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Countries:**



Issues and Ways Forward

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Title: Arable land management in Poland – impacts of transformations on the land structure, spatial planning and the real estate cadastre.

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Abstract

The structure of farms and arable lands in Poland has been highly diversified. This diversification was the result of partitioning of particular regions of Poland in the period of annexation. Two opposing phenomena occurred in the history of the Polish post-war agriculture. On one hand individual farms existed, which were highly diversified in size and culture, depending on location in particular areas of annexation. On the other hand large farms existed, which were created of nationalised lands. They were initially created after the war, in 1946, by the Management of the State Land Real Estates (PNZ) basing on land estates; the PNZ took over real estates of the size exceeding 100 hectares. In 1949, on the same basis, the large State Farms (PGR) were created. Although they were permanently supported by governmental donations, they could not manage to compete with the appearing market economy. They were ineffectively administered, and characterised by excessive social care. The majority of them generated high losses. At the same time, administration of those farms aimed only at the agricultural production, without consideration of works related to development and planning. This resulted in establishment, by a special Act, in 1991, of the Agency of the State Property of Farms (AWRSP), which was then transformed into the Agency for Agricultural Real Estates (ANR). The latter Agency took over the lands of liquidated State Farms (about 1600 large farms of the size of approx. 3,8 million hectares). This act did not allow for restructuring and privatise the few State Farms, which were effectively administrated and generated profits. In buildings which left after liquidation of the State Farms, many individuals, often low educated, remained. For them the previous work at the State Farms was the only source of incomes. This situation was suffered by approximately 2 million individuals (about 470,000 employees of the ex-State Farms and their families). Devastated buildings, partially left but partially still occupied by the ex-employees and their families, still exist; they destroy the village landscape and require urgent revitalising activities.

The lands taken over by the AWRSP were mainly leased and sold to individuals and legal entities, or they were contributed by the Agency to the companies of the State Treasury. As a result of those operations, the area of small individual farms was slightly increased; at the same time large farms were created again (mainly as the result of leasehold of large areas of lands). At this time they are large private farms, which must survive in the conditions of the market economy. The accession of Poland to the European Union formed new challenges for the Polish agriculture, since such farms must face the competition based on market rules, and,

additionally, they must meet required conditions (concerning the ecological, social, physical and production balance), in order to have the opportunity to participate in the European subsidies. At the same time, property issues have not been settled in many cases and records existing in lands and buildings registers (the real estate cadastre) differ from records in property registers, or the property registers do not exist for many land parcels. Only a small part of the new planning regulations, which were introduced in 2003, is related to rural areas and the physical planning processes are expensive and difficult due to complicated procedures. Attempts are performed in order to partially solve those issues by the Concept of the Physical Planning Policy for the country, the region, the voivodship (province). Unfortunately these concepts are seldom implemented in practice.

The authors of the paper closer discuss the above issues and attempt to find positive aspects of transformations, as well as negative ones, which had the strong impacts on the real estate market, the physical planning and the real estate cadastre.

At present, the Agency for Agricultural Real Estates (ANR) is responsible for administration of the lands of the State Treasury. This Agency is the legal successor of the Agency of the State Property of Farms (AWRSP) and it operates basing on the two legal acts:

- the Act of 1991 on administration of the agricultural properties of the State Treasury, and
- the Act of 2003 on development of the agricultural system.

Following the legal regulations, the Agency for Agricultural Real Estates, performs its tasks resulting from the state policy, which are, in particular, related to:

- Creation and improvement of the area structure of family farms,
- Creation of conditions to support the rational utilisation of the production potential of the State Treasury Resources,
- Restructuring and privatisation of the properties of the state Treasury, which are utilised for agricultural purposes,
- turnover of properties and other components of the real estates of the State Treasury, which are used for agricultural purposes,
- administration of real estates of the state Treasury to be used for agricultural purposes,
- protection of the properties of the State Treasury,
- initiating of land management works in lands of the State Treasury and supporting the creation of private farms in lands of the State Treasury,
- execution of rights concerning shares in plant cultivation companies and animal breeding companies of particular importance for the national economy.

The Agency performs also other tasks, which are specified by separate regulations, in particular, by regulations, which concern the development of the agricultural system. It also performs discrete supervision of the agricultural real estate market and, when necessary, it intervenes, taking the advantage of the state pre-emption right. Thus, the ANR has the basic influence on the way and modes of disposing the lands of the State Treasury (*source www.anr.gov.pl*).

The legal taking over of all lands located in rural areas resulted in the loss of aspects of the optimum utilisation of land resources, since the ANR often neglects and limits the competency of local governments in relation to disposing capacity concerning lands located within their areas of operations. In such conditions the public investment activities – and, in

particular, planning solutions resulting from local spatial management plans – were neglected.

The required attention was not paid to:

- good and worth to be repeated revitalising processes in the context of properties left after the ex-PGR farms,
- organising the landscape protection systems by reforestation in areas of intensive agricultural production,
- management of communication areas with respect to development of roads systems used for field services,
- reservation of areas in the process of their transformations for non-agricultural purposes, for the perspective of, at least, 20 years,
- undertaking or cooperation in the context of interest of the local society, with consideration of rules of the sustainable development of agricultural production and spatial order,
- supporting and searching for new functions in construction of objects of high values for cultural and regional heritage,
- financial support for groups of inhabitants, which could improve the aesthetics and living standards, with preservation of building materials and standards, which have been traditionally used within given areas.

