Manchester Working Papers in Agricultural Economics

PUBLIC POLICY AND THE CONSERVATION ESTATE: SETTING UP A RESEARCH AGENDA

David Colman and Lucy O'Carroll

Department of Agricultural Economics

Faculty of Economic and Social Studies
University of Manchester,
Manchester U.K.

PUBLIC POLICY AND THE CONSERVATION ESTATE:

SETTING UP A RESEARCH AGENDA

David Colman and Lucy O'Carroll

Paper presented to the Countryside Change Conference
University of York, April 4/5th 1990

WP90/01

Public Policy and the Conservation Estate: Setting up a Research Agenda

David Colman and Lucy O'Carroll

During a recent exercise which involved among other things, assessing the economics of the Broads Grazing Marshes Conservation Scheme (Colman et.al. 1988, Colman 1989) it was estimated that the conservation benefits obtained might possibly be obtained more cheaply by purchasing land into some form of public ownership rather than by paying an annual sum to the landowner/farmer to secure compliance with conservation guidelines. The Broads Grazing Marshes Conservation Scheme (BGMCS) was the prototype for the 19 Environmentally Sensitive Area Schemes each of which pays various rates per hectare to landowners/farmers agreeing to certain standard management contracts. Payments for individually negotiated management agreements may also be entered into under the 1987 Wildlife and Countryside Act. Since 1989 farmers 'setting-aside' arable land under certain conditions have been eligible for payments of between £200 and £135 per hectare annually, and subsequently the Countryside Premium Scheme has been added under which, in specific areas, farmers with set-aside land can apply for supplementary fixed-scale payments for positive measures to create new wildlife features.

An alternative to annual payment under these schemes might be for land to be purchased with the farming rights subsequently leased at rents, or sold subject to covenant at prices, which reflect the publicly desired conservation restrictions on use. Even if the capital value of the land asset is ignored this option may be cheaper in net present value terms than the system of annual payments, and is more likely to be so (i) the higher the annual payment, (ii) the lower the price of land, (iii) the higher the rents obtainable on the

purchased land, (iv) the lower the administrative costs, and (v) the greater the length of time over which the annual payments are expected to continue. If it is allowed that the capital asset of the land could be realised at any stage that restriction of land use is judged to be no longer necessary the purchase option becomes even more attractive.

In the case of the BGMCS, which will through extension to the Broads ESA have had a minimum life of seven years, estimates were that land purchase would be a cheaper option than annual payments at the original level which is now equivalent to the tier 1 management prescription of the Broads ESA; the higher tier 2 payments for which many applicants have successfully applied has increased the potential attraction of land purchase. The suggestion was that those farmers/landowners who wished to sell their land to a public body should be allowed to do so, but there should be no compulsion to do so; that in any case being judged politically unacceptable.

It is from the beginnings sketched above that a further programme of research has been embarked upon with the elements proposed below:.

The Notion of the Conservation Estate

If land is to be purchased by the public sector for conservation management what sort of managing authority would the land be vested in? In fact land has been purchased using public money, including in recent years, and is managed by a whole range of public bodies and by major charities. Thus for example the Ministry of Defence owns extensive areas of farmed land, much of it relatively unspoilt, the Nature Conservancy Council (NCC) manages a limited area of land with special conservation value; the Forestry Commission is a major land owner; and the National Parks Authority own some land within the park boundaries. Up until their recent privatisation the Regional Water Authorities with their

455,765 acres of land would also have been included in the list of public bodies with land operated subject to strict conservational guidelines.

The National Parks have bought their land with funds provided by the Countryside Commission (CC) and possibly also by the NCC (details still to be checked). So also have the National Trust, the Royal Society for Protection of Birds (RSPB) and other charities concerned with landscape and wildlife. Most of the land acquired by these major charities is as a result of bequests and donations, but there is the element of publicity funded support through the CC, NCC and the National Heritage Memorial Fund. They are however major land owners, the National Trust owning 552,218 acres of land (excluding gardens) and the RSPB 73,000 ha.

