

CHAPTER FIVE: TOURISM-RELATED PLANNING IN CRETE

5.0 INTRODUCTION

From the previous chapter, it was evident that for too long the focus of tourism policy in Crete was directed towards unlimited growth in an attempt to maximise economic benefits. Tourism development was directed to the increase of arrivals through the increase of the numbers of beds, rather than the attraction of better quality tourists and the provision of a better quality product (Anagnostopoulou et al., 1996). As a result, a number of environmental and socio-cultural problems emerged (presented in the previous chapter), as well as many other deficiencies, such as seasonality, high competition, dependence on tour operators and a black economy, demanding immediate intervention for their solution. To eliminate these problems and maximise benefits, tourism policy and planning have turned to the promotion of alternative forms of tourism and large-scale development (Region of Crete, 1998). However, strategies are contradictory and ill managed, and public sector action lacks co-ordination and effective planning (Komilis, 1987; 1992; Leontidou, 1998).

According to Wilkinson (1997b, p.14), the pattern of tourism development in a particular receiving destination cannot be understood without an examination of that destination's plans and policies for resources and the environment in general. Therefore, the aim of this chapter is to evaluate past and current tourism plans and policies relating to tourism development in the study area and to investigate the way they influence the development of the island and the local community perceptions. This chapter presents data related to the major problems faced by the island's tourism industry and require intervention, it proceeds to a historical review of tourism policies, plans and development laws, it evaluates the role of local, regional and national government, European Community (EC), international organisations and the local community's in tourism decision-making and

implementation of plans, and finally, it presents the outcome and output of tourism planning for the island.

5.1 REASONS FOR INTERVENTION

The island has undergone extensive tourism development. While market forces have benefited the local community, they have not produced all the desired outcomes but have resulted in a number of costs that require intervention.

5.1.1 Seasonality

Crete has a high seasonality problem, stemming from the fact that during the high summer season, tourist facilities are utilised to capacity, while during the low season they are under-utilised and during the winter are almost unused. In 1997, almost 80 percent of the bednights on the island were recorded between May to September. As Drakatos (1987) stated, seasonal concentration has considerable implications for the competitiveness of the island's tourism industry, as well as for the cost of the tourist product. Nevertheless, tourist arrivals in Crete show a lower seasonal concentration compared to other Greek islands. As Donatos and Zairis (1991) found, the Cretan tourism season lasts from April to October, whereas for most Greek islands it lasts from May to September. In addition, Tsitouras (1998) stated that for the period 1991-1995, seasonality in Crete reduced by 9.7 percent and charter flights to the airport of Chania takes over six months a year, and for the airport of Heraklio for 6.3 months. For other Greek airports, the charter flight season lasts for less than 5.5 months with the exception of Athens (6.8 months) and Rhodes (6.1 months).

5.1.2 Dependence on tour operators

Although the island is a mixture of civilisations and cultures from the past, the rapid increase in bed supply and the high number of competing destinations in the Mediterranean has led to the island being used by tour operators as a cheap sea,

sun and sand destination. In effect, tour operators play a crucial role for the island's tourism industry because they determine tourists' choice through advertising and promotion and due to the trend toward inclusive tour packages organised exclusively in origin countries. As a result, there is an increasing dominance of tour operators in the Cretan tourism industry, reflecting high external influence on the island's tourism industry. Since "the demand for tourism services is highly elastic with respect to price" (Truett and Truett, 1987, p.185), in order to maintain high profit margins, tour operators put fierce pressure on hoteliers to keep prices down (Bird, 1995). As Dighe (1997) remarks for a long time, major tour operators have treated Greece as a secondary cheap destination that sells always very well but late in the season. On the other hand, hoteliers are forced to quote the offered prices to tour operators in Greek Drachma (GRD), rather than on international currency, negating the benefits of fixed prices (Gibbons and Fish, 1990).

5.1.3 Competition

Increased competition in the world tourist market and the changing preferences of tourists have revealed weaknesses in the competitiveness of the Cretan tourism product. Although Crete can guarantee tourists 'the ideal tanned body' during the summer season, the offer of the sun-sea-sand-sex product and rich heritage and nature cannot sustain competitive advantage. In addition, the recent policy of the strong Drachma has kept down the competitiveness of the Cretan tourist product (ICAP, 1997). In an attempt to attract a higher market share, the government was forced, in March 1998, to devalue the GRD by 14 percent. However, the emergence of other cheap destinations in north Africa (Morocco, Tunisia) and the eastern Mediterranean (Egypt, Turkey, and Syria), mean that Crete is not as cheap as it used to be compared to its competitors (EIU, 1990; HNTO, 1997; Buhalis, 1998). Additionally, other Greek destinations offer similar products at the same price increasing competition. Consequently, Crete can no longer compete effectively on price, pursuing cost leadership, as it did in the past.

5.1.4 The political environment

Since 1975, political stability has been a fact in Greece, and tourist arrivals have flourished. A crucial year for the development of Greece was 1981, when Greece joined the EC. Greece is also a member of OECD, NATO, the Council of Europe, United Nations, WTTC and the WTO. However, externally political and economic problems have resulted from the Libya-United States dispute in 1986, the Gulf War in the 90s, as well as terrorism in the Middle East, and the disintegration and subsequent civil war in the former Yugoslavia in 1995-1996. All these resulted in tourist cancellations and loss of foreign exchange for the island. Thus, tourism demand for Crete appears to be subject to political imbalance in Mediterranean and Balkan countries.