On June 14, 2012, the Report “The Rural Poland 2012” was presented and discussed at the Chancellery of the President of Poland. This document has been regularly developed, every 2 years, since 2000; in 2012 its seventh edition was presented. The President stressed that rural areas are key areas where many positive changes may be noticed, the civilisation level increases, although the polish villages are relatively young and active comparing to other European states.

Below the data from the Report “The Rural Poland 2012” are presented, which concern the Polish agriculture in its first phase of the European Union transformation in the EU Common Agricultural Policy.

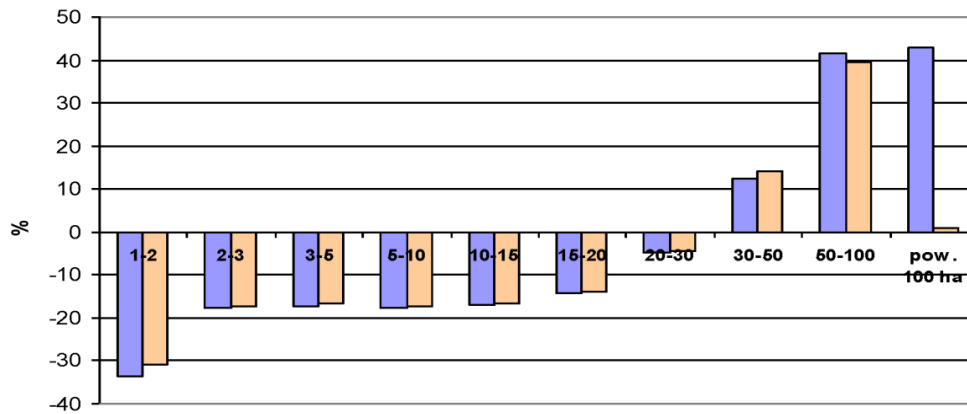
Population by places of living (cities-villages) in the period 2008-2011

Types and date of investigations *	Total	Cities	Villages	
	In thousands			% total
Real population				
BSL 31.12. 2008	38136	23288	14848	38,9
BSL 31.12. 2010	38200	23264	14936	39,1
BSL 2010 – 2008	64	-24	88	0,2
NSP 31.03.2011	38501	23169	15332	39,8
NSP 2011 - BSL 2010	301	-95	396	0,7
Residing population				
NSP 31.03.2011	37244	22318	14927	40,1
NSP 2011: Rezyd. - Fakt**.	-1257	-851	-405	0,3
NSP 2011: Rezyd. - Fakt. (%)	-3,3	-3,7	-2,6	X

* BSL – the current population statistics, NSP – the National Census

** the difference concerns the number of Poles staying abroad and the number of immigrants staying in Poland – with consideration of the 12-month criterion of staying/absence.

Variations in the number of farms and size of arable lands by area groups in the years 2002-2010



■ - number ■ - size

Typology of rural areas with respect to special and economic structure

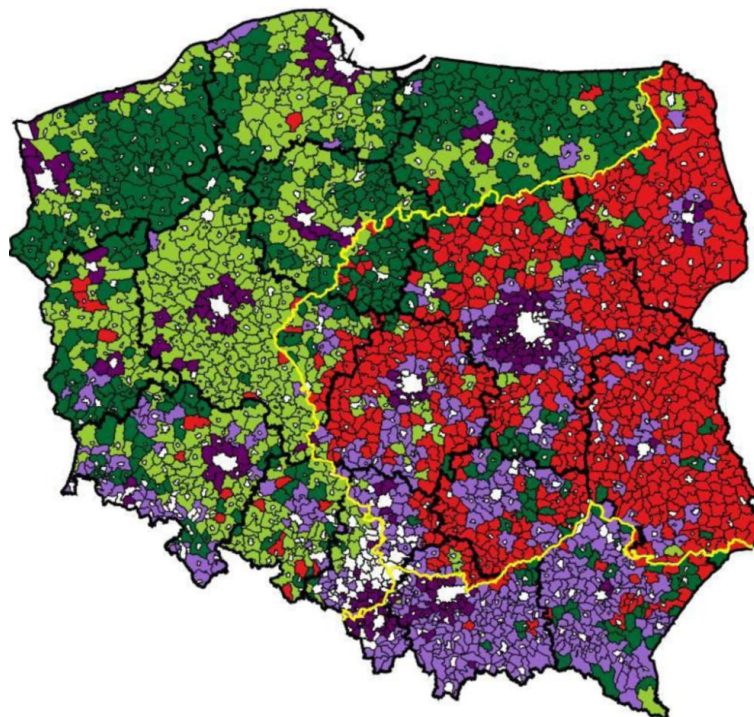
Type 1 – the limit mono-functionality based on family agriculture

Type 2 – the “Post PGR” mono-functionality based on the large-area agriculture

Type 3 – municipalities of fragmented agriculture and mixed means of living, without a clear economic specialisation

Type 4 – multi-functionality with domination of the modern (mainly family) agriculture

type 5 – multi-functionality resulting from economic urban development



The following image of the Polish rural areas emerges from the Report “The Rural Poland 2012”.

The yellow line marks the typical division of production areas of the Polish agriculture:
- the green shade means the agriculture based on the settlement developed after 1945 and the liquidated State Farms (PGR),
- the red shade means the areas based on conventional, family agriculture,
- the violet shade means the agriculture based on fragmented farms in industrial-and-urban areas.