It is therefore the case that public funds have been, and are being used to purchase land of specific landscape and wildlife interest with the subsequent management of that land vested in both public agencies and independent charities. Since it is the intention to compare the economics of publicly purchasing land for conservation purposes to alternative policies it is necessary to include land managed by the charities within the remit of the study, and to extend beyond the boundary of land in public ownership to land managed in the public interest for conservational purposes. For this purpose it is proposed that study what might be called the 'Conservation Estate', a term we gratefully acknowledge to have been suggested by Rick Minter and Bob Roberts of the Countryside Commission. Quite where the boundary of this Conservation Estate will be drawn is unclear but at this stage it is proposed to include land managed by the following:

Crown Estates
Forestry Commission
Ministry of Defence
National Parks
National Trust
Nature Conservancy Council
Royal Society for Nature Conservation (which co-ordinates all country trusts)

Royal Society for the Protection of Birds
Water PLCs
Woodland Trust

Thus the boundary of the study includes what Hodge (1988) defines as CARTs, Conservation, Amenity and Recreation Trusts, and it is apparent that there is an overlap of interest between our study and that of CARTs being undertaken by Ian Hodge and Janet Dwyer. From the standpoint of our study the CARTs are agencies for managing some of the land purchased with public funds for conservation purposes, but are not the sole agents and represent one of a number of management options which are to be compared. Both studies share a common interest in developing a data base and in co-operating in that and other respects.

The Research Agenda

The first stage of the agenda, which is already underway is to assemble a comprehensive list of land holdings of conservational interest in the Conservation Estate, relevant history relating to purchase of land with public funds, and some detail on conservation principles adopted in managing the land. For the old Regional Water Authorities detail is available on the location of holdings, the dominant farming practiced at each site, and an indication of landscape type (Countryside Commission, 1989).[1] Where possible comparable data will be assembled for land managed by other bodies.

It is of some importance to try and establish the distribution of the Conservation Estate between severely disadvantaged areas, less-favoured areas, and other policy-related land use classes. This is because agricultural policy

---

[1]. Given the location and importance of land transferred to the Private Water Utilities this will continue to be classed as part of the Conservation Estate.

has differential effects upon such areas, such that for example livestock farming in the severely disadvantaged areas attracts different rates of grant and support. Without such support grazing management of important upland areas would probably be discontinued, and any analysis of public policy towards the Conservation Estate must examine the scale and role of annual support costs in achieving conservation goals. Without the element of annual support through such media as ewe premia and hill livestock subsidies managing agents of publicly purchased land might be unable or unwilling to pursue conservation goals.

In examining the history of land purchase the emphasis will be placed upon the conservational and other public interest objectives which lay behind the purchase. Collaboration with the Countryside Commission will enable case studies of specific purchases. These will enable identification of different situations in which public land purchase has occurred, the underlying principles, plus an accompanying analysis of the economics from a policy point of view. It is anticipated that at the least there will be cases where purchased land has (i) subsequently be partially or wholly sold, (ii) been retained in public authority ownership, perhaps with farming tenants, or (iii) been transferred to independent charities.

An important element of this economic analysis will be to try and assess more accurately the administrative and management costs associated with alternative policy options? While attempts have been made to do this (Colman et.al. 1988) more accurate figures are needed for the comparative costs of administering ESA schemes, setting up and checking compliance with management agreements, running tenanted estates or directly operating conservation estate land to produce landscape, recreational and wildlife outputs.

It is clearly desirable to conduct further tests of the hypothesis that public land purchase might be a cheaper budgetary cost alternative to alternative

policies currently being pursued to promote conservation. A key requirement for this is to collect data on land prices for recent sales in as many policy affected areas, such as ESAs, uplands and wetlands as possible. Such prices might indicate potential asking prices from conservationally minded farmers/landowners prepared to accept going market prices to quit farming as an alternative to taking, say, whole farm set-aside, or entering all their land into an ESA agreement. That there are some such landowners/farmers there can be little doubt, as is attested to by the scale of bequests of land to various CARTs. However there are undoubtedly others acting as rational market agents who, knowing that there was a willing institutional buyer, would seek to force prices upwards. Certainly one conservation charity is very much aware of this and is at pains to keep secret knowledge of potential sites that it would like to purchase if the opportunity were to arise. It will therefore be important in the study of particular cases to try to assess any effect that public purchase might have had on the price paid.

References

Colman, D. (1989) "Economic Issues from the Broads Grazing Marshes Conservation Scheme", Jour.Ag.Econ., 40(3), 336-344.

Colman, D. and N. Lee (1988), Evaluation of the Broads Grazing Marshes Conservation Scheme 1985-1988, Manchester University, Department of Agricultural Economics.

Countryside Commission (1989), Sites of Conservation and Recreation Value Currently in the Ownership of Water Authorities, Countryside Commission, Cheltenham.

Hodge, I.D. (1988), "Property Institutions and Environmental Improvement", Jour. Ag. Econ. 39(3), 369-375.