METHODS TO ASSESS THE FINANCIAL VALUE OF THE SEA PARCEL AND THE ECONOMIC OF THE COASTAL AND MARINE AREA WITHIN A MARINE CADASTRE FRAMEWORK

Johanes P. Tamtomo, Indonesia

Abstract. Within a “land” cadastre, methodologies of property valuation were not new drawn back to year 2,000 B.C. when the Egyptians inhabited lands surrounds the Nile. The economic valuation of coastal and marine areas was not new since Turner et al. (1998) introduced it; nonetheless it is a newborn within a marine cadastre.

This paper elaborates a broad sense of a marine cadastre definition, coastal and marine parcels, and a method to assess the financial value of the parcels as well as the economic value of the areas and resources. In the marine environments, the value of the parcel is usually tricky, because it is not the land that could “easily” be assessed. An appropriate way is to use the Financial Valuation Method (FVM) to assess the projects, activities, and or resource products or uses in the sea parcel. Dixon and Hufschmidt’s formula (1986) is still widely used today to calculate NPV (Net Present Value), B/C ratio, and IRR (Internal Rate of Return). Meanwhile, the economic value of the coastal and marine area is measured by two tools, i.e. Total Asset Value (TAV) of the area, and Total Economic Value (TEV) of the zone; both consist of (DUV + IUV + OV + EV + BV) with different indicators.

For specific reference, this paper takes a case study in the coastal and sea areas of Bintan Island, Indonesia. This region has been exploited over years. The mining of sea sands and the devastation of mangroves and coral reefs have brought about vast detriments. The terrestrial and sea sands exported to Singapore islands for “filling” the sea water (some say “reclamation” as a misleading term) of its shores, so the islands become wider. The coastal and shallow sea areas have also been degraded caused by the misuses of the mangroves and coral reefs. Learning from these cases, this paper also suggests the role of a marine cadastre in the management of coastal and sea resources and areas.

Key words: marine cadastre, sea parcel financial valuation, coastal and marine area economics valuation, integrated coastal and ocean zone management (ICOZM), administering and planning marine spaces

1 INTRODUCTION

Inherent conflict of interests in the coastal and marine space use have occurred since as old as the human civilizations. According to Cicin-Sain and Knecht (1998), there are 29 activities in the coastal seas, and if each activity is put orderly into an activity matrix, then there will be 100 pairs of activities conflict each other and 60 pairs of activities endangering one to another. The fact that the administration of coastal and sea regions is a must. There have been many researches concerning the Integrated Coastal and Ocean Zone Management (ICOZM); however not too many researches have been conducted in the framework of a “marine cadastre” concept.
Problems occur in the coastal and marine areas could be brought about by many reasons. Nevertheless, according to the researchers (Clark, 1992; Patji and Salipi, 1995; Cicin-Sain and Knecht, 1998; Kay and Alder, 1999; Kusumastanto, 2001), the roots of the problems are generally as follows: (a) the conflict of interests caused by: high ecological potency, concentration of citizens’ means of livelihood to the same resources, increasing the number of population, the quality of life, interests upon the area, changing and competition on the technology, and market distribution process; (b) the increasing of demands towards natural resources and coastal environmental services; (c) the unsustainable management practices; (d) constraints on the optimally of the execution of the coastal and marine spatial planning; (e) human behaviors: innocence, ignorance, poverty, and greedy; and (f) the three failures: market and ownership failures, policy failures, and information failures.

The extraction of all the conceptual and empirical problems on the use of coastal and space mentioned above, indicating that the conflict of interests directly associated with “the value” of the three main components of natural facts and phenomena, those are ABC (a-biotic, biotic, and culture). The a-biotic components are all the structural and functional of physical areas (natural resources). The biotic constituents are all biological (flora and fauna) structures and functions, whilst the culture parts are all human activities (economics, social and customs) and their outcomes (manmade resources).

2 VALUE AND VALUATION ON COASTAL AND MARINE ENVIRONMENTS

Within a “land” cadastre, methodologies of property valuation were not new drawn back to year 2,000 B.C. when the Egyptians inhabited lands surrounds the Nile. The reconstruction of property boundaries after the vast flood was immediately conducted for the reason of the value of the properties. From this period, historians say that the cadastre began.