According to data published by the Main Statistical Office, originating from reports of geodetic and cartographic services, the structure of the area of Poland is as follows:

Years	Total	(Of which)						
		Agricultural lands	Forest lands as well as woody and bushy lands	Lands under waters	Minerals	Areas used for		Wastelands
						Transport	Residential purposes	
<i>In thous. ha</i>								
2000	31268.5	18557.6	9103.6	833.4	38.1	959.8	1051.0	499.8
2002	31268.5	19161.9	9146.6	640.4	36.5	939.2	546.9	495.1
2005	31268.5	19148.2	9338.4	636.2	32.6	896.9	546.3	497.9
2008	31267.9	19025.0	9463.5	638.2	30.3	886.9	593.4	486.8
2009	31267.9	18980.7	9496.1	640.5	30.0	887.6	611.8	485.5
2010	31268.0	18931.0	9531.0	639.8	29.1	891.2	630.0	481.7
2011	31268.0	18870.0	9570.0	645.3	28.8	896.2	647.4	480.0

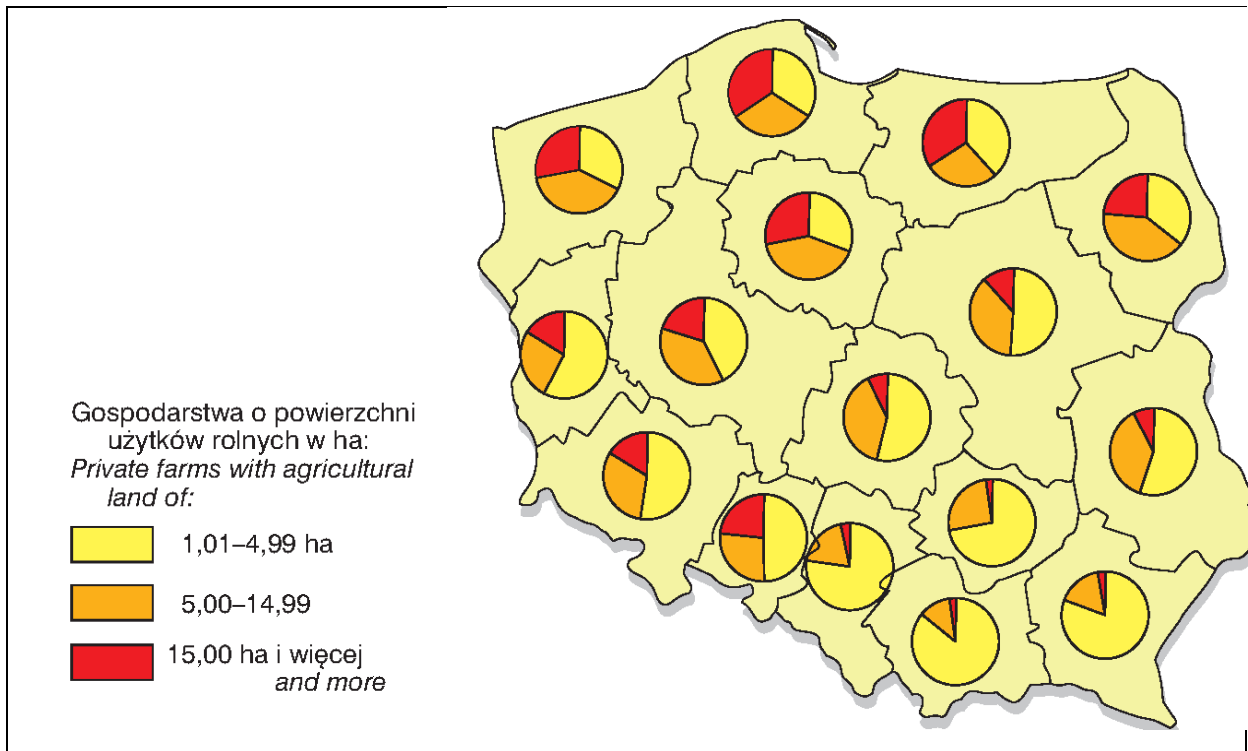
Agricultural lands as of June 2011

Areas in good agricultural condition										
Specification	Grand total	Total	Sown area	Fallow lands	Permanent crops		Kitchen gardens	Permanent meadows	Perma-nent pastures	Others
					Total	of which orchards				
<i>in thous. ha</i>										
TOTAL 2000	17812	x x	12408			257 297		25 032	1369	x x
2005	15906		11193					529	858	
2010	15503	14603	10428	450	398	374	44	2629	654	900
2011	15442	14780	10576	468	390	362	55	2589	702	662
<i>Of which private farms</i>	13892	13434	9473	409	382	355	54	2475	641	458
<i>Of which private farms exceeding 1 ha of agricultural land</i>	13655	13226	9391	377	369	345	35	2420	634	429

1.01—4.99 ha	2375	2162	1286	172	103	94	19	500	82	213
5.00— 9.99	2412	2319	1625	64	106	101	7	436	81	93
10.00—14.99	1924	1894	1361	50	67	65	4	324	88	30
15.00—19.99	1266	1236	885	35	17	16	1	221	77	30
20.00—49.99	2840	2805	2086	21	34	33	3	495	166	35
50,00 ha and more	2838	2810	2148	35	42	36	1	444	140	28

The area of arable lands, used by farms, equalled to 15,442 thous. hectares and it was smaller by 60,6 thous. hectares than a year before (by 0,4%). The average size of arable fields by one farm has been systematically increased. Since 2009 it equals to more than 8 hectares. In 2011 it equalled to 8.3 hectares comparing to 7.6 hectares in 2005 and to 7.2 hectares on 2000.

