Drivers and Resistors – Unpacking Land Use Decision Making Part I

Ken Belcher, Department of Agricultural and Resource Economics Prairie Habitat Joint Venture Workshop Leduc, April 18th

Background





- Northern great plains management for production of agricultural commodities, private property.
- Wetlands a prominent feature of managed landscapes – significant loss and degradation of wetlands.
- Wetlands source of many ecosystem services – public and private.

Drivers of land management

- Land management decision making is influenced by:
 - Markets
 - Policies
 - Farmer attitudes to financial performance
 - Farmer attitudes to risk
 - Farmer attitudes to resource stewardship

Economic context for land/wetland management

Native Cover - Saskatchewan



Native Cover and Land Values - Saskatchewan



Economic Drivers - Costs of field operations

Chart 2

Total number of agricultural operations, Saskatchewan, 1921 to 2016

number of operations









Figure. Saskatchewan average farm size (rented and owned land), and average land owned, 1921 to 2011. Sources: Statistics Canada, Selected Historical Data Census of Agriculture

Economic Drivers - Costs of wetland drainage

New Trimble technology helps manage water: GPS-guided dozer blades can help contour fields prone to ponding and flooding Grainews, March 6, 2018



Do-it-yourself tile drainage combine easy-to-use GPS technology with high land prices - more Manitoba farmers are installing their own tile draining Grainews, April 29, 2014





Strong monetary drivers of wetland drainage and degradation – Cortus et al., (2010) estimated the annual average net benefit from draining wetlands in eastern Saskatchewan at \$28 - \$41/ha.

 Impact of wetland conservation contracts, wetland easements or other restrictions to wetland removal on land values (e.g. Lawley and Towe, (2014) average land parcel with conservation easement sells for a discount of \$86/acre for every eased acre).

Policy Challenge – structured incentives

- Balance the provision of agricultural commodities and other ecosystem services – meeting social preferences
- Policy informed by understanding the distribution of costs and benefits of wetland management (conversion/conservation/restoration):
 - private benefits and private costs
 - public benefits and public costs







Payment for Wetland Ecosystem Service – Social Responsibility

- Clarifying the public and private preferences on social responsibility can enable a more supported payment program (Dias and Belcher, 2015).
- Landowner or societal responsibility for the cost of wetland preservation.
 - Landowner should have greater responsibility 19%
 - Society should have greater responsibility 51%
 - Society and landowner should equally share responsibility 30%
- Respondents supportive of public contributions to the provision of wetland ecosystem services on private land:
 - 75% agreed that public policy can help landowners
 - 88% agreed that government should allocate more money to improve natural areas and environmental quality in province.

Policy Instruments -

- A. Regulatory Measures
 - ✓ often involving legal processes (e.g. fines, suspension of license to operate)
 - ✓ requires investment in monitoring and enforcement
- **B.** Economic Instruments
 - ✓ Conservation Payments BMPs
 - ✓ Markets/Tradable rights
- C. Extension and advisory measures
 - Research and development
 - ✓ Technical assistance/extension
 - ✓ Community-based measures

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Transactions Costs Matter

- Landowner and farmer participation and/or compliance with wetland conservation policy instruments:
 - Fit with farming system and land management (e.g. farm size, equipment size, farm production, livestock) (Yu and Belcher, 2011).
 - Duration and flexibility of wetland conservation contract.
 - Age, education, succession plan
 - Environmental attitude, wetland perceptions
 - The category of ecosystem service targeted water quality, water quantity, biodiversity, recreation etc. (Broch et al., 2013; Dias and Belcher, 2015).
 - Farmers may not want more of an environmental feature where there is already an abundance of that feature (Broch et al.2013).

Thank You