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RURAL TOURISM AND ITS IMPACT ON RURAL DEVELOPMENT IN SLOVENIA

Matej Bedrač¹

Abstract

The paper describes the role of rural tourism in a wider rural development policy concept. In the first part is presented a brief historically overview and current state of development of tourist farms in Slovenia. In the second part is presented SWOT analysis concerning rural tourism which is founded on an analysis of the 33 Local Development Strategies. The paper completes with an analysis of measures that contributes to the development of tourism on rural areas and which are implemented under 3rd and 4th axis of Rural Development Programme of Slovenia in the period 2007-2013.

Key words: Rural tourism, Tourist farms, Rural development

Introduction

Slovenia is one of the most diverse European countries with above average share of rural areas. It lies on the junction of Alpine, Mediterranean and Panonian landscapes which contributes to great relief and cultural diversity. The relatively unfavourable natural conditions result in a large number of small settlement and specific land use structures.

Slovenia has small average size of agricultural holdings (6,5 hectares) and unfavourable natural conditions for an intensive agricultural production. More than 75% of total area is considered as Less Favoured Areas. These are the main reasons for the low level of productivity and specialisation in agriculture. More than 70% of agricultural holdings are operating on a part time basis and average labour input is 1,1 Annual Work Units per holding.

One of the ways for improving low labour productivity is to generate a non agricultural income for agricultural holdings through the supplementary economic activities on the farm.

¹ Bedrač Matej B. Sc. Agriculture, Agricultural Institute of Slovenia, Hacquetova 17, 1000 Ljubljana, Tel: 00-386-28-05-225 e-mail: matej.bedrac@kis.si

According to the data from farm Structure Survey in 2007, about 4% of agricultural holdings were diversifying in other economic activities. The prevailing supplementary activities on farms are machinery services, food and wood processing and rural tourism.

According to Bojnec (2004) different concepts have been developed on definition, relations and distinction between rural tourism, agro-tourism and farm tourism. Different traditions, in rural areas and different patterns in tourism development have caused these differences. Farm tourism is either defined as a sub-kind of agro tourism, while agro tourism is often considered as a rural tourism which is closely related to agriculture. Bojnec concludes that farm and agro-tourism usually represent only a small part of rural tourism.

Tourism offers employment opportunities for farmers and family members who are looking for employment outside of agriculture. The economic advantages of agro tourism for agriculture arise from:

- Direct sales of farm products to tourists without any transport and marketing cost
- Increased employment opportunities, especially for women and young people
- Generation of supplementary farming activities which affects positively on the quality of farm tourism services

Tourism is one of the most important economic branches and their importance in Slovenia increasing. It is estimated that tourism contributes 12% to GDP and employs more than 50.000 people.

In 2001 was prepared Strategy of Slovenian tourism 2002-2006 where are presented basic guidelines of the development of Slovene tourism and the development of rural tourism is one of its basic orientations. The main goals in the field of rural tourism in that period were:

- Developing an integral tourist offer in villages and new tourist farms
- Stimulating marketing activities in the framework of tourist agencies and continuing domestic and international promotion within Slovene Tourist Farm Association and Slovenian Tourist board.
- Establishing relations between the development of rural tourism on farms and European pre-accession assistance programmes (SAPARD)
- Setting up a register of tourist farms and connecting them into an integral tourist information system at the national level.

Some rural areas of Slovenia, such as Gorenjska and the Upper Savinja valley have a long tradition of rural tourism, going back to nineteenth century and which by 1930s was well established. After Second World War tourism in rural areas stagnated because of the efforts were redirected to the development of mass tourist resort in coastal and mountainous areas. In the late 1970s government started with the incentives for mountain farmers and try to secure additional income. Agricultural advisory service trained special advisors for supplementary activities and work for farm families. Over the last 25 years various forms of agri tourism have expanded slowly across Slovenia, primarily to provide secondary source of income for family farms (Verbole, 1997).

Tourist farms in Slovenia

Tourist farms represent the base of rural tourism in Slovenia. There are currently registered 630 tourist farms of which 228 have accommodation capacities, 218 are excursion tourist farms, 94 wine shops and 27 osmicas (makeshift restaurants). In total Slovene farms have more than 26.000 seats and over 3.000 tourist beds.

Tourist farms offer very diverse forms of accommodation. Guests can chose between stationary tourist farms with bad & breakfast, half board and full board accommodation or excursion tourist farms which are generally open only on the weekends. Other forms are wine cellars, and in recent years very popular campgrounds.

Tourist farms still provide relatively inexpensive holidays. The average prices per person per day ranged between 12 € in self catering homes and 29 € for a full board accommodation.