Now, does “sea parcel” also have value? Obviously it does. The value of sea parcel and the value of coastal and marine areas have brought about the conflict of interests, and as it is said, it has taken place since as old as the human coastal and marine civilizations. But, how could one estimate it? It will be discussed in the next section. On the other hand, the economic valuation of coastal and marine areas was not also new since Turner et al. (1998) introduced it. Nonetheless, it is a newborn within a marine cadastre.

2.1 A Broad Sense of a Marine Cadastre (Operational) Definition

Enough, it is as much as necessary having definitions of the marine cadastre! Does it really enough? Among them not many do the definitions share a common element with their land-based counterparts and concern with the value, except the definition given by the U.S. DOC: United States Department of Communication–NOAA: National Oceanic and Atmospheric Administration (2002):

“The U.S. Marine Cadastre is an information system, encompassing both nature and spatial extent of interests in property, value and use of marine areas. Marine or maritime boundaries share a common element with their land-based counterparts in that, in order to map a boundary, one must adequately interpret the relevant law and its spatial context. Marine boundaries are delimited, not demarcated, and generally there is no physical evidence of the boundary”.
The author agrees with this definition, simply because the marine cadastre domain shall share common elements in accordance with the notion of the “coastal area”. A marine cadastre is a cadastre with the object on the territorial sea. It is not possible applying a marine cadastre in the Exclusive Economics Zone (EEZ), because there is no tenure system in this zone and EEZ is not the territorial sea of a state (Rais, 2002; UNCLOS, 1982).

The territorial sea means the coastal zone up to 12 nautical mails away from the shore line. Well, then what really means, that the domain of a marine cadastre shall include the two of one inseparable area, the shore (shallow) water space and the sea (deeper) water space. The classification of the two inseparable areas is needed, because it will affect the different type of tenureships system with different types of 3R (right, restriction, and responsibility):

− The “shallow” shore water space is a fragile area, firstly, it is perceived in physical and environmental aspects and secondly it is legal and socio-economical aspects as well; it is tightly connected to the shore land tenureships system; and on the other hand
− The “deeper” sea water space is the territorial water space outside the shore water space which is usually not bonded to land-based tenureships system.

Again, one more question, does it really enough? No, it does not. Among the marine cadastre definitions not many do the notions consider the value of marine areas, except the U.S. DOC-NOAA’s. The value is one of extremely important parts of the marine cadastre:

− Today, the world’s population in coastal zone is equal to the entire global population in the 1950s (Beukenkamp and Gunter et al. in World Coast Conference, 1993); – In 30 years more people will live in the world’s coastal zones than are alive today (NASA 1994); – Up to 75% of the world population could be living

Figure 1: The Coastal Areas (soft pink) according to Pernetta and Milliman, 1995.
within 60 km of shoreline by 2020 (Edgren in World Coast Conference, 1993); – 
Two third of the earth surface is water, and one third is land, whilst the interface 
between the land and the sea is a narrow path called the coastal area; – 
Indeed, the coastal area is only 15% of the land surface, but 50–70% men living 
and working in this area; – Although the coastal area is only 8% of the total earth 
surface, it produces 26% global biological outcomes, especially fisheries’ prod-
ucts (Rais, 2002).

Considering all those arguments, here it comes to the “operational” definition of a ma-
rine cadastre:

“A marine cadastre is a public administration system arrangement, managing le-
gal and administrative documents, encompassing both natural and spatial extent 
of interests in forms of rights, restrictions, and responsibilities, including the values, 
taxes, and the legal relationships and actions, within the shore water and the sea 
water space tenureships”.

2.2 Sea Parcel Valuation

What is a sea parcel? A sea parcel is a (usually three dimensional) space at the sea, which 
is identified by: (a) delineation of its clear boundaries (coordinates); (a) explanation of 
its quantity (the area); (c) declaration of its right; and (d) statement of its use. A sea 
parcel could be an object that has a sale value, it could have a service value (public 
access, marine tourism, shipping lane, national park, marine protected area, conserva-
tion area); and it could also have an economic value (after Rais, 2002).