Acreage of farms in particular voivodships



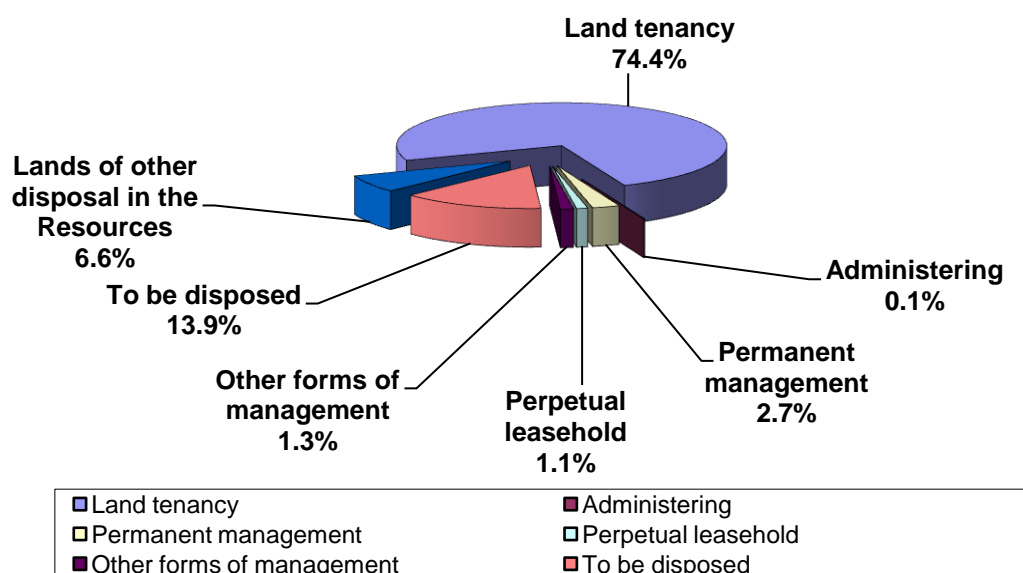
Property transformations of agricultural real estates were performed in stages during the period of transformations. Liquidation of the PGR farms covered almost 30% of the total number of state enterprises, which were the subject of privatisation processes in Poland. This concerned approximately 3.8 million hectares, what equalled to about 20% of arable lands. The process of liquidation of the State Agricultural Enterprises was finalised in 1995 (in total, 1654 PGR farms were liquidated). Lands of the ex-PGR farms (3,762.0 thous. hectares), lands from the State Fund of Lands (602.0 thous. hectares) and from other entities, of the total size of 4,740.0 thous. hectares were taken over by the Agency of the State Property of Farms (AWRSP) – the later Agency for Agricultural Real Estates (ANR), which included them into the Resources of Agricultural Property of the state Treasury.

The majority of lands were taken over in Zachodniopomorskie (821.5 thous. hectares), Warmińsko-mazurskie (820.7 thous. hectares and Dolnośląskie (509.1 thous. hectares) provinces (sources: The Main Statistical Office - GUS).

These included lands were managed in the processes of:

- sales of property,
- leasing the properties for the specified period, for the paid use by individual or legal entities,
- contribution of the properties or their parts into companies,
- leasing the property to the administrator, for the specified period,
- transferring the management of the property.

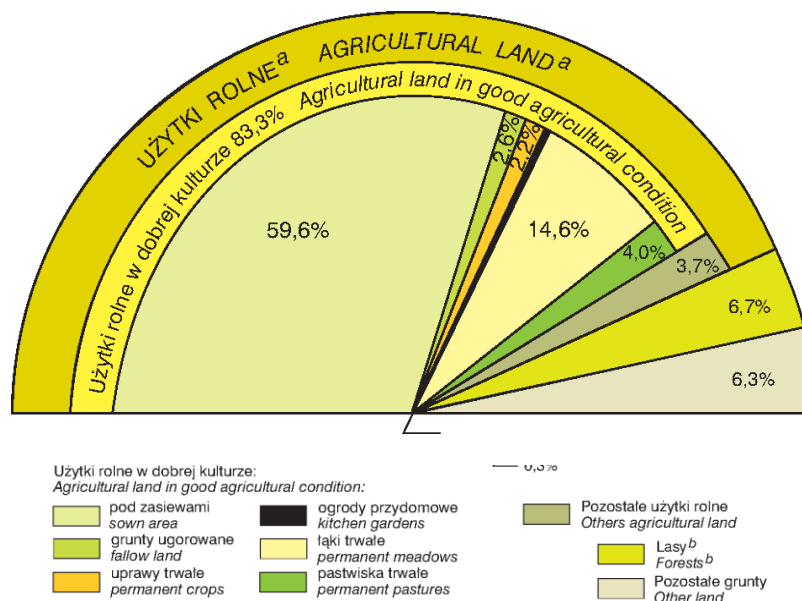
Management of lands of the Resources of the Agricultural Property of the state Treasury (as of December 31, 2011)



Source: GUS (The Main Statistical Office)

As a result of permanent management, the total area of lands included in the Resources was decreased by 2,786.0 thous. hectares. The main direction of the permanent disposing of lands taken over by the Agency, was their sales, which resulted in the decrease of the Resources by 2,203.3 thous. hectares. Besides, 527.9 thous. hectares were transferred, free of charge, as the contribution to companies (23.8 thous. hectares), and 31.1 thous. hectares were disposed in other ways. (source: GUS).