5.1.5 Black economy

A black economy (parallel economy) exists in Greece, equal to approximately 29 percent of the Gross National Product (EIU, 1995), the highest among member states of European Union (Williams and Windebank, 1995). This underground economy is revealed by a considerable number of undeclared unlicensed units and rooms, known as 'parahoteleria' increasing bed supply, evading taxation and operating without control and regulations (Leontidou, 1991; Apostolopoulos, 1994). The large black economy on the island may increase the bias of official data since statistics are not available for undeclared establishments and unregistered employees. As Leontidou (1998) remarks:

Given intense segmentation and illegality, tourism has been underestimated in Greek economic statistics. Undeclared activities confuse data matrices and there is a hidden economy in tourism, which is far more pronounced than in other consumption or production sectors (p.115).

The plethora of these establishments provide low quality services and facilities at reduced prices, and undoubtedly downgrade the Cretan tourism product, as well as

the competitiveness of the destination. Despite the efforts of the public sector to control this phenomenon, e.g. the five-year plan 1983-1987 and Law 2160/93, the problem is still considerable (Andriotis, 1995).

5.1.6 Other weaknesses

Crete as an insular region has an accessibility disadvantage when compared to mainland regions, because of a need for tourists to add a transportation cost, by sea or air. On the other hand, there are few direct schedule flights to Crete from European cities. Therefore, for a conference in Crete, participants must add on the additional expense of a transfer to a domestic flight through Athens (Conway, 1996). Thus, Crete has competitive disadvantage in accessibility for the conference market compared to other larger cities in Greece, e.g. Athens and Salonica, as well as other European destinations (Conway, 1997). Similar problems exist for the attraction of independent tourists from abroad.

The island has many hotel and tourist schools (STE, TESTE, TEI and ASTEAG) and a well-qualified workforce available to provide services to tourist enterprises. However, the attitude of some entrepreneurs is not helpful, since quite often they prefer to hire an unskilled workforce in order to avoid the payment of an extra 7-15 percent allowance. On the other hand, there is no Masters level course in hotel and tourism management in Crete and therefore many students have to travel abroad to complete their studies. Additionally, there is a lack of expertise in some professions, e.g. related to alternative forms of tourism. Due to the above limitations, there is a lack of professional management, experience, and training of the entrepreneurs and tourism employees (Briassoulis, 1993; AHTE, 1995).

5.2 THE GOALS AND STRATEGIES OF TOURISM PLANNING

In the past, tourism policy in Crete aimed exclusively at tourism growth without apparent thought to the natural and cultural environment and the needs of the local community. Although development did not follow the enclave form, there was a

high concentration of tourism activity in some resorts on the northern coast of the island. Besides, tourism development planning was contradictory, sometimes encouraging small-scale development for the benefit of the local population, since large-scale developments were considered to drain local income and were more capital intensive, and sometimes encouraging large-scale in order to attract affluent markets and eliminate the problem of black economy. However, there was no clear tourism strategy or focus on any specific segment of the market, or significant attempt to differentiate the tourism product and obtain a distinctive competitive advantage.

As a result, negative effects on the quality of services and the host community's life emerged, resulting in the provision of a low quality tourist product, addressed only at a low-income mass market, highly concentrated in time and place. To eliminate the problems that have emerged from unplanned and disorderly development, and to meet the new requirements of tourism demand towards 'environmental' tourist destinations, regional tourism policy, over the last decade, highly influenced by national policy, has focused on the following objectives (Region of Crete, 1995b; Anagnostopoulou et al., 1996; Region of Crete, 1998):

- maximisation of tourism's contribution to the economy;
- conservation of environmental and cultural resources;
- upgrading and diversification of the tourist product; and
- better seasonal and geographical distribution of tourism activity.

It should be recognised that the first two objectives are contradictory since economic growth might occur at the expense of natural and cultural resources. However, this conflict is evidenced by the fourth objective (even distribution in time and space), as well as through some of the following strategies and programmes (Region of Crete, 1995b; Anagnostopoulou et al., 1996; Region of Crete, 1998):

- attraction of an upmarket clientele by targeting the high spending segments of affluent markets;
- improvement and provision of infra- and superstructure;
- provision of better quality tourist services;
- promotion of new-alternative forms of tourism;
- promotion of new destinations away from traditional coastal resorts;
- training and education of professionals involved in tourism, as well as the inhabitants of the island, in an attempt to raise awareness of sustainable living patterns; and
- co-ordination of all bodies involved in tourism.

After many years of tourism policy focused on cost leadership through a promotion of a tourist product directed at low spending power (the mass, sun-sea-sand market segments), the tourism strategy over the last decade has focused on diversification of the tourist product, e.g. through the improvement of infrastructure and services, as well as on the attraction of new market segments, mainly for alternative forms of tourism. Concurrently, there is a turn to sustainable forms of development as an attempt to improve the tourism image of the island, distribute benefits from tourism development more evenly across the island and achieve a balance development of resources.

5.3 IMPLEMENTATION OF TOURISM PLANNING

In 1992, the European Union (EU) Treaty at Maastrich, Agenda 21 in the Rio Conference of United Nations and the EC Programme of Policy and Action in relation to the Environment and Sustainable Development' (5th Environmental Action Plan) have listed as principal objectives the protection of the environment and the promotion of sustainable development (EC, 1993b). In 1996, three International Organisations – the WTTC, the WTO and the Earth Council joined together, and based on the Rio Declaration on Environment and Development, launched an action plan entitled 'Agenda 21 for the Travel & Tourism Industry: Towards Environmentally Sustainable Development' (WTTC, 1998). The aim of

this action plan is to protect the natural and cultural resources of the tourism industry, which are the core of its businesses and to ensure sustainable development for the communities and countries in which the tourism industry operates (WTTC, 1998, p.2). Crete as an insular region of the EC has to conform to the objectives subscribed to by the EC and to orient any human activity and development towards sustainability.