Table 1: Average prices/per person /per day on tourist farms in Slovenia

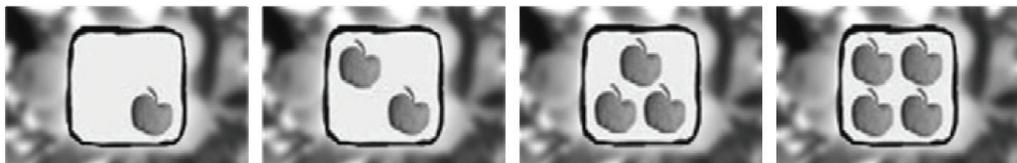
	Basic quality (1-2 apples)	Medium quality (3 apples)	High quality level (4 apples)
Rooms/ Bad & Breakfast	17 €	20 €	24 €
Rooms/half board	20 €	24 €	29 €
Self catering homes	12 €	15 €	

Source: Association of Tourist farms of Slovenia

The average occupancy rate on tourist farms in 2009 was 85 days while the farms which are near tourist centres had occupancy rate more than 150 days. In the period 2002-2009 the average occupancy rate almost double. Majority of guests are form Slovenia (60%), Germany (13%), Italy (12%) and Croatia (8%).

A quality grading and classification scheme are obligatory for all tourist accommodations in Slovenia. The quality of accommodations and services on tourist farms for rooms and apartments is ranked from one to four apples. One apple means simply furnished rooms with a common bathroom and toilet. Two apples mean furnished rooms and at least half of them have en-suite toilet and bathroom. Well furnished rooms and majority with bathroom and toilet ar graded with three apples. Four apples have large and comfortable well furnished rooms with en –suite bathroom and toilet, a wide offer of meals and different additional facilities such as tennis court, swimming pool, riding and other activities. The quality signs are presented on picture 1.

Picture 1: The quality signs of tourist farms



From 2007 the Agricultural chamber of Slovenia granted quality signs for holiday themes, because there are increasing number of tourist farms in Slovenia that have chosen to develop specialized offer. Experts from various fields have prepared different obligatory and optional conditions that farms must fulfil, if they want to obtain a holiday theme sign. Holiday theme signs are presented on picture 2.

Picture 2: Holiday theme signs of tourist farms



The farmers may promote their tourist farm as:

- Ecological tourist farm,
- Tourist farm with healthy lifestyle offer,
- Family friendly tourist farm,
- Tourist farm with programme for children unaccompanied by parents
- Bicycle friendly tourist farm
- Winegrowing tourist farm
- Disabled persons friendly tourist farm

Among the farms which are listed in the catalogue of Slovene Tourist Farm Association almost one quarter of agricultural holdings are represented as ecological tourist farms, while other holiday themes are represent in a lesser extent.

There are two possibilities for setting up tourist farm. Tourist farm can be organised as a supplementary activity on agricultural holding and second option is that holder establish tourist farm as private entrepreneur. If they have supplementary activity on a farm, they have some limitations. They should have maximum 10 rooms and 60 seats. Income earned from supplementary activities per family member should not exceed 1,5 average yearly earnings per person in paid employment. If the farm is situated in the less favoured areas for agricultural production, income should not exceed 3 average yearly earnings. They also have to fulfil minimum education and hygiene standards for production of food. If the farmer is private entrepreneur farm tourism has to operate under the same conditions as in any economic activity.

The biggest difference between tourist farms and other tourist activities such as restaurants, inns and hotels is tax treatment. Taxation policy can provide considerable incentives or disadvantages for private business development, including tourism on a farm. This considers personal income tax treatment for tourist farms and for value added tax rates. The tax rate in Slovenia is 25%, but provides two different tax bases. The tax base is determined as a difference between realised income and normative costs in the amount of 70% of realised income. There is also a possibility that person who runs the business can decide on bookkeeping system. In such case, the tax base is

determined by deducting the actual costs from realised income. Furthermore, the Value Added Tax is obligatory for all businesses where an income exceeding 42.000 € per year. All others, especially the self-employed or farmers with supplementary activity can decide upon this system voluntarily. According to Slovenian personal income tax treatment the taxes for tourist farms are more favourable than for other purely tourist activities such as inns or hotels. This different treatment creates conflicts between inns and tourist farms, and some bankrupted tourist farms aim to convert themselves into inns, but register as tourist farms (Sebenik, 2004).

Tourist farms are gathered in the Slovene Tourist Farm Association. The association was established in 1997 and now has more than 340 members. The main activities of the association are related to promotional activities and training for their members. In the cooperation with the chamber of agriculture organize different courses. The association together with Slovenian Tourist Board (www.slovenia.info) each year published catalogue Friendly countryside. Catalogue is published in English, German, Italian and Slovene language and the publication of the tourist farm with its photo and short presentation costs around 100 €.

Slovenian tourist board also promotes other activities which are connected with rural tourism and rural areas such as wine routes, wine cellars and different heritage and theme trails.

SWOT analysis

Under the 4th axis of Rural Development Programme Slovenia implements local development strategies which are based on endogenous development potentials and active role of local communities. Development of tourism is an important part in every local development strategy. We have made SWOT analysis concerning rural tourism which is founded on the analysis of 33 local development strategies. Swot analysis is presented in the tables 3. and 4.

