Trieste, Koper and Rijeka) which aims at promoting the Northern Adriatic route as an alternative to North-European ports and the MedCruise Association of Mediterranean

Cruise Ports which is comprised of a number of cruise ports in the Mediterranean, including Dubrovnik and Korcula, Rijeka, Šibenik, Split, and Zadar, with the aim of promoting the cruise industry in the Mediterranean and its adjoining seas. [20]

5.2 County port authorities

Adriatic Croatia is divided into seven counties: (I) County of Istria, (II) County of Primorje-Gorski kotar, (III) County of Lika-Senj, (IV) County of Zadar, (V) County of Šibenik-Knin, (VI) County of Split-Dalmatia, and (VII) County of Dubrovnik-Neretva. Each county under the Maritime Demesne and Seaports Act may consist of one or more port authorities within the county borders. County port authorities are established by the counties and are responsible for managing local and county ports.

Table 1. Total population and land surface area of Adriatic Croatia by county [21, 22]

No	County	Total population (number)	Land surface area (km ²)	No. of ports (local+ county)	County port authorities
1	County of Istria	208,055	2,813	32	1. Port of Poreč authority 2. Pula port authority 3. Rovinj port authority 4. Lučka uprava Umag - Novigrad 5. Port of Rabac authority
2	County of Primorje-Gorski kotar	296,195	3,588	60	1. County port authority of Opatija- Lovran-Mošćenička Draga 2. Županijska lučka uprava Bakar – Kraljevica 3. Županijska lučka uprava Crikvenica 4. Županijska lučka uprava Nov Vinodolski 5. Županijska lučka uprava Krk 6. Županijska lučka uprava Cres 7. Županijska lučka uprava Mali Lošinj 8. Županijska lučka uprava Rab
3	County of Lika-Senj	50,927	5,353	21	1. Lučka uprava Senj 2. Lučka uprava Novalja
4	County of Zadar	170,017	3,646	54	1. County port authority of Zadar
5	County of Šibenik-Knin	109,375	2,984	22	1. Port authority of Šibenik-Knin county
6	County of Split-Dalmatia	454,798	4,540	51	1. Lučka uprava Splitsko-dalmatinske županije
7	County of Dubrovnik-Neretva	122,568	1,781	80	1. Lučka uprava Dubrovačko-neretvanske županije 2. Port Authority Korčula 3. Županijska lučka uprava Dubrovnik 4. Županijska lučka uprava Vela luka
Σ	Adriatic Croatia	1,411,935	24,705	320	22

Most populated county of Adriatic Croatia with total population in 2011 of 10.61% of total population of Republic of Croatia (4,284,889 inhabitants) is County of Split-Dalmatia located in the central part of the southern Croatian area and is the second most populated county in Republic of Croatia, after City of Zagreb (790,017 inhabitants). County of Split-Dalmatia has 158,603 inhabitants more in comparison to the second most populated county of Adriatic Croatia, and fifth most populated county of Republic of Croatia, County of Primorje-Gorski kotar which has 6.91% of total population of Republic of Croatia. Counties that follow in descending order are: County of Istria, County of Zadar, County of Dubrovnik-Neretva, County of Šibenik-Knin and County of Lika-Senj. [21]

As mentioned before there are 22 county port authorities in Croatia. Bodies of county port authorities are the Governing council and the Director. Governing council is composed of one employee of the harbour master's office in jurisdiction of which is port authority. He is appointed by Government. Three members are appointed by the founder, i.e. county government and one member is representative of the employees of all concessionaires that perform activities in port area. Spatial area of the county port authorities is determined by the county government, with consent of the Government, and may cover territory within one county.

Type of port activates in ports of county importance are almost the same as in national ports. County port authorities are as well as national port authorities statutory public institutions responsible for the economic development, management and regulation, of ports and terminal facilities within the areas assigned to them. Main difference is in the concession life span that county port authority can authorize. While national port authority can negotiate with the private sector concession agreements with a life span of or less than 30 years, county port authority can negotiate with the private sector concession agreements with a life span of or less than 20 years. [16, 17, 18, Art 80]

In ports of national importance concessions can be given from 5 up to 99 years, while concession in county ports can be extended up to 30 years, if required by development projects [15].

6. Conclusion

Today main transport role of maritime passenger transport is transit between mainland and insular areas as well as transit between two cities or two locations within the same city. Europe is one of the areas in the world with high percentage of maritime passenger traffic. In Europe the highest passenger maritime traffic, excluding cruise passengers, in 2012 is recorded in Italy followed by Greece, while Croatia was on ninth place. But analysing only national (cabotage) passenger maritime traffic Croatia is in third place, due to the high number of inhabited islands. Total of 73 ports alongside 43 different islands are connected during the whole year with at least one maritime passenger national line. Ferry service is provided by 56 national lines using Ro/Ro ferries, fast ferries or high-speed crafts (HSC) and ferries exclusively intended for passenger transport.

In Croatia ports are classified according to their level of importance in transport and port system of the Republic of Croatia,

i.e. ports of national, county or local importance. Management of these ports is entrusted to port authorities. Ports of national importance are managed by national port authorities while ports of county and local importance are managed by county port authorities. Port authorities are established as non-profit landlord entities for the purpose of management, construction and port usage under the Maritime Demesne and Seaports Act. There are six national port authorities and 22 county port authorities. Port infrastructure operated by national port authorities is owned by the State, not by the port authorities, while in the case of county ports it is owned by counties.

National port authorities are authorized to directly negotiate with the private sector concession agreements with a life span of or less than 30 years, otherwise agreements extending beyond 30 years has to be approved by the Government, while agreements beyond 50 years by the Croatian Parliament. Concession agreement can have a life span up to 99 years. County port authorities on the other hand are authorized to directly negotiate with the private sector concession agreements with a life span of or less than 20 years.

Landlord model established in Croatian maritime ports enables state, county and local governments as well as economic entities operating within the port to participate in the management of the port.

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