Under Natura 2000 and Agenda 21, plans have been designed in co-operation with the local authorities and businesses with the main objectives to increase awareness in tourists and locals, and induce the local population, especially the young people, to remain in mountain areas through promotion of alternative livelihood opportunities, such as eco-tourism, mountain tourism and agro-tourism (Agenda 21, 1998). As a result, conservation solutions are provided that can be easily implemented by the local community and at the same time reduce the need for further legislation regarding protection (Arapis, 1998) and reverse the trend of concentrating tourism on the coast. In particular, under the LEADER program, in Psiloritis (a mountainous area) attempts are being made to associate tourism with traditional farming activities by promoting agro-tourism (EC, 2000a).

In order to achieve balanced development within the Single European Market and to reduce the development gap separating Crete from other more developed regions, the EC finances projects on the island through various programmes (shown in Appendix D). The most important initiatives of the EC in the field of tourism are covered by the European Regional Development Fund (ERDF), although two more funds, the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF), play a secondary contribution mainly in favour of employment and agro-tourism development (Wanhill, 1996).

Crete is estimated to have received approximately 340 billion GRD from EC programmes in the period 1986-2000, of which, only two percent will be given directly to tourism (Table 5.1). Nevertheless, tourism projects can be supported by

other measures, e.g. environment, rural, urban, local and infrastructural development. Regarding the share of funds in each Prefecture, it is evident that the larger Prefectures receive the higher proportion of funds, although funds are not totally linked to the number of inhabitants in each Prefecture.

Table 5.1: Development plans and programmes with European co-financing - Payments and commitments (1986-2000)¹

	Heraklio	Lassithi	Rethymno	Chania	Total
Local Development	6,463	1,046	416	2,274	10,198
	63.4%	10.2%	4.1%	22.3%	3.0%
Services in Small and Medium-sized Enterprises					2,391
					0.7%
Infrastructural Development	40,198	13,598	16,853	36,402	107,052
	37.6%	12.7%	15.7%	34.0%	31.6%
Agricultural Development	8,578	15,458	5,119	9,947	39,102
	21.9%	39.5%	13.1%	25.4%	11.5%
Environment	13,653	9,169	17,403	20,328	60,552
	22.5%	15.1%	28.7%	33.6%	17.9%
Human Resources	34,712	4,964	3,827	25,423	68,927
	50.4%	7.2%	5.5%	36.9%	20.3%
Tourism	996	2,654	2,387	1,016	7,054
	14.1%	37.6%	33.8%	14.4%	2.1%
Industrial Infrastructure				5,876.05	5,876
				100%	1.7%
Urban Development	4,075	1,298	2,972	4,562	12,908
	31.2%	10.1%	23.0%	35.3%	3.8%
Productive Investments	10,975	3,249	4,688	5,741	24,653
	44.5%	13.2%	19.0%	23.3%	7.3%
Technical Support					486
					0.1%
Total	119,650	51,436	53,666	111,569	339,199
	35.3%	15.2%	15.8%	32.9%	100%

¹ million GRD

Source: YPEXODE (1997).

In Greece, plans for regional development are instigated by the public sector mainly the Ministry of National Economy and the Centre for Planning and Economic Research (KEPE). Implementation is the responsibility of the Planning Services of the Ministry of Interior although funding is given through the EU and the State's budget (Pavlopoulos and Kouzelis, 1998). The policies of the Greek Government for tourism as a means of development are shown in the five-year plans for economic and social development (Appendix E). According to Konsolas and Zacharatos (1992), "the five-year plans state the general goals for the national economy, as well as the particular goals for the regions of the country which must

be fulfilled through the touristic development of the country” (p.58). As a result, there is a kind of conventional national planning by planners located a long way from the island and plans are incapable of dealing with situations faced locally by the tourism industry and the communities of the island (Komilis, 1987; Moore, 1992; EC, 2000b).

Since 1996, Greece has had no Ministry of Tourism due to the government’s decision to accord the tourism portfolio a development priority, together with the Ministries of Industry, Energy and Technology and the Ministry of Commerce (Presidential Decree 27/1996), by incorporating it in the Ministry of Development. Since then, tourism policy for the island is a prerogative of the Hellenic National Tourism Organisation (HNTO), under direct supervision of the *Ministry of Development*, with funding from central government. For physical planning, as well as environmental protection the *Ministry of Environment, Physical Planning and Public Works (YPEXODE)* is responsible. However, there is a myriad of agencies involved in the planning and implementation of environmental programmes. Fousekis and Lekakis (1996) estimate their number to be over 50 and more than 150 pieces of legislation.

Other ministries with tourism-related responsibilities include: the *Ministry of Agriculture*, responsible for the promotion of agro-tourism, the management of national parks and outdoor recreation and the implementation of several projects of LEADER; the *Ministry of Culture*, concerned with arts (financing of national galleries, theatres, opera, drama, and festivals) and national cultural heritage (conservation and revitalisation of traditional settlements, historical buildings, museums and ancient monuments); the *Ministry of Interior*, responsible for the tourism police, collection of tourism data and co-ordination of local services. Other ministries with some tourism activities include: the *Ministries of Commercial Shipping, Transportation, Public Safe, and Employment*. For the implementation of their policies, some ministries have regional departments located on the island, falling under “the financial and administrative jurisdiction of the respective central ministries” (Anagnostopoulou et al., 1996, p.32).

For many countries, the National Tourism Organisation (NTO) is the major body responsible for tourism promotion. In Greece, the HNTO is responsible for the planning, implementation and promotion of tourism, the co-ordination of all bodies involved in tourism, as well as of public and private services, legislation, inspection and the provision of licenses for tourist enterprises, provision of information, research, manpower training, the creation of infrastructure and the operation of tourist facilities and services. The HNTO has a Head Office in Athens and 28 overseas offices. (Appendix E illustrates the organisational structure of the HNTO). In total, the HNTO has 3,000 employees of which only 126 are in the offices abroad. While many of the offices abroad are successful in tourism promotion, the central HNTO headquarters in Athens has seemed distant and preoccupied with bureaucracy and political infighting (Moussios, 1999, p.43). Therefore, Moussios (1999) criticised them for “lack of realistic long-term planning, the failure to co-ordinate actions with interested parties from the private sector, and a lack of consistency in policies and responses” (p.43).

