Notice Boards for Concessions and Concessionary Approvals on the Maritime Domain*

Summary

The adoption of the new Concessions Act in 2017 provoked significant reactions within the Croatian public. Reactions were basically related not to the procedural, but to the sectoral regulation: Maritime Domain and the Seaports Act. Namely, according to the media, practice has shown that concession holders have often violated their powers by restricting the general use of the maritime domain. Since it is difficult for an average and even legally instructed person to determine the scope of rights a concessionaire or a concessionary approval holder is awarded on the maritime domain, we would propose that notice boards be introduced that would provide a 2D-bar code for more detailed information concerning the concessionaire or the concessionary approval holder. With a minimal cost, this would significantly increase the transparency of activities carried out on the maritime domain.

Key words: Concessions, legal regulation, maritime domain, concessionary approval, information, transparency

1. Introduction

The adoption of the new Concessions Act (further: ZOK) [24] occurred closely before the end of the summer session of the Croatian Parliament in 2017 (the ZOK came into force on 22nd July, 2017) and it resounded among the Croatian public more significantly than usual for adoption of a procedural act. In particular, the adoption of the ZOK was related to the concession awarding procedure on the maritime domain, which was partly due to the wider public’s lack of information concerning the difference

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between the procedural act, ZOK, and the sectoral act – Maritime Domain and the Seaport Act, (further: ZPDML) [28] governing the concession awarding procedure on the maritime domain.

Although undoubtedly the new ZOK might deserve certain remarks, the main issue addressed in numerous newspaper articles, portals and TV shows was the concession awarding procedure on the maritime domain, which is resolved by the ZPDML. What came in sight pretty obviously was the lack of understanding of the difference between concession awarding and concessionary approval, in addition to numerous publicly disclosed examples of concession approval holders behaving as concessionaires, i.e. restricting significantly the general use of the maritime domain.

Furthermore, practice has shown that information on the status and powers of a concessionaire and/or concessionary approval holder are hardly available to users of the maritime domain. As a consequence, there followed some unpleasant and even violent situations on Croatian beaches. In our opinion, one of the basic problems that lead to the misuse and undesired situations is the absence of any marking to clearly provide information on the scope of powers possessed by the concessionaire or the concessionary approval holder and it is for this reason that we wish to propose de lege ferenda solutions in this paper, that should additionally contribute to order within the maritime domain.

2. New legal framework of concessions in the Republic of Croatia

The development of the concession model in the Republic of Croatia (hereinafter: Croatia) will be presented in a very brief way, having in mind the existence of an ample and adequate literature dealing with the matter [8, 5, 4, 22, 11]. The first Croatian Concessions Act [25] implemented in practice had been adopted in 1992, to remain in force until 2008, during which period numerous concessions were awarded.

Bolanča states that “this general regulation contains incomplete and imperfect provisions” [3], Borković states that this Act is “short, incomplete, and conditional in the complex matter of concessions” [5]. According to Žuvela, “the Concessions Act contains 10 articles and such a framework is insufficient for constitutional postulates of inviolability and guarantee of ownership and inheritance rights, entrepreneurial and market freedoms as the basis of the economic structure of the state” [31] to be realized.

In addition, the 1992 Act did not contain adequate mechanisms for monitoring concessionaires and consequently for an efficient concession fee collection, which directly produced a negative impact on the Croatian budget [30].

As previously mentioned, the 1992 Concessions Act had been applied until 2008. In the process of Croatia’s accession to the European Union (hereinafter: EU), a quality procedural act on concession awarding (contracts) was required. Therefore, the terms and conditions for taking-over the acquis communautaire were determined through
the measures within Chapter V (Public Procurement)\(^1\), which resulted in the adoption of the new Concessions Act in 2008 [26]. That Act introduced the rules of the *acquis* within the concession regulation procedure and primarily those deriving from *Directive 2004/18 / EC* and *Directive 2004/17 / EC*.

That Act had not remained in force for long, since replaced by a completely new Concessions Act adopted in Croatia as soon as in 2012 [27], which had one legal specific feature – it was adapted to the draft of the new concession model of the EU, the Proposal for a Directive on the Award of Concession Contracts [14]. A specific situation occurred concerning a country not formally within the EU at the time, introducing into its national legislation provisions of the EU legal framework (not yet in force then). According to that Act, “concession is the right acquired by the contract”, whereas there had been no general definition of concession contained either in the Act of 1992 or 2008.

It is interesting to notice that the Croatian legislator linked the definition of concession as to the contractual relation rather than the public concession segment. Also, there was a growing emphasis toward the public-private partnership, all in line with, at the time new European legal framework (which was under preparation).

