

# THE VALUATION OF NATURAL RESOURCES

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## ABSTRACT

*Conservationists are frustrated with the deteriorating environment of today. Green pressure groups and pro-development advocates have both tended to pit economic growth in one corner against environmental concerns in the other. By asserting that there is a conflict between the objectives of economic growth and those of environmental protection, the protagonists have failed to see potential for mutual reinforcement.*

Property Valuers of today can no longer afford to be mere by-standers when faced with the growing demands of the 'Greens'. It is for the Valuers to put forward the argument that, contrary to popular belief, economic growth, market systems and environmental improvements, can go hand in hand. As environmental resources become scarce, or less abundant, there is a greater need to use markets, prices and other devices from the Valuer's toolbox, since these are the proven mechanisms for dealing with the challenges of scarcity. In the context of Asean countries, Property Valuers have to play a bigger role in environmental matters mainly because of the fact that the environmental planning and legislation are still not as sophisticated as those in America or European countries. Issues such as the greenhouse effect and the problems cause by acid rain should now be the concern of present-day Property Valuers.

This paper aims to bring into focus the need for property valuers to be 'environmentally conscious'. It discusses the need for Valuers to place a value on the preservation of the natural environment. It examines the current methods of valuation of property with natural resources. It encourages valuers to evaluate the economics of environmental quality, to become a member of the emerging group of "green valuers."

## Setting the Background

It was the former Prime Minister of England, Margaret Thatcher, who in 1988 said:

*"No generation has a freehold on this earth. All we have is a life tenancy, with a full repairing lease."*

This one statement turned the Iron lady into the Green Goddess.

If one is to reflect upon the statement, one will realize that, oft times, the present generation has acted selfishly in the use and development of land and property, with total disregard of the environment and thus created problems for future generations. There is now a noticeable shift of public opinion all over the world towards a greener and better environment for our future generations to enjoy.

## The Kingdom of Thailand

In the Kingdom of Thailand, the Eighth National Plan (1997 - 2001) had focussed, inter-alia, on:

*"encouraging the proper use and care of natural resources and the environment to support the sustainable development of the economy, society and the quality of life."*<sup>1</sup>

The Plan states that the environmental resources will be protected by rehabilitating forests to ensure coverage of at least 25% of the national landmass, creating opportunities in natural agricultural opportunities, in natural agricultural occupations such as organic farming, integrated farming, and agro-forestry, and investing in the resuscitation of the environment to raise the quality of life in cities and the countryside.

The current Ninth National Plan (2002 – 2006) has been described as a deepening of, rather than a departure from, the goals expressed in the previous Eighth National Plan and encapsulates a people-centric vision

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<sup>1</sup>"The Investment Environment in Thailand", June 1996, pp. 19, published by the Office of the Board of Investment, Office of The Prime Minister, Royal Thai Government.