Table 2: Strengths and weaknesses in the field of rural tourism

Strengths	Weaknesses
<ul style="list-style-type: none"> - Diversity of cultural landscape and preservation of environment on the countryside Good geo-traffic position - Well established network of different tourist associations - Rich natural and cultural heritage - Local customs and traditional handicrafts - Already established theme trails and wine routes - Increased demand for accommodation facilities on farms - Already established tourist products and brands - Well developed health resort and spa tourism - Increased demand for high quality agricultural products - Established quality and control system on tourist farms 	<ul style="list-style-type: none"> - Lack of cooperation between tourist providers and farmers - Lack of specialized knowledge and skills in the field of tourism - Lack of accommodation facilities in rural areas - Unfavourable size structure of agricultural holdings - Lack of infrastructural equipment in the countryside - Poor transport infrastructure in certain regions - Less developed supplementary activities on farms - Poor education and knowledge of the staff employed in tourism

Source: Local development strategies

The main advantages of Slovenian rural areas are favourable ecological situation, rich natural and cultural heritage and biodiversity which create favourable preconditions for the development of tourism. In Slovenia are registered over 1.300 protected areas which occupy over 200.000 hectares of land and there are over 21.500 units of immovable cultural heritage.

The main disadvantages are unfavourable size structure of agricultural holdings and farmers don't have enough financial resources for investments in tourist capacities. In some remote rural areas is unfavourable age and education structure which influence on less developed supplementary activities and deficiency in specialised knowledge and skill in the field of tourism.

Table 3: Opportunities and threats in the field of rural tourism

Opportunities	Threats
- Integration of agriculture, tourism and tertiary activities	- Increased demand for high-qualified labour force in tourism and agriculture
- Establishment of integral touristic products	- Deterioration of cultural heritage facilities
- Further development and promotion of trade marks	- Complex conditions for establishment of supplementary activities
- Integration of protected areas in tourist offer	- Depopulation of rural areas
- Active and healthy leisure options in the countryside	- Abandonment of production in agriculture and thus loss of traditional lifestyle

Source: Local development strategies

Tourist providers have to continue with the establishment of integral touristic products. In some regions are already have examples good practice examples such as Heritage trail of Dolenjska and Bela Krajina which brings together more than 200 tourist providers. Slovenia has excellent opportunities for a further development of organic farming and more emphasis should be given to the production of specialized agricultural products.

Lack of other employment possibilities outside the agriculture and poor traffic infrastructure causes depopulation of rural areas. Especially in the remote region this could lead to the abandonment of agriculture production and overgrowing of agriculture land.

Rural tourism and rural development measures

Ministry of Agriculture, Forestry and food supports investments in tourism capacities and recreational areas on farms. During the pre-accession period Slovenia start to stimulate economic diversification on the farms and improvement of infrastructure on the countryside. The funds were devoted to investments on tourist farms with accommodation facilities, excursion tourism and handcraft. The investments were used for reconstructing old farmhouses, new construction and equipment activities for farm tourism. During the whole programme period were carried out 85 investments in the

total value 5,5 millions €. The co-financing rate was around one third of the total value of investment.

After the accession to the European Union similar measures were carried out in Single Programming Document 2004-2006. For the measure Diversification of agricultural activities and activities close to agriculture were spent 10,6 millions € for 201 investments. Funds were devoted for establishment small processing units, building of tourism capacities, workshops and exhibition and sales facilities. The investments had positive impact to the quality of living and preservation of cultural heritage.

Within the Rural Development Programme 2007-2013 Slovenia continues with investments in tourist capacities in frame of 3rd and 4th development axis. Measures within 3rd axis are aimed in improving the quality of life in rural areas and promoting economic diversification.

For the measure "Diversification into non-agricultural activities has been approved in the first three years of the implementation 143 applications in the total amount of 13 millions €. More than half of the approved applications were devoted for investments in tourism.

Village renewal and development is another measure which contributes to the development of tourist infrastructure. By the end of 2009 were approved 22 applications in total amount nearly 7 millions of €.

For the measure "Conservation and upgrading of the rural heritage applicants may obtain support for the reconstruction of cultural and ethnological heritage. By the end of 2009 were approved 34 applications in total amount 1,5 millions of €.

In the years 2008 and 2009 were under the 4th axis approved 396 projects in the total amount over 12,2 millions €. The average co-financing rate from the European Rural Development Fund is 48%. Half of the projects directly contribute to the tourism development in rural areas.

Conclusions

Tourist farms in Slovenia are very well organized and they complement touristic offer in rural areas. In the last years they established quality and grading system as well as segmented their offer in accordance with different holiday themes. They are putting great effort in promotional activities and their occupancy rate in the last seven years more than doubled.

Based on the SWOT analysis and the study of existing literature we may conclude that rural areas offers various tourist attractions as well as already established products and services. The biggest problems are dispersed tourist offer, lack of adequate tourist infrastructure and lack of cooperation between different stakeholders and interest groups.

Unfavourable size structure of the Slovenian farms and low level of education hinder the future development of tourist farms. A lot of Slovenian farms are too small and despite of substantial financial support which is available within the measures of 3rd axis of Rural Development Programme, don't have enough financial resources for investments.

At the end we may conclude that diversification of activities in the field of tourism and cross-sectoral partnerships represent development opportunity for rural areas in Slovenia.

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