In 2011 the structure of lands was as follows:

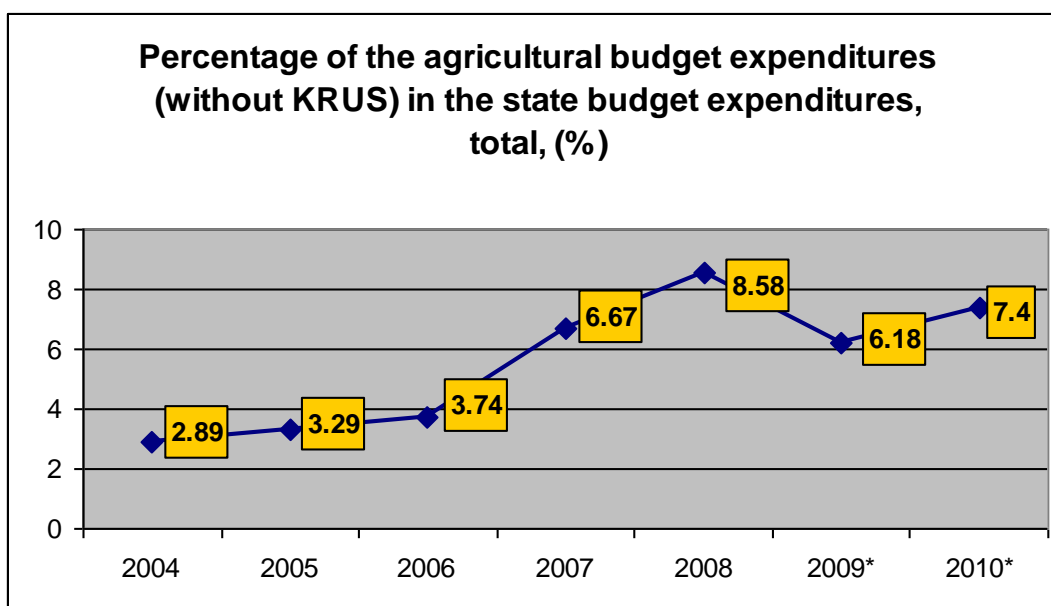


In 2011 individual farms used 90.0% of the total area of arable lands.

This means that in 2011 90% of arable lands were individual farms.

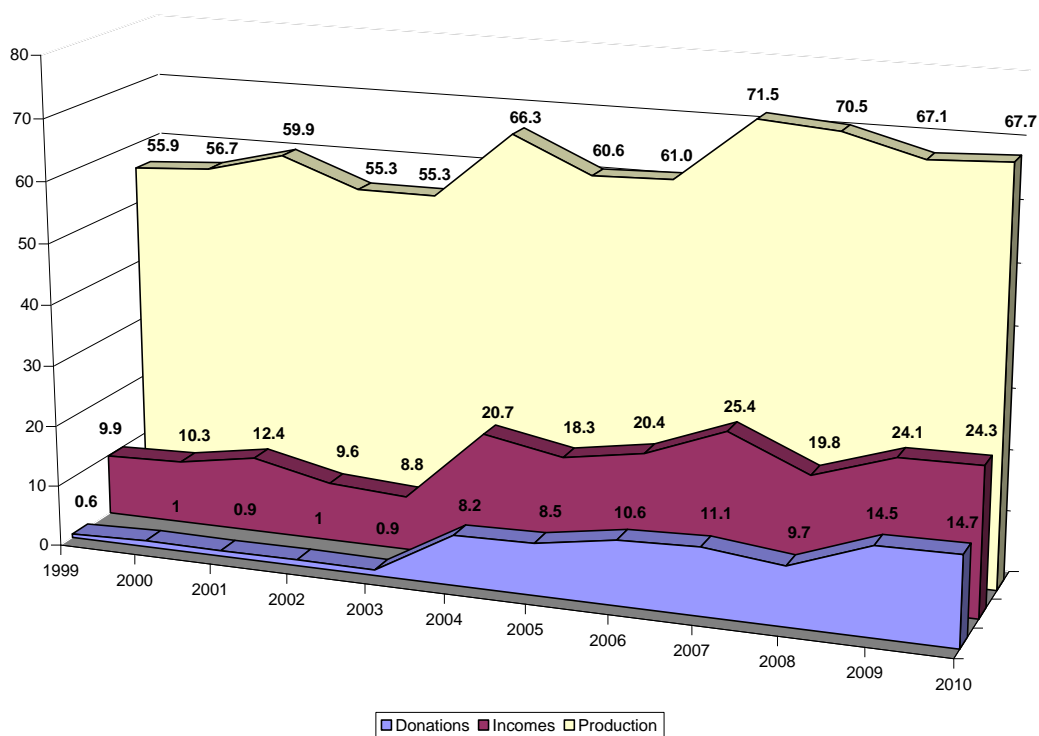
As a result of privatisation of lands of the PGR farms, about 300 thous. individual farmers increased their farms by approximately 5 hectares, as an average. At the same time, about 5000 farms of the size of more than 100 hectares, commenced their activities as a result of purchase or leasehold of lands. Large-area farms were also created, the size of which highly exceeded 100 hectares. Some of them reached the size bigger than 500 hectares. Following the reports, the number of farms of good agricultural culture, which size exceeded 50 hectares off arable lands, equalled to 2838; they created the new element of the Polish agriculture. **The country was transformed from large-area, state farms to large-area individual farms, which must look for their development opportunities in the European Union market agricultural economy.**