“Frequently Asked Questions” [15] – the following document of the Proposal of the Concession Contract Directive clearly stated that concessions are the most common form of public-private partnership, and emphasized the economic importance of concessions: “Concession awarding contracts underline the significant share of economic activities in the EU.” Read more [22]:

In February 2014, Directive 2004/23/EU of the European Parliament and of the Council of 26\(^{th}\) February, 2014 on the award of concession contracts, (hereinafter: “the Directive”) [6], was adopted. According to the provisions of Article 51, paragraph 1 of the Directive: “Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive, at the latest by 18\(^{th}\) April, 2016.” Croatia was late with the implementation of the Directive due to the political crisis (and early elections). The new Concessions Act (further: ZOK) entered into force on 22\(^{nd}\) July, 2017. As the majority of provisions of the Directive had been already implemented by the new Croatian Concessions Act of 2012, the ZOK is rather an evolutionary upgrade of the existing legal model of concessions.

3. Negative public reactions

Several months before the adoption of the ZOK, and also after its adoption, there followed very strong public reactions through almost all the media, and in particular with regard to the awarding of concession on the maritime domain. Such an interest of the public was not unusual, due to the fact that “The sea takes up nearly half of

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\(^1\) Negotiations on Chapter 5 (Public Procurement) were very long and exhausting: they were opened on 19th December 2008, and closed on 30th June 2010.
the Croatian territory. Although concessions on the maritime domain represent just a segment in the implementation of the institute of concession, their importance is incomparable when it comes to their share in the total number of concession contracts awarded in Croatia. [17]"

The fact is that the public is not well informed on the difference between the procedural regulation (ZOK) and the sectoral regulation (in this case ZPDML), but this does not change the fact that the public has revealed a series of misuse of the maritime domain in commercial terms. Here are some examples:

On 7th July, 2017 the newspapers “Novi list” writes: “Taking into account the fact that my son is a schoolboy, he cannot afford a rented sunbathing chair and a coffee in the beach coffee shop every time he goes to the beach. However, he has the right to swim in the sea, in the city where he lives”.

Yet, it seems that this is not the case with us anymore, because even though the boy respected the beach rules, the ‘Lido’ beach waiters asked him to leave the part of the beach where he had found a piece of space for his towel – these are the words of an Opatija-resident parent who has contacted our editorial office to ask what the powers of a concessionaire are and whether such a behaviour is allowable. [12]”

On 15th July, 2017, the “Index” portal brings the following information about the famous Dubrovnik beach “Banje”: “The concessionaire has been regularly selling alcoholic beverages. At the only two entrances to the beach, he has placed notice on the boards prohibiting any food and beverage to be brought to the beach. Residents are confused because they do not know whether the concessionaire has the right to do that.

“What is allowed and what is not allowed to do? We go to the beach and they tell us that we cannot bring food to the beach, they check our beach-bags at the entrance, and when we wish to take a night swim the beach is locked and then we are not certain if that is right or wrong”: a resident lady complained. [29]”

Some have also started with “corrective measures”, for example, the Split-Dalmatia County Assembly has discussed the use of public beaches under concession: “County Services have prepared a rulebook on concessions, (...) It is explicitly forbidden to deprive citizens of free access to any beach, while sunbathing chairs may occupy a maximum of 40% of the area under concession and must not stand in the way of passage and free use of the beach. [19]”

The above examples are just a short excerpt from literally hundreds of articles to be found on portals, newspapers and electronic media shows. Maritime domain experts will notice that mostly the activities involved are not based of concession award, but rather on concessionary approval; however, should an average or even an instructed citizen be expected to know the difference? Even if they do know, how can they check whether a beach operates under an awarded concession or concessionary approval? Certainly, verification is provided by regulations, but not in a sufficiently transparent way.
4. Concession and Concessionary Approval on the Maritime Domain

According to the ZPDML, the basic form of use of the maritime domain is the general use.\(^2\) The general use of the maritime domain implies that everyone has the right to use the maritime domain in accordance with its nature and purpose. (Article 6, paragraph 3 of the ZPDML) Also, there is no ownership of the maritime domain, but it belongs to general goods: Maritime domain is a general good of interest to the Republic of Croatia, enjoys its special protection and is used under the conditions and in the manner prescribed by this Act. (Article 3, paragraph 1 of the ZPDML)

Of course, the situation allowing the maritime domain to be used solely by the common good principles, without any order and possibility for the construction of buildings, would not be economically justified or possible. “Although the maritime domain is a res extra commercium, due to the exceptionally economic attractiveness and potential of the Croatian coast, sea and submarine world it was necessary to enable and even encourage its commercial exploitation, which has been made possible through concessions on the maritime domain.”[2] The ZPLDML states:

1. Special use of the maritime domain is any use outside neither the general use nor the commercial exploitation of the maritime domain. (Article 6, paragraph 4 of the ZPDML)

2. Commercial exploitation of the maritime domain is any use for the purpose of commercial activities on the maritime domain with or without the use of existing structures and other facilities on the maritime domain. (Article 6, paragraph 4 of the ZPDML)

Concessions for special use or commercial exploitation of a part of the maritime domain may be awarded to both natural and legal persons in the procedure prescribed by the Act, (Article 7 of the ZPDML). For the purpose of our presentation, highly important meaning is attached to the provision of Article 9, paragraph 1 of the ZPDML, stating that awarding concession for special use or for commercial exploitation of the maritime domain may include exclusion of other persons either partly or completely from its use and/or exploitation.

Apart from concessions, concession approvals are also available for activities to be carried out on the maritime domain. The new term “Concession Approval” was introduced by amendments of the Maritime Code 1996 [23] (which regulated maritime domain at that time). It is interesting, that the need for such an institute had been mentioned as far as more than half a century ago by Sambrailo under the term “enhanced general use”, such as: temporary setting of camping tents, refreshments selling mobile homes (presently facilities), car parks, etc. [16].

\(^2\) Common goods (Res communes omnium) are goods which refer to, and by whose characteristics they can not be owned by any natural or legal person but are given to the use of everyone – see: [7, 53].
Kundih states: “The existence of the concession approval institute is primarily supported by the need for the concession institute to be separated as an extraordinary right of exploitation of parts of the maritime domain, which leads in a lesser or greater extent to the limitation of the general public use of the maritime domain separately from commercial activities that are frequently either compatible with the general use or have a restrictive effect thereupon to an insignificant extent.”[11] Similarly, Bolanča says: “In order to make the concession procedure simplified in particular cases, the original text of the Maritime Code has been amended by introduction of the institute of concession approval” [2].

The current provision of the ZPDML (Article 7, paragraph 2) reads: “For the purpose of commercial activities to be carried out on the maritime domain without either excluding or restricting the general use of the maritime domain, both legal and natural persons shall be granted concessionary approval.”

Concessionary approvals are fundamentally different from awarded concessions, both in their legal nature and in terms of (simplified) allocation. According to Article 39 of the ZPDML, the activities eligible for concessionary approvals are determined by the Croatian Government, as well as the respective procedure and fee. (paragraph 1) Concessionary approvals are issued by the concessionary approval awarding council. (paragraph 2) The council consists of a chairman and four members appointed by the city/municipal council.

This is a simplified and rather patterned procedure not directly linked with the ZOK and the complex concession awarding procedure. Concessionary approvals are provided for a variety of simple seasonal activities such as: passenger transport outside the public liner passenger transport, submarine carriage of passengers, jet-skiing, kiosk-shops, trailer-shops, stands, facility terraces, parasols, deckchairs, photographer’s shops, sailing or rowing courses and similar tourist activities.

The term “Concessionary Approval” itself is inappropriate, both linguistically and semiotically. Regarding its legal non-compliance, Bolanča writes: “Let us emphasize that the legal term “concessionary approval “is inappropriate, taking into consideration that the term “concession” implies a sort of licence or approval “(also, Ivo Borković: The Legal Nature of Concession, ‘Collected Papers of the Faculty of Law in Split’, Nb. 1 - 2, 1991, pp. 18), and consequently the meaning resulting from the legal term would be “permissible approval” or an “approved approval”, that is linguistically unacceptable” [2].

Semiotically, the problem is that virtually no one except for a narrow circle of experts makes distinction between the “awarding of concession” from the “concessionary approval”. How can an average user be expected to distinguish a hotel beach where the general use is restricted on the basis of awarded concession, from a beach where deckchairs, parasols or a beverages kiosk are placed based on a

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3 The procedure of obtaining concession approval, see: [10].
concessionary approval? The lack of understanding leads to misuse and occasionally even violence. There are cases where concessionary approval holders, who may be either natural or legal persons, occupy the entire beach and an average resident or even tourist, is not familiar with the fact that there is no legal ground for such a significant restriction of general use! Commercial activities carried out on the maritime domain under the concessionary approval should be carried out with due respect for regulations [21], but in practice this is often not the case.

Regulations have provided for a concession register book and concessionary approval records, but it will be shown that they are not easily accessible to the public.