In Crete, there is an HNTO Directorate in Heraklio and three regional offices in the main touristic areas of the island. Responsibilities of the Directorate include the inspection of tourist enterprises and the provision of tourist information. However, as mentioned above, Greek tourism policy is highly centralised, and therefore the role of the Directorate is limited, simply an outpost without any autonomy, with the central HNTO office in Athens being responsible for nearly all decisions about tourism on the island (Komilis, 1987; Buhalis and Diamantis, 1999).

Most of the time, there is a lack of co-ordination between the HNTO and other bodies involved in tourism (Anagnostopoulou et al., 1996). Although the HNTO and Ministry of Agriculture have responsibility for the construction of facilities within forests and mountains in order to promote agro-tourism, there is no systematic collaboration between them. There are only limited exceptions. For example, in the past the YPEXODE and the HNTO, before the abolition of the

Ministry of Tourism, collaborated and established committees to resolve problems of common concern related to planning. This collaboration has resulted in the amendment of planning legislation, e.g. Law 797/1986 that declares 'Areas of Controlled Tourism Development' and 'Saturated Tourist Areas' (Anagnostopoulou et al., 1996). However, collaboration only in land planning is not enough. There is a need for collaboration in more issues concerning the tourism development of the island.

Although the HNTO has some involvement in the operation of tourist facilities and services, and tourism may not be viable without the support of the public sector, the major share of finance, development and operation of tourist facilities and services is undertaken by the private sector. The interests of the private sector are expressed through trade association, which at the national level include the Panhellenic Association of Hoteliers, the Association of Greek Tourist Enterprises (AGTE), the Hellenic Association of Travel and Tourist Agents (HATTA), the Hotel Chamber of Greece (XEE) and the Greek Shipowners. Associations can be found at the regional level, e.g. the Hoteliers Association, Travel Agents Association etc. All these associations are non-profit-making and their main aim is the promotion of tourism and the enhancement of the product offered. Therefore, they participate in tourist exhibitions in Greece and abroad and distribute promotional material.

In the past, there were cases (although limited) where the public and private sectors collaborated successfully. For example, one such collaboration was related to the expansion and improvement of Chania airport. As Nikolakakis (1998a) asserts the whole project shows that "if resources are available and the public and private sector work together great things can happen" (p.16). Nevertheless, the private sector finds it quite difficult to deal with the public sector partly due to little understanding of its needs, the lack of an effective forum dealing with tourism matters and the complexity, bureaucracy and lack of co-operative mechanisms (Komilis, 1987; Anagnostopoulou et al., 1996).

Although the private sector is sometimes consulted about tourism matters, most of the time the public sector does not implement their recommendations in tourism policy and planning (Hellenic Hotel Chamber, 1998). Due to a lack of synergy, state attempts to entice foreign tourists to visit Crete during the winter were not successful, despite the great potential of the island for the expansion of its tourism season (Donatos and Zairis, 1991; OANAK, 1995). Only recently, a plan for 12-month tourism was designed in an attempt to mitigate the seasonal concentration of tourism activity. This plan attached major importance to publicity, the co-ordination of all participant action, and the provision of incentives to Cretan enterprises, airlines and tour operators (Unique Hellas, 1997). A pilot programme (1998-99) was designed with the co-operation of the HNTO, the Region of Crete and a large group of businessmen (hoteliers, travel agents and Greek tour operators) (Xenios, 1998).

Many non-governmental organisations (NGOs) dealing with environmental issues have been established in Greece. Lekakis (1995) estimates their number to be over 100. Kousis (1994) reports that over 100 environmental movements of NGOs were recorded in the ecological press in Greece during the period 1982-1992. However, the public sector bodies, with minor exceptions, (e.g. the entrusting of the EU programme of Blue Flags to the Hellenic Society for the Protection of Nature by the HNTO) do not collaborate with, and consult NGOs, in tourism projects (Anagnostopoulou et al., 1996).

Apart from the above agencies a principal body for the development of the island at regional level is the Region of Crete, responsible for the construction of infrastructure and the development of the island's economy through the planning and implementation of EC programs, mainly Regional Operational Programmes (ROP). It is governed by the Secretariat of the Region and chaired by the General Secretary, who is appointed by central government as a representative and administrative head and as a result is supervised by it.

Other public bodies located on the island and having a major role for tourism development include the Prefecture Councils and the Local Governments (OTA). Both are elected in an attempt of public participation in tourism planning and development. They are mainly responsible for the management of local affairs. In particular, Prefectures are involved in tourism activities within their territory, although according to Law 2160/93, their main concern towards tourism is the promotion of the product. In order to play the role of promoter; Law 2160/1993 requires each Prefecture to establish a Committee of Touristic Promotion. The major aim of each Committee is to elaborate regional tourist promotion plans destined for inside Greece, as well as abroad, and to implement them following approval by the HNTO (OECD, 1996). Representatives of the island's tourism associations participate in the Prefectural Committee of Touristic Promotion. Prefectures are financed by central government for the promotion of tourism. In 1996, Crete received 100 million GRD (12% of the national budget) for tourism promotion (Pavlopoulos and Kouzelis, 1998). OTAs have the responsibility for a broad range of policies and programmes for the development of their municipality. More specifically their activities include infrastructure, creation of social and cultural facilities, organisation of cultural events and festivals, refuse collection and disposal, urban development, town planning, traffic management, as well as commercial, industrial and manpower development.