Although the Polish agriculture has been covered by the Common Agricultural Policy and by financing out of the Union budget, the national expenditures to support the agriculture have been increased more than three times after the Polish accession to the Union. This resulted from the need to co-finance some instruments of the Union policy in the field of agriculture. Too much attention has been paid to utilisation of the Union funds and to little attention has been paid to the ways of their utilisation.



Allocation for Poland 2007-2013 (liabilities) WPR and EPS	mld euro
Funds 91005) within the frames of the National Strategic Reference Frameworks, including:	67,3
	including:
The European Regional Development Fund (51%)	34,1
The European Social Fund (14.5%)	9,7
The Coherence Fund (32%)	21,5
Reserve (2.5%)	2,0
The European Agricultural Fund for Rural areas Development	13,2
The European Agricultural Guarantee Fund	15,0
The European Fishery Fund	0,7
The Community Budget	96,2
Co-financing from Poland (without amendment to the EFRG), including:	18,3
public means	11,9
private means	6,4
Total, Union and Polish means	114,5

(source – The Report “Polish Village 2012)



After the Polish accession to the European Union the increase occurred (the average level in the post-accession period comparing to the pre-accessing years):

- ▶ production - **17,5%**
- ▶ incomes - **114,4%**
- ▶ donations - **12,5 times**

It should be noticed that individual, private farms were always dominating in Poland.

Liquidation of the State Farms (PGR) was not performed in a proper way, since they were not given the chance of privatisation. Not all of these farms were ineffective. Some of them were effectively managed and generated profits. They should be given the chance to be privatised, but, unfortunately, they were not. The decision was made to liquidate them and their lands were taken over by the Agency of the State Property of Farms (AWRSP) and by its legal successor – the Agency for Agricultural Real Estates, which was selling the lands, leasing to individuals and legal entities and contributed them to companies or was transferring to administration for a specified period or to the permanent management.

The lands taken over by the AWRSP (and later by the ANR) were interesting to purchasers. Purchasers or leaseholders were individual farmers, who purchased lands in order to increase

the sizes of their farms by several hectares. New, large private farms were also created. The purchasers were not interested in purchasing buildings of ex-PGR farms. The buildings, which were left, are becoming damaged and they disturb the rural landscapes. Individuals who were employed at the PGR farms, were left alone. They mostly still live in flats, which were specially built for employees of those farms. These buildings are mostly in deteriorating technical conditions, since low educated employees had difficulties to find new jobs; if they found new jobs, their salaries were low and they could not afford to refurbish buildings and to repair old technical installations or to construct new ones.

Dwelling houses of ex-PGR farms



As a result, those villages where the PGR farms were located, create uninteresting landscapes, with buildings in poor technical conditions, which adversely influence the environment and the public space, where many inhabitants of villages live.

Farm buildings of ex-PGR farms





At the same time, many buildings of attractive architecture and locations (close to forests, over lakes and in other attractive places) have found new (mainly private) investors, who adopted those buildings to their own demands or started to use them as hotels, SPA, guest houses, etc.

An attractive building, the ex-headquarter of the PGR farm, which was purchased by a new, private investor.



At the same time, for many of those buildings new purchasers were not found, although they have an interesting architectural forms and their conditions are deteriorating. The urgent revitalising operations are required for such buildings

An attractive building, the ex-headquarter of the PGR farm, which was not purchased by a new, private investor.

