

Consolidation and Land Development – Experiences and Conclusions from Poland

Andrzej Zadura and Adam Struziak

Agencja Nieruchomości Rolnych/Agricultural Property Agency

1. Agriculture - General Remarks

At the end of 2005, the area of land owned by farms in Poland amounted to 18,342 thousand hectares (ha) in which 15,906 thousand ha of agricultural land. Almost 96 percent of agricultural land was used by private sector in majority by private agricultural holdings. Public sector comprised farms owned by State Treasury, local self governments or other state entities as well as agricultural mixed holdings with domination of state-owned stake. In that time in Polish agriculture there were 1,782 thousand agricultural holdings (excluding farms with area not exceeding 1 ha).

2. State Sector of Agriculture – Monitoring the Private Land Market.

After World War II the state sector of Polish agriculture occupied 25 percent of agricultural land. Following legislative work initiated by the government, the parliament adopted on October 19, 1991 the Law *on Management of Agricultural Property of the State Treasury*. That Law entrusted ownership changes of state agriculture to Agricultural Property Agency of the State Treasury (presently; Agricultural Property Agency – APA). Former state property managed by APA creates the Agricultural Property Stock of the State Treasury (APS). Since 2003 APA has also the pre-emption right (sale contracts) or buyout right of land (other form of ownership transfer) on private market. The purpose of that regulation is to increase the size of individual (private) farms, resistance of excessive concentration of agricultural land and supporting the acquisition of agricultural land by individual, educated and experienced farmers.

3. Land Consolidation and Exchange Works.

Polish agriculture is characterised by large differentiation of farm sizes. The largest agricultural holdings are established on the former state-owned property. In southern Poland an average farm size is about 3 ha of agricultural land, in the northwest – over 20 ha. The problem of land fragmentation, with significant regional differentiation, occurs solely among private holdings.

Nowadays, the consolidation works has been continued on virtue of Law dated 26 March, 1982 *on land consolidation and exchange works*. The consolidation works are concentrated on liquidation of highly fragmented land, mostly in south-east part of the country and partially in the central region. Since 1999 the execution of land consolidation works has belonged to local governments. The technical specification is done by provincial offices of geodesy.

In accordance with farmers' demand the land consolidation and exchange works are launched voluntary on the motion of majority of farmers owning farms laid on the consolidation area or landowners with total area of land exceeding 50% of the ground within project. The compulsory consolidation and exchange procedure can also be carried out for enabling the flow of land from APS to family farms (if state land exceeds 10% of the ground within

project). Till now, the compulsory land consolidation and exchange works have not significant importance.

4. Realization of Land Consolidation and Exchange Works.

During the best period 1968 – 1998 the land consolidation and exchange works had been executed on the total area of 5,339 thousand ha of land (30 percent of total area of agricultural land). Yearly account of land consolidation and exchange works was extremely different; 431 thousand ha in 1978, and 10 thousand ha in 1997.

In 1999 the Council of Ministers approved the document titled “*The compact structural policy of development in rural areas and agriculture*” provides realization in 2000 -2006 land’s consolidation and exchange works on the area of 340 thousand ha, what makes 48 thousand ha per year.

According to data reported by the Ministry of Agriculture and Rural Development the consolidation and exchange works had been executed in 2002 on 6,349 ha and 8,800 ha in 2003. Not sufficient size of works was explained, among others, by restricted possibility of national budget.

In 2003 the Ministry of Agriculture and Rural Development had prepared a new programme on consolidation and exchange works supported by Sectoral Operational Programme for Restructuring and Modernisation of the Food Sector and Rural Development. The programme assistance means a reimbursement of 100% of eligible costs, in which 80% comes from EU fund. It was planned that assistance of EU fund should enable to extend the consolidation and exchange works up to 15 thousand ha per year. The effect of that programme was visible in 2005 where land consolidation and exchange works had been executed on the area of 12, 208 ha.

5. Improvement of Farms’ Space Structure – Activity of Agricultural Property Agency.

The final effect of land consolidation and exchange works is the improvement of farms’ space structure. With market reorientation of Poland’s economy the improvement of farms structure has been accelerated by activity of APA and, after accession to EU, by growing interest in purchasing of agricultural land.

Since 1992 up to the end of 2005 APA took over into APS 4,711 thousand ha of land (more than 25 percent of total land used agriculturally). From that area 1,916 thousand ha have been permanently managed in which 1,586 thousand ha sold and 277 thousand ha distributed by gratuitous transfer to authorized institutions. At the end of 2005 APS accounted for 2,795 thousand ha in which 2,208 thousand ha were leased and 141 thousand ha managed on the basis of short term contracts. The remaining 446 thousand ha of APS land with lower fertility, named as “marginal land”, is still waiting for distribution.

The former state properties mainly with the area up to 100 ha have increased a size of existing family farms. At the end of 2004 the private buyers and leaseholders had used 1,459 thousand ha of that land on the basis of 309 thousand contracts (4.7ha per contract on the average).

Following accession to the EU (2004) it is also noted growing demand on agricultural land. In 2003 the average price of land, on private market, totalled 1,220 EUR per hectare, and on the state market 790 EUR/ha while in the IV quarter of 2005, after Poland's accession to EU, 2,080 EUR/ha and 1,690 EUR/ha respectively. Lower prices of the state land are a result of fact that the most part of state land is being sold in north and western provinces of the country characterised by high concentration of former state farms and relatively low number of private farms. On the other hand, the private land market is concentrated in central and southern part of the country with high population of private farms and small area of state land. The study realized in 2005 by Institute for Public Opinion and Market Examinations "PENTOR" shows that 50 percent of farmers are the opinion that the best method for improving the space/shape and size of their farms is purchase of land.

Conclusions.

1. Poland has considerable resources of agricultural land, which ranks the country as the 3rd in the UE, following France and Spain. After accession to EU (2004) the interest of farmers to bring the land under cultivation strongly increased. It has been manifested by exclusion of land from non-agricultural use and growing demand on the land on state and private markets.
2. Liberal land policy (unrestricted size of farm) up to 2003 caused creation of big farms used the land of former state farms located mostly in northern and western parts of Poland. South-east and central regions of the country still have fragmented agriculture, which needs consolidation and land exchange works. The scale of those works, although the progress obtained in 2005, is still below the plan.
3. The consolidation and exchange works are strongly influenced by present situation on agricultural land market. Polish farmers are aware that there is still possible to buy the relatively cheap land from Agricultural Property Stock of the State Treasury (APS) and, in that way, to improve the space/size of their farms. At this moment it is the first priority for them due to restricted area of APS and permanently growing prices of land.
4. Analysis of farm structure in 2003 – 2005 shows the highest increase of land used by farms with area of 20 - 50 ha. The use of land by smaller and bigger ones shows lowering tendency.
5. It seems to be very probable that Polish farmers living in agriculturally "overpopulated" regions will express more interest to consolidation and exchange works after giving out the APS on local markets.