Although the island has regional and local governments, the planning process for tourism development is controlled by external actors other than the locally elected governments (Lekakis, 1995). The lack of autonomy in the decision-making of the islands' future impedes the accomplishment of an integrated regional policy (Anagnostopoulou et al., 1996, p.32). For example, although central government is obliged to consult OTAs in the decision-making process prior to taking any action related to local physical planning and environment, when disagreements arise, the law allows central government to circumvent OTAs' objection by adducing special reasons (Fousekis and Lekakis, 1996. As Lekakis (1995) states:

The lack of financial strength influences to a large extent the locally elected governments' political will, administrative capacity, and networking with outside organisations (p.22).

There are Local Development Companies, such as the Eastern Crete Development Organisation (OANAK) which is a Societe Anonyme with the state being the main shareholder. It enjoys administrative and financial autonomy although it is supervised and audited by the Ministries of National Economy, Finance and YPEXODE. It is responsible for the implementation of many EC programmes and projects, such as RECITE, INTERREG, ENVIREG, LEADER and LIFE.

Whilst there is collaboration between the public sector and entrepreneurs on occasion, local residents are never asked about their desires and needs. One major component of the tourist product, the local community, has been neglected in decision-making. The bottom-up approach, through the involvement of the local population in the development process, has not been adopted in tourism planning, and the top-down process has overlooked local community's desires. In particular, the EC (2000b) reports that in Greece, because of central administration in Athens, the formulation of development plans do not reflect the needs of communities. The only attempt at considering local community's needs and public participation in tourism planning is made by elected members in the public sector, and improvement of urban environment and living conditions, e.g. projects associated with transportation, water, sewage and waste disposal.

The administrative system is extremely complex, diverse, and fragmented. Myriad bodies have varying degrees of tourism responsibility. Since, there is no systematic and regular collaboration between the bodies involved in tourism development, the establishment of a new special body responsible for the co-ordination of all the actions of the public and private bodies, as well as a stable tourism policy was essential. As a result the Tourism Company of Crete was created, funded solely by ROP. Its participants include all the immediately

interested parties from the public and private sector of the island. According to Xenios (1998) it aims:

At the scientific-technocratic support of the tourist structures of the private and the public sector, the unified expression and the development of Cretan tourism, the processing of policies and propositions of tourist interest and, in general, the co-ordination of all the activities that carriers or private companies create, in a way that they form for Crete a strong point of reference, in the international tourist market, strengthening its presence and its negotiations position (pp.68-69).

5.4 THE CONTENT OF TOURISM PLANNING

From the literature review three different tactics emerge influencing tourism development: development incentives, laissez-faire policies and disincentives/barriers to tourism development. In Crete, the first two were evident in the past, although during the last decade has seen some types of disincentives, as the following sections highlight.

5.4.1 Carrying capacity and manipulating tourism demand

Due to the increase in the number of arrivals and because for too long the government has provided incentives for tourism development even in congested areas, the carrying capacities of some areas have been exceeded (Nikolakakis, 1998b). Therefore, during the summer, population concentration is high, and degradation results in the natural ecosystem, as well as other problems in organisational structures, infrastructure and services. As a result, for the first time in Greek history, Development Laws (1892/90, 2234/94, and 2601/98) have identified saturated areas where no hotel construction is allowed and provided incentives other than increasing bed capacity.

In Greek tourism policy, there were limited attempts to manipulate tourism demand. Because of the 'neutral or non-interference attitude' of the HNTO and public administration towards the activities and practices of international tour

operators, the quantity and the quality of tourist visitation was left uncontrolled. The reason for this was the desire to maintain and promote good relations with tour operators, because of the recognition that their dominant power can move tourism demand to other destinations that better fulfil their expectations (Komilis, 1992).

In relation to tourist supply, very often entrepreneurs were left to establish enterprises, sometimes encouraged by various Development Laws. Even when control policies and restrictions for the development of AEs had been formulated, they were disregarded by investors who proceeded to build illegal constructions contributing to an increase in the informal tourist accommodation stock (Komilis, 1992). Ill-managed tourism policies, resulted in a tremendous increase in the number of arrivals and the construction of AEs, as the previous chapter shows.

5.4.2 Characteristics of the economy

In the early stages of tourism development, the local elite played a pivotal role in tourism development, although later a share of bed ownership accrued to outside investors. The extent of non-Cretan ownership is not known and it is not easy to quantify, although Papadaki-Tzedaki (1997) reports that in Rethymno 87 percent of hotel establishments are totally owned by locals and therefore the dependence on metropolitan centres is lower compared to other destinations. Crete has no Hilton, Marriott or Sheraton hotels (Moxham, 1989) and the largest hotel chain in Crete (and Greece) “Grecotel”, with 22 hotels and a total capacity of approximately 11,000 beds, is Cretan-owned and operated. The situation is different for tourist shops and catering establishments. Many shops are rented to non-locals residing in the island during the tourist season. Local entrepreneurship is widespread in other facets of the industry. For example, the four major shipping enterprises of the island (Minoan Lines, Rethymniaki, LANE and ANEK), and one of the major airlines for domestic flights (AirGreece), are Cretan-owned and operated.

However, the tourism industry has not managed to create linkages with many of the other economic sectors. Briassoulis (1993) remarks:

The lack of vertical integration among the productive sectors of the Greek economy, their strong dependence on imports, and the lack of promotion of Greek products reduce the real value of the tourist exchange flowing into the country (p.295).

As Greger (1985) notes, the demand from tourists for cheap crafts has forced Cretan shopkeepers to sell goods that are not ethnic, although attractive. Since there are no factories in Crete to produce them, they are produced mainly on the Greek mainland or abroad. Similarly, the island has no production of heavy engineering, transport equipment and manufactured goods, e.g. cars, television sets, and most of the machinery and utensils, used for the operation and the construction of the tourism enterprises, are imported.