When it comes up to the land or property valuation, then some approaches are com-
monly used, those are:

(a) Sales comparison (market) approach: the estimated amount for which an asset 
should exchange on the date of valuation between a willing buyer and a willing 
seller in an arm’s length transaction after proper marketing wherein the parties 
had acted knowledgeably, prudently and without compulsion;

(b) Income capitalization approach: the current value of future yearly net income 
remaining value at the end of the calculation period; This method uses income 
approach by projecting all future incomes deducted by operational costs with 
the return of investment calculation; This approach is especially suitable for the 
valuation of hotels, offices, apartments, malls or shopping centers, and enter-
tainment sites;

(c) Cost approach: estimation of the costs spent for procurement and development 
the valued property, usually for valuation of buildings;

(d) Development technique: similar to cost approach.

But, when it comes to the valuation of a sea parcel, it is not the case that those methods 
could straightforwardly be applied. In the marine environments, the value of the parcel 
is usually tricky, because it is not the land that could “easily” be assessed. Except for 
the “sea parcel” located at the shore water space, when the tenure system tightly as-
associated with land-based tenureships or ownerships, and as long as it is available the 
market data, then the sales comparison approach might be used.
Among other methods, the sales comparison approach are widely used for some reasons, such as: (a) most efficient for property and resource valuation; (b) acceptable for all parties; (c) used by most states in the world; (d) transparent and fair enough; (e) many actors involved in determining the market value; and (f) simple, easily understood, and not too expensive.

Unfortunately, it is not the case that the market data are available, especially for the sea parcel that has no association with land-based tenureships. The valuation approach suggests is the combination of income capitalization approach, cost approach, and development technique that could be summarized as the Financial Valuation Method (FVM). It is proposed with the arguments that a sea parcel (even though it is contained natural resources there in), the parcel remains “a dead capital” without human intervention or development.

The usage of the Capital Budgeting Method (CBM), as a tool in the financial valuation method (Dixon and Hufschmidt, 1986), which is still widely used today, is to calculate NPV (Net Present Value), B/C ratio, and IRR (Internal Rate of Return). The value of a sea parcel will be the NPV, obtained from the calculation as follows:

- **C** (investments): costs spent for all human activities and the structures built on the sea parcel;
- **B** (incomes): all revenues expected to be gained during the developments, activities, and uses of the sea parcel;
- Net Benefit = (Incomes – Investments)
- Today Value: the existing resources value of the sea parcel
- Cash Flow = (Net Benefit + Today Value)
- DR (Discount Rate) = %
- DF (Discount Factor) = \( \frac{1}{(1 + DR)^{year \text{ th}}} \)
- PV (Present Value) = Cash Flow * DR
- **NPV (Net Present Value):**
  \[
  NPV_1 = \frac{B_d - C_d}{(1 - r)^1} + \frac{B_e - C_e}{(1 + r)^2} + \ldots + \frac{B_n - C_n}{(1 + r)^n}
  \]
  \[
  NPV_2 = \frac{B_0 - C_0}{(1 + r)^0} + \frac{B_1 - C_1}{(1 + r)^1} + \frac{B_2 - C_2}{(1 + r)^2} + \ldots + \frac{B_n - C_n}{(1 + r)^n}
  \]
- Net B/C (Benefit & Cost Ratio) = \( \frac{B}{C} \) – ratio = \( \frac{t}{\frac{n}{(1 + r)^1}} \)
- IRR (Internal Rate of Return) = \( IRR = i^+ + (i^+ - i^-) \frac{NPV^*}{NPV^+ - NPV} \)

### 2.3 Coastal and Marine Area Valuation

The sea parcel valuation discussed above is the parcel-based valuation approach, but when it moves towards the coastal and marine area valuation, then it is no longer parcel-based but area-based method. The valuation approach, therefore slightly different, meaning that the formula used is the same, but the components of the valuation consist
of wider items, not only takes into account the financial (market) values, but also non-market values. It does not only count the use values, but also non-use values as well.