5. The Concession Register and the Concessionary Approval Records

The Concession Register, which was established in 2004-2006 had the priority task to regulate the payment of concession fee. “The Rulebook on the organization and management of the concession register (NN 164/2004) was adopted in 2004, when there had been just about 500 concession awarded contracts registered with the Ministry of Finance. They were only few and incomplete. The purpose of the Rulebook was to unify all the existing concession awarded contracts in order to establish the situation as it was, inclusive of any shortcomings, and to enable planning of further operation. [30]”

The introduction of the register had a positive impact on concession revenues: “The joint budget revenues of the state, county and city/municipality in the period from 2005 to September 2012 amounted to HRK 248.2 million. In the same period, the joint revenue structure based on concession fees (state, county and city/municipality) in respect of the maritime domain amounted to HRK 130.3 million (55 %). (...) The introduction of the new Concessions Act (The 2008 Act) positively affected the trend of those types of revenues, which increased significantly in the period from 2009 to September 2012 by an exceptionally high percentage of 270.9% as compared to the previous four-year period and amounted to HRK 185.2 million. [20]”

The introduction of the Concession Register disclosed certain irregularities in the “umbrella” Act of 1992, which were mostly removed subsequently [30].

Therefore, the reasons for the introduction of the Concession Register were primarily financial - control over the collection of concession fees: “Furthermore, the state established a unique management of all concession contracts in effect, primarily because of the need for transparency to be introduced in the awarding procedure and the need to increase concession-based revenues. [30]” The Concession Register is partly public, but not easily searchable at all. 4

4 The Concession Registry is available at: http://servisi.fina.hr/regkonc/index.do.
The Concession Register has been defined in detail in Article 79 of the ZOK. It is kept by the Ministry of Finance. The concession provider is required to use the Concession Register web application. The concession provider is responsible for the accuracy of the data in the Concession Register. The Concession Register is public, and the precisely prescribed data therein contained have been declared public ex lege.

Concessionary approvals are subject to a more simple procedure. According to the Regulation on the Procedure of Obtaining the Concessionary Approval on the Maritime Domain [18], the city/municipality body within which the Council operates is required to keep record of approvals. (Article 3, paragraph1). The record of approvals should contain the data concerning the Approval holder, location, type of commercial activity to be carried out, means of business operation, concessionary approval fee, and time period the approval is assigned for. (Article 3, paragraph 2)

6. How to find out the authorities awarded to concession holder and to concession approval holder in practice?

All awarded concessions and concessionary approvals in respect of the maritime domain are recorded in the Concession Register and in the city/municipality Record of Concessionary Approvals respectfully. Thus, the formal requirements of keeping data recorded are met. However, how can a natural person, a tourist or a resident, know in reality whether the beach in front of a hotel operates under concession that excludes or restricts the general use, or under a concessionary approval, so that free access to the beach and free use of a portion thereof is available to everybody? Is a marina free to walk all day long or the concession contract prescribes that access to marina is not allowed at night except to users? Is the purpose of a fence around the beach only to serve as a protection from wind or from “curious eyes” or as a barrier to restrict access to the beach? Is the concessionary approval holder allowed to use only 40% or 50% of the beach for parasols and deckchairs?

Answers to these questions are provided in the Concession Register/Concessionary Approval Record, but who can be supposed in the midst of the summer season to go for the answers? Concessionaires or concessionary approval holders are not required to publicly release such information. In practice, especially with summer crowds, high temperatures, and port authorities overloaded with large numbers of ships in the aquatorium on a seasonal basis – it is very easy for unpleasant scenes to take place and, what is even worse, as well as violation of public order.

Therefore, we suggest a notice board system which would enable information provided on awarded concessions or concessionary approvals de lege ferenda.

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5 According to the Article 96, paragraph 1 of the ZPDML, the maritime domain inspection duties include, inter alia supervision over the general use of the maritime domain.
7. Proposal for introduction of notice boards

We propose an amendment to the regulation on the maritime domain to the extent that concessionaires and/or concession approval holders are required to set up notice boards with basic information on the content of the awarded concession or concessionary approval. In addition, the 2D bar code or the popular QR-code could be used.\textsuperscript{6}

Why to use such a code? The fact is that presently in Croatia there are more than one half of the total number of mobile phones - ”smart phones” that can read such codes easily. As shown by a GfK’s research, the data of 2015 show: “More than one half of Croatian mobile service users (55% of them) own a smart phone, which exceeds the figure of a year earlier nearly by 20%”. ‘Smart phones’ are mostly used by younger and educated users, especially by students, as well as persons with higher household incomes.”\textsuperscript{9} Such growth can be expected to send classic mobile phones into the oblivion, and ‘smart phones’ which have been also provided with a camera and can read the QR code, will become a common means.