Most fresh local agricultural and cattle production is consumed in the hotels and restaurants of the island, but the large hotels, in order to reduce costs and to be more competitive, buy a large amount of food products from outside the island (Papadaki-Tzedaki, 1997). For instance, frozen meats are bought in high quantities in order to benefit from economies of scale. Since frozen meats are not available on the island, they are purchased from other Greek and foreign markets (Papadaki-Tzedaki, 1997).

The tourist income multiplier has been estimated for Greece at 1.2-1.4 (ETBA, 1991). Although there are no data on the multiplier effects of tourism in the Cretan economy, the tourist multiplier might be slightly lower. However, it is considered that the demand for commodities and services by the tourism industry is met better by a strong and diversified economy (as Crete is the largest Greek island and the fifth largest in the Mediterranean, after Sicily, Sardinia, Cyprus and Corsica) compared to other smaller islands, e.g. Aegean and Cyclades islands (Loukissas, 1977; 1982; Komilis, 1994). In summary, the Cretan economy heavily relies on the tourism industry for its prosperity, mainly because a handful of other

regional sectors, especially agriculture, commerce, transportation, construction and services, are strongly related to tourism (Tzouvelekas and Mattas, 1995).

5.5 THE OUTPUT OF TOURISM PLANNING

Tourism in Crete was not a planned activity, but the establishment of the island's resorts followed the typical pattern of many other islands worldwide. Following the construction of the first accommodation establishment, the island successfully attracted tourists, and as a result the construction of more accommodation and other tourist facilities emerged in an ad hoc manner.

When tourism development started in Crete, the private sector saw its potential, although it was neglected by the government, which did not see it as an economic development strategy (Kousis, 1984). As a result, tourism started as an unplanned activity without any concern for environmental preservation, zoning, research, education and awareness of the indigenous population about the tourism industry. A laissez-faire process of development emerged without any control of tourism activity, and as a result planning was almost non-existent in line with the tradition of boosterism. During 1970s government realised the potential of tourism for the island and provided incentives for tourism development, but planning was entirely market-led directed toward the creation of facilities to satisfy increased tourism demand, ignoring emerging problems and the qualitative elements of the tourism product.

Ramsaran (1989) identifies two types of planning: planning as a process and plans as documents that are never formulated. The second type of planning is evident in Crete. A consequence of the lack of regulations and planning of tourism expansion was the proliferation of the problems mentioned above and the need for intervention. Although some plans were designed for the development of the island (Appendix G), in general they have not been implemented due to the lack of a clear structure of authority, centralisation of administration and the lack of public sector co-ordination. There was no commitment towards long-term

planning of the island's tourism industry. In effect, public sector services have tended to be more directed to routine duties rather than the promotion of tourism development.

5.6 THE OUTCOME OF TOURISM PLANNING

Past tourism policy in Crete aimed exclusively towards tourism growth without sufficient thought for the natural and cultural environment and the needs of the local community. As a result, the number of beds (hotel beds, apartments, and rented rooms) per 1,000 habitants has increased tremendously (479%) between 1971 and 1991 (Table 5.2). A higher increase can be found in the Prefecture of Rethymno, whereas in the Prefecture of Lassithi the increase of number of beds per 1,000 habitants was lower. In Greece, the ratio is less than one third of Crete.

Table 5.2: Total beds per 1,000 habitants

	1971	1981	1991	71/81 Change %	81/91 Change %	71/91 Change %
Chania	30	58	140	194%	240%	467%
Rethymno	21	130	329	609%	253%	1567%
Heraklio	50	148	240	299%	162%	480%
Lassithi	130	255	404	197%	158%	310%
Crete	52	138	249	264%	180%	479%
Greece	27	51	74	191%	145%	274%

Source: Compiled by Pavlopoulos and Kouzelis (1998).

The tremendous increase in tourism supply and arrivals has resulted in negative effects on the quality of services and host population life, contributing to the provision of a low quality tourist product, addressed only to a low-income mass market (OANAK, 1995). However, world tourism demand is changing rapidly. Consumers are increasingly turning towards 'environmental' tourist destinations (Diamantis, 2000). To meet these new requirements, and to eliminate the problems having emerged from unplanned and disorderly development, regional tourism policy has moved towards a quality-orientated and "greener" approach by controlling development in areas already saturated (OECD, 1996). After many years of unplanned and sometimes haphazard development, policy has brought about a virtual freeze on the construction of new tourism accommodation. Only a

minimal increase in beds is allowed, under the condition that they will be accompanied by a parallel major exercise in upgrading amenities and services that will bring distinct benefits to the industry as a whole, or it will offer a new product which constitutes an additional attraction for visitor flows especially during the shoulder and off-season months (OECD, 1996). As a result, a form of diversification strategy is attempted through a product-led approach to tourism planning that promotes infrastructure, facilities and services better integrated locally and resulting in higher economic returns. At the same time policy encourages rational growth of under-developed areas in the central and southern part of the island in an attempt to balance socio-economic development (Region of Crete, 1998). Nevertheless, it would be a pity to see those 'virgin' areas developed in a similar manner as on the northern coast.

Government also promotes the establishment of integrated development tourist areas (POTA) that will have the necessary infrastructure, such as marinas, convention centres, golf courses, spas and thalassotherapy centres. For example, such an investment, perhaps the biggest foreign investment in Greece, will take place in the area of Toplou, and it is estimated to provide 3,000 jobs in an area with a high unemployment rate (Hope, 1998). Although at first sight large-scale developments are considered beneficial because they attract higher spending tourists and generate more income and employment, they imply a greater reliance upon non-Cretan capital than at present, the employment of ex-patriate staff and higher leakage of money. Moreover, local authorities motivated by the most recent Development Laws have made plans for the construction of golf courses. The encouragement of such investments is seen as a means of promoting high-income tourism. However, they might place undue burden on the island's scarce water resources and will demand qualified staff, which might call for incoming workforce.