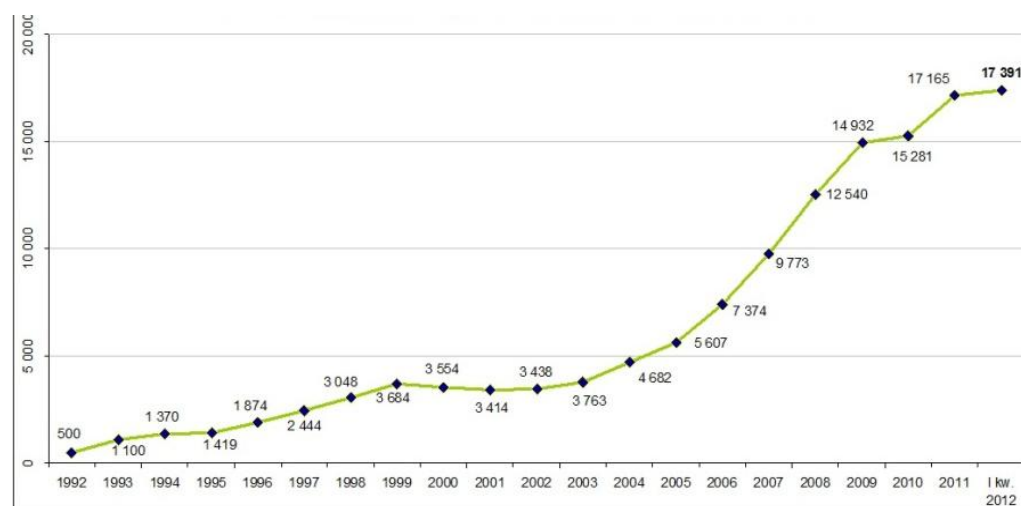


The value of arable lands is successively growing. As a result of the Common Agricultural Policy of the European Union, the turnover of private lands almost does not occur in practice. This is mainly connected with the multi-generation indenture of the Polish farmers and with donations from the European Union. Lands became the demanded goods, but, as resources, they are limited goods, therefore market land prices are getting higher. The table below presents prices of arable lands in private turnover, following the GUS data.

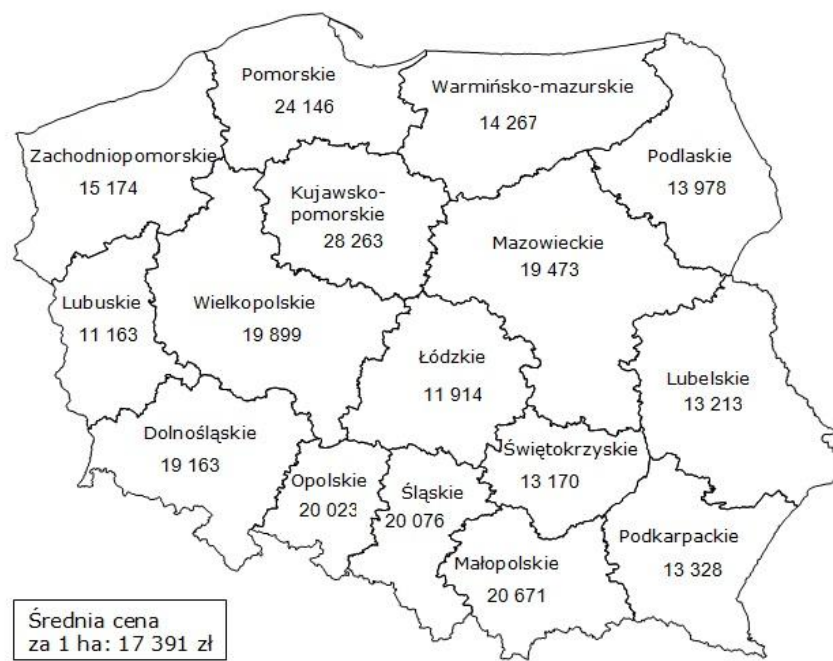
Average prices of arable land and meadows in private turnover

SPECIFICATION	2000	2002	2005	2008	2009	2010
(in zł per ha)						
<i>Arable lands</i>	4786	5042	8244	15388	17042	18037
<i>Fertile lands</i>	6712	7111	11001	18747	20809	21553
<i>Medium fertile lands</i>	4920	5032	8603	16096	17726	18841
<i>Barren lands</i>	2725	2984	5843	12222	13561	14800
<i>Meadows: good</i>	4883	4515	6144	12489	13724	14612
<i>Bad</i>	2753	2660	4003	9275	10319	11291

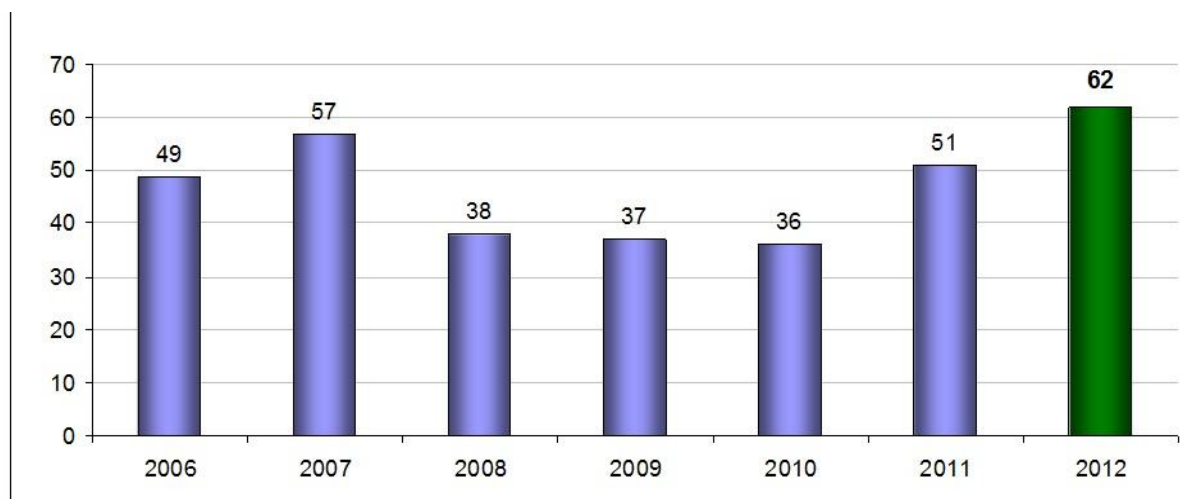
Land prices in the turnover, following sources from the Agency for Agricultural Rural Estates



(source www.anr.gov.pl)



(source www.anr.gov.pl –the average price of 1 ha in 2011)



((source www.anr.gov.pl)

Sales of lands in the first half of the year, in the period 2006-2012 (in thous. hectares)

As it turns out from above diagrams and data, regardless the increase of land values, their sales has been also increased recently. Typical sales of lands of the State Treasury is performed in the internal turnover (for individuals of the Polish origin or for legal entities with the prevailing Polish capital). Sales of lands to foreigners is not easy due to difficulties connected with getting the permission to purchase. It is known, that such transactions are performed within the companies with foreign capital shares, but with the prevailing Polish capital. The terms of concluded contracts are not well known and only the release of the sales

of lands will practically present how many lands have been transferred to foreigners as a result of these operations.