Should regulations make any public information in respect of concessions available on a unique Internet address (what is technically very simple to perform already) and the Concessionary Approval Register a unique web application where data would be entered by the local governments\textsuperscript{7}, and each concessionary approval has a unique Internet address, the citizen could obtain data of a specific concession or a concessionary approval by taking a snap-shot of the notice board.

Let’s give an example. Imagine that all local governments have their respective concessionary approvals data entered into a single application, which makes them available at www.koncesijska-odobrenja.hr/12345 (12345 standing for any protocol number automatically allocated by the system to each concessionary approval and printed on the issued A4 hard copy. The QR code would look like this:

\begin{center}
\includegraphics[width=0.5\textwidth]{qr_code.png}
\end{center}

\textit{Picture 1 Example of the QR code}

\textsuperscript{6} More: [1].
\textsuperscript{7} The state can easily arrange that by using the resources of its own legal persons, such as the National Gazette or APIS.
Anyone reading the code by means of their ‘smart phone’ would get linked to the web page www.koncesijska-dobrenja.hr/12345 containing pieces of public information about the respective concessionary approval.

A similar model could also apply to awarded concessions and it would be even easier for them because there is the Register of concessions already in place, which would only require adaptation and extension.

The notice boards for concessionary approvals could be issued along with the decree on concessionary approval, since the format does not have to exceed A4. With any awarded concession, however, printing can be regulated on larger notice boards. This would make it possible for anyone with a smart phone to check whether there is an appropriate concession or concessionary approval in place for a certain activity on the maritime domain, in order to avoid any possible misunderstandings or even unpleasant scenes like those that unfortunately have been experienced.

It is interesting to mention that regulations on Croatian inland waters have provided for notice boards in cargo loading areas. The cargo loading area is a part of an inland waterway, directly connected with the dry-land outside the port or harbour area, which is intended for temporary loading/unloading operations (sand, gravel, construction material, timber, etc.) for inland port beneficiary’s needs [13].

According to Article 9 of Regulations on cargo loading areas the beneficiary is obliged to mark the cargo loading area with a notice board to contain: data on the cargo loading area manager (name, address), class and protocol number of the decree on the opening of the cargo loading area, in addition to a warning notice in respect of dangers from crossing the cargo loading area. In addition, it has been prescribed for notice board dimensions to measure at least 100x100 cm.

By such regulation, anyone noticing an activity by a river or a lake can simply check what kind of activity is in question and then request an explanation from the competent authority (harbour master’s office). This would ensure transparency of activity performance, facilitate notification of authorities (in case of need), and would not leave any suspicion about who the shore activity is being performed by or why. The more so as unpleasant situations that we have already mentioned, and Croatian media [12, 19, 29] have revealed, certainly do not contribute to the legal stability or reputation of Croatia.

8. Conclusion

The solution herein proposed for the maritime domain takes a step further from what has been provided for inland waters cargo loading areas – by using the QR-code, a cheap and available technology, and by the introduction of a register which should be kept in compliance with the respective applicable regulations, whereby a significantly better order would be achieved on the maritime domain, as one of the most valuable national resources.
The information on awarded concessions and concessionary approvals on the maritime domain would be easily accessible through the proposed notice boards. In addition, their introduction would increase the awareness of the importance of the maritime domain and its protection, because any activity which would be based on the concession or concessionary approval would be clearly displayed and easily accessible by the smart phone technology, which has been already used by more than a half of the Croatian population.

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**Prijedlog uvođenja obavijesnih ploča za koncesije i koncesijska odobrenja na pomorskom dobru**

**Sažetak**

Donošenje novog Zakona o koncesijama 2017. godine izazvalo je opsežne reakcije u hrvatskoj javnosti. Reakcije su u suštini bile vezane ne za postupovni, već za sektorski propis: Zakon o pomorskom dobru i morskim lukama. Naime, prema pisanjima medija, u praksi su imatelji koncesijskih odobrenja često kršili svoje ovlasti na način da su ograničavali opću uporabu pomorskog dobra. Kako je prosječnoj, pa i pravno upućenoj osobi teško odrediti kakvo pravo na pomorskom dobru ima koncesionar ili imatelj koncesijskog odobrenja, predlaže se uvođenje obavijesnih ploča koje bi 2D-bar kodom upućivale na detaljnije informacije o koncesionaru, odnosno imatelju koncesijskog odobrenja. Time bi se uz minimalne troškove bitno povećala transparentnost obavljanja djelatnosti na pomorskom dobru.

**Ključne riječi:** koncesije, pravna regulacija, pomorsko dobro, koncesijska odobrenja, obavijesti, transparentnost