Concurrently, government continues to promote and approve the construction of large-scale hotels, although simultaneously promoting alternative forms of tourism. However, alternative forms of tourism look for small-scale

developments. Only the transformation of traditional buildings into hotels proposed by the last Development Laws may be compatible with the aim of protection of the environment and attraction of alternative forms of tourism since such establishments target small numbers of low impact tourists.

Recently the public sector has attached major importance to the cultural promotion of the island, in an attempt to change the image of Crete from a sea, sun and sand destination to a destination of cultural and historical significance that can attract high class tourists (Williams and Papamechael, 1995; Kalogeropoulou, 1996). To date, the island has focused on mass tourism. Although eco-tourism and nature-based tourism are an integral part of recent tourism policy, the only means used for their promotion is provision of infrastructure in areas of ecological beauty. Unfortunately, due to the necessity of a drastic reduction in the governmental budget deficit, the amount of public money spent on tourism is modest in comparison with the budgets of other competitive destinations. Limited financial assistance means that little can be done for the achievement of the above objectives, and the only attempts are directed toward environmentally sound investments mainly in infrastructure, through EC co-finance.

For too long, Greek governments have had no clear and consistent policies and priorities for tourism development. In effect, the General Secretary of the HNTO changes on average twice a year. Sometimes there is a Tourism Ministry; sometimes tourism is a part of other Ministries. Consequently, policies change very often and “do not interrelate and thus produce further conflicts, or, usually, they are withdrawn for revision shortly after they have been introduced” (Komilis, 1987, p.329). However, tourism is a ‘profit-making operation’ and in order to maximise return on investments it should be run as a business. A bureaucratic system is of no use, if the island wants to compete effectively in the world travel market. Bearing in mind that the HNTO has been unsuccessful as an entrepreneur, many HNTO properties (i.e. hotels, casinos, and marinas) have been transferred to the private sector, through long-term leasing. The main responsibility of the

private sector will be to undertake the financing of the installation and modernisation or the construction of new works (OECD, 1992; 1996).

Until recently, technocrats have made many mistakes mainly in forecasting demand. For instance, Law 1262/82 granted permission to the construction of too many, low quality AEs, leading to an oversupply of rooms and subsequent low occupancy rates. Additionally, there is a “clientelistic” relationship between political parties and citizens (Argiropoulou, 1990; Makridimitris, 1993; Kousis, 1994; Henry and Nassis, 1999), which has led to “mediocrity, a lack of motivation in personnel and, more importantly, an inability on the part of the public services to meet citizens’ expectations” (Kufidu et al., 1997, p.245). Business, financial and other interests seek to influence political decisions and tourism has been used by most politicians as a political vehicle to gratify voters (Koutsoukis, 1995; Buhalis and Diamantis, 1999). In particular, the distribution of public sector jobs is influenced every time a government or even a Minister changes (Kousis, 1994; Josephides, 1995; Buhalis, 1998) and due to political differences, central and local governments do not co-operate sufficiently. As a result, there is insufficient co-ordination and unity of policy among the various public agencies (Leontidou, 1991).

“Civil servants are permanent, and have their own priorities, connections and relationships” (Elliot, 1987, p.227). Permanency has led to a poorly-motivated staff and decision-making is time-consuming and hierarchical. To a large extent, civil servants react to problems as they arise rather than having long-term objectives for tourism development, and low quality services and delays in plans implementation ensue. Therefore, very often policies are reactive rather than proactive. Slowness due to bureaucracy results in delays in the approval of special budgets. For instance, the Prefectural Committees of Tourism Promotion complain of delays in receiving state funding for their promotional activities. As the Hellenic Hotel Chamber (1997) states, the 1997 promotional campaign of the HNTTO started in late January, although the campaigns in competitive countries started much earlier.

Jourmard and Mylonas (1999) note that although the Greek economy has made great strides in the improvement of its economic situation since 1990, when it comes to structural reforms mostly related to the public sector, it lags behind most other OECD countries. Various deficiencies, such as “lack of streamlined procedures, little use of new technologies and modern management techniques, and a large number of staff without the necessary skills” (EC, 1998c) render the actions of the public sector ineffective due to duplication and contradictory actions. Therefore, “the Greek Civil Service has been severely criticised as being unresponsive, incapable of dealing with the new challenges and as being the main retarding force in the modernisation of the Greek economy” (Kufidu et al., 1997, p.245). Although the Greek government, in order to eliminate these deficiencies, has made a series of institutional arrangements, such as restructuring public enterprises, decentralising and simplify bureaucratic procedures, reforming personnel management policies and overall modernising services (Kufidu et al., 1997, p.245), Jourmard and Mylonas (1999) believe that much remains to be done.

The EU has an influence on the policy of its member states but failed to develop a European approach to tourism as each of its members adopts a different tourism policy (Hughes, 1994). In Crete, the availability of EC funding clearly acts as a catalyst for change and development and contributes to the enhancement of the environment. However, Moussios (1999) criticises the Greek government machinery for slowness in absorbing available EC funds. Unfortunately, due to bad management and inadequate co-ordination of regional and national tourism programmes with EU relevant ones, many opportunities for tourism projects are missed. This is mainly due to the lack of a strategic master plan for the island’s tourism development and a comprehensive tourism policy. Therefore, projects accomplished under different EU programmes, cover the same areas and sometimes do not reflect the policies of the Community for environmental protection. For example:

HNTO financed, within the framework of the Operational Programmes, work to correct damages resulting from earlier work financed by other programmes. Specifically, a yachting marina was built with the assistance from an Integrated Mediterranean Programme (IMP) without its impacts on the environment having been adequately analysed. Following erosion of the coastline as a result of this port, it was decided to finance the construction of two breakwaters from the tourism Operational Programmes. As these were then partially destroyed by storms, the repairs, also financed from the tourism Operational Programme (EC, 1997, p.22).