In 2011 the act on the modification of the act on administration of agricultural estates of the State Treasury and on modifications of some legal acts was published. Following Article 6.1 of the Act, the individual farmer is considered as the individual being the owner, perpetual user, and independent possessor or the leaseholder of agricultural real estates, the total arable area of which does not exceed 300 hectares, the person with agricultural qualifications and the person who has been staying in a municipality for at least 5 years; this refers to a municipality, where one of the agricultural real estate, included in the farm is located and where the farm is personally administered by this individual.

In the Act the special procedure was allowed which enabled to modify the existing leasehold contract by excluding 30% of arable lands from the leasehold subject. Basing on this regulation, the Agency For Agricultural Real Estates was obliged, within 6 months after the date of coming into force by the Act, to present proposals concerning modification of leasehold contracts to the leaseholders; this concerned the contracts concluded before the date of coming into force of the Act and the area of exclusion of 30% of arable lands from the leasehold subject. In the case when leaseholders do not accept the modification of the leasehold contract, the leaseholder would lose the pre-emption right to this part of leased lands. This statement in the Act caused many disputes. As a result of those changes, additional arable lands will appear in free turnover, which – following the existing regulations – would purchase the existing holders, according to the pre-emption right. It will definitely result in increased prices of lands and will release many hectares of arable lands for further turnover. At present, it is difficult to foresee who could be interested in purchasing those lands.

Concluding remarks:

- Modification in the field of property transformations concerning arable lands in Poland comparing to many other post-communist countries are considerably different, since individual, private farms have been dominating in Poland for centuries.
- Transformations in the field of lands of the ex-PGR farms, comparing to individual farms, did not cover large areas. The possibility to purchase these lands by individual farmers

improved the structure of their farms. At the same time, large private farms were created, but, in the majority of cases, the buildings belonging to the ex-PGR farms were not of interest to the new owners, who did not purchase them.

- In the process of liquidation of the PGR farms and taking over of the lands by the AWRSP, the PGR farms did not have the opportunity to be privatised, regardless their effective or ineffective operations.

- Regulations concerning spatial planning do not contain any statements in the field of revitalisation of the ex-PGR farms in village landscapes. Technical conditions of remained buildings are getting worse and disturb the rural landscape. At the same time, the agriculture plays one of the most important roles in the natural environment. Besides, about 6 million hectares of arable lands are covered by the Natura 2000 Programme.

- In the process of taking over lands of the ex-PG farms, when their price of selling from the AWRSP, at the beginning of activity, was reaching 500 zlotys per 1 hectare (in the years 1992-1993), the lands for public investments were not planned. They were sold for very low prices. The analysis of the future strategic demands in the field of public investments was not performed (this concerns, for example, express ways around cities, new roads, widening of existing roads, new streets). When real demands appeared in this field, those lands were purchased by the State for considerably higher prices.

- The multi-year State policy in the field of arable lands and the agriculture was directed onto the agricultural production; however, such element as complex settlement of arable areas and modifications of the rural space, was missing. Land consolidation works also aim at improvements of the structure of arable fields by means of improvement of the size, configuration and location of land parcels with respect to the settlement areas.

- In the Polish rural landscape the uncontrolled suburbanisation and spatial disorder are dominating. Since spatial planning of the rural areas is not the complex task (at least within one village, if not within the entire municipality), it meets the demands of small groups of individuals and it does not create an ordered space. The spatial order of rural areas is the public good and such instruments, which could ensure its sustainable development, should be created.

- The Integrated Real Estate Information System, which could be used by the purchaser in order to check the current register status and legal conditions of the property, or where the purchaser could decide whether the planned transaction would meet the expectations, or to check the records in the property register (types of parcels, levels of management, records in the spatial management plans etc.) does not exist. Such a system is at the stage of the development of the required legal act and its implementation will be probably commenced in 2012.

- All aid means, existing in the frames of the Common agricultural Policy of the European Union had and still have the highly positive impacts on all transformations.

Resuming: as it was concluded in the Report “The Rural Poland 2012”, the instruments of the regional policy, directed onto the improvement of the territorial coherence, turned to be ineffective and they are not capable to considerably change economic structures, which have been historically developed. The objective, i.e. the development of rural areas, is met depending on their locations and historically developed structures, according to various scenarios. There is no one recipe for the development and transformations of those areas, even if they are located in the same region.

References:

- The Report “The Rural Poland 2012” – Foundation for the Development of Polish Agriculture
- www page of the Agency for Agricultural Real Estates (www.anr.gov.pl)
- www page of the Main Statistical Office, (www.stat.gov.pl)
- Transformation of the state agriculture in Poland - Włodzimierz Zgliński – Institute of Geography and Spatial Organization