Similarly, inappropriate planning projects on the island allow activities that damage the environment. Anagnostopoulou et al. (1996) report that in Crete, EU funding for the development of under-developed and unspoilt bays through the construction of coastal roads impedes the Loggerhead Turtles' route to the beach for breeding. In practice, projects do not always follow on and community funds are not used to optimum effect. In a survey of 15 treatment plants in Crete, it was found that their operation did not produce the desired results and an improvement in the control of outgoing water was necessary (EC, 1998d). Delays exist due to technical and administrative reasons in carrying out the projects, as well as an increase of total costs. Specifically, a sewage treatment plant, in Rethymno was delayed for 27 months and the cost increased by 257 percent (EC, 1998d). As a result, the country received warning letters from the EU and has appeared in the European court (Kousis, 1994).

A lack of successful land planning and environmental policies leads to a mix of land uses and illegal building construction. Although one of the public policy priorities is to ensure that the mistakes of the past are not repeated, illegal construction is still widespread in many areas. According to Peterson and McCarthy (1990a), illegal building "is long-standing, perhaps because of the practise of Greek political parties in electoral campaigns making promises and then enacting statutes declaring existing illegally constructed buildings to be in compliance with the law" (p. 168). Hopefully, the preparation of the National Cadastre and the updating of tourist legislation will help in the identification of public lands where illegal construction cannot take place.

In 1990, a ministerial resolution introduced the elaboration of Environmental Impact Assessment (EIA) studies for certain projects (Agenda 21, 1997). However, the reliability of these studies is questionable. For example, the EC (1999c) conducted a survey about indirect and cumulative impacts from 12 EIAs in Greece and found insufficient documentary and methodological evidence to support the studies. As a result, despite strict environmental laws, there is uncertainty about whether the government has the power to protect coastal and sensitive areas from disastrous development. However, not only tourism should be blamed for environmental degradation, as other activities, such as agriculture and light industry, due to insufficient use of legislation, cause significant environmental problems. For example, Kousis (1994) suggests that environmental policies in Greece do not always enforce regulations for industrial development, because of fears of hindering industrial investment.

The local community plays an essential role in cultural and environmental protection. In Greece, increased community awareness of environmental issues has been realised through a variety of means including national public information campaigns, the introduction of environmental courses into the curricula of the primary and secondary schools and the establishment of Centres for Environmental Education (Fousekis and Lekakis, 1996; Stott, 1996), with some degree of success, although public awareness is still low (Fousekis and Lekakis, 1996).

There is a lack of tourism research by the public sector into tourists' needs and the perceptions and needs of the local community. In general, research is limited, and in cases where it exists, there is no public body responsible for collecting and providing to all interested persons information for the existing tourist projects (Anagnostopoulou et al., 1996). Although some institutional arrangements for access to information, existing studies are circulated to a limited number of people, and those who seek information often encounter the refusal of authorities (Fousekis and Lekakis, 1996). For example, OANAK (1995) carried out a study

on the alternative forms of tourism and the extension of the tourist season in Crete. However, the study was not published and the author was refused to it; only a summary was available. Even when the academic community and private sector undertake research projects, these projects are not consulted by the public sector prior to plan formulation.

To sum up, the main constraints to tourism development are a lack of consistent specific regional strategy for tourist planning, a lack of co-ordination and also the relatively narrow margins for allocating public resources in order to support the implementation of tourism policies. As a result, planning follows development instead of preceding it (Peterson and McCarthy, 1990b).

5.7 CONCLUSION

Tourist arrivals and expenditure in Crete have risen steadily over the past two decades and subsequent investments in new developments and preparation of Development Laws have come into being. Mainly due to supply-oriented tourism planning, serious problems have resulted from the island's tourism development, contributing to low quality services and a subsequent provision of a low quality product. As a result, areas of the island have reached a high-density tourism activity, with severe environmental problems. Therefore, a more proactive role of government in tourism policy and planning is imperative, although there is uncertainty about whether the government has the power and the will to protect the island's environmental and cultural resources, through a balanced development of the tourism industry.

Some areas of the island are reaching the maturity stage of the resort cycle of evolution. In order to avoid decline the public and the private sector are trying to exploit the natural and cultural untapped resources and add artificial attractions, such as golf courses. Through financial help from EC initiatives, it is believed that the island will attract higher spending and alternative forms of tourism, extend the tourism season, diversify the tourist product and sustain resources.

From the literature review in Chapter Three it is apparent that although there is a strong argument to be made for the importance of tourism planning, in the case of Crete plans are almost non-existent and even when some plans exist, successful implementation is both difficult and apparently institutionalised. The biggest hindrance to tourism development in Crete is the myriad public sector bodies, leading to a lack of a comprehensive tourism policy. Evidence exists that countries within the EU, (e.g. Portugal, France, and Ireland) have successfully promoted their tourism industry, due to the existence of a clear governmental strategy for tourism development and strong funding by the central government (Akehurst et al., 1993). Unfortunately, both of these features have been ignored in the case of Greece, since there is a lack of consistent specific regional strategy for tourist development and relatively narrow margins for allocating public resources in order to support the implementation of tourism policies. If developers and planners want the benefits of tourism expansion, both funding and clear governmental strategies should be considered for trailblazing in future tourism policies.

Finally, there is no attempt to incorporate the opinions of the Cretan community in the tourism planning process, but developers and planners choose top-down planning that leaves host communities with little input over the development of their community. Besides, there is a lack of studies investigating the local community's views and desires for tourism development, which the literature considers an essential factor of sustainability. The next chapter presents the methodology adopted for this research.