Within the environmental studies, the method is called: Total Economic Value (TEV) applying the formula as follows: (Turner et al. 1998; Kusumastanto, 2002)

By using the same formula above, the NPV, as the value of coastal and marine area, could be calculated, as well as all other components, i.e. Net B/C-R and IRR.

\[(TEV) = (DUV + IUV + OV) + (EV + BV)\]

**DUV** = Direct Use Value: output (goods and services) that could directly be used

**IUV** = Indirect Use Value: goods and services that could not be directly used

**OV** = Option Value: direct and indirect resources potencies that could be used in the future with the assumption that the resources will not permanently devastated;

**BV** = Bequest Value: the value associated with protection and conservation (preservation) certain resources that could be inherited to the next generations, so that they are able to take the advantages from the resources that have been taken by the previous generations;

**EV** = Existent Value: existing value of the resources, irrespective of whether the benefits of the resources could be taken directly or indirectly.

The TEV does usually not take the land value into consideration but socio-environmental and resource-economical ones. In case that the assessment acquire the land value as a part of the component, i.e. as a part of DUV, especially when assessing the coastal (shallow sea water) areas, then the method as well as the value is named: **Total Asset Value (TAV)**.

### 3 CASE STUDY

The main goals of the case study are two folds: *firstly*, to exercise the calculation of NPV as the value of the coastal and marine area, and *secondly*, to demonstrate how the simulation could give a picture that a marine cadastre is able to contribute to the sound management of coastal and marine spaces and resources.

Over thirty years since 1970’s, the coastal and marine areas in Bintan Islands have been exploited for the development reasons and or the impact of the developments. There had been under way the sea sand mining and the mangrove and coral reef devastations. Sea sands were exported to Singapore islands for “filling” the sea water (some say “reclamation” as a misleading term) of its shores, so the islands become wider. The Singapore’s sea-sand imported needs are amazingly huge: i.e. (a) 1.1 trillion cubic meter for Jurong Island, (b) 900 million cubic meters for Western Island, (c) 400 million cubic meters for North Island, (d) 300 million cubic meters for Changi Bay, (e) 200 million cubic meters for Pulau Tekong; These number will be added by the needs for Pasir Panjang Phase II as many as 150 million cubic meters, Tuas needs 40 million cubic meters, Pulau Sentosa needs million cubic meters, and Pungol needs 10 million cubic meters (KOMPAS, 29 November 2002).

Twenty years ago, the total areas of Singapore lands = 527 kilometer squares, but in 1991 became 633 kilometer squares, in 1998 became 674 kilometer squares, in 2001 became
Table 1: Analysis of existing TEV of coastal & marine policy; Bintan Island, Riau Islands Regency, Indonesia.

<table>
<thead>
<tr>
<th>No.</th>
<th>ECONOMIC COSTS</th>
<th>Million €</th>
<th>No.</th>
<th>ECONOMIC BENEFITS</th>
<th>Million €</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Program and development (the 0th year)</td>
<td>A</td>
<td>DUV: Direct Use Value (the 0th year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Fisheries &amp; marine affairs</td>
<td>0.48</td>
<td>1</td>
<td>Landing fisheries</td>
<td>3.48</td>
</tr>
<tr>
<td>2</td>
<td>Tourism &amp; telecommunication</td>
<td>0.87</td>
<td>2</td>
<td>Maritime industries</td>
<td>40.43</td>
</tr>
<tr>
<td>3</td>
<td>Environment &amp; spatial planning</td>
<td>3.21</td>
<td>3</td>
<td>Eco-tourism</td>
<td>2.10</td>
</tr>
<tr>
<td>4</td>
<td>Industries</td>
<td>0.44</td>
<td>4</td>
<td>Sea transportation</td>
<td>4.30</td>
</tr>
<tr>
<td>5</td>
<td>Transportation &amp; public works</td>
<td>9.07</td>
<td>5</td>
<td>Supported services</td>
<td>0.16</td>
</tr>
<tr>
<td>6</td>
<td>Transportation</td>
<td>0.88</td>
<td>6</td>
<td>Tourist spending</td>
<td>171.74</td>
</tr>
<tr>
<td>B</td>
<td>The Value of Resource Devastations</td>
<td>7</td>
<td>Investments on maritime industries</td>
<td>161.48</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Mangroves</td>
<td>98.23</td>
<td>B</td>
<td>IUV (Indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Coral reefs</td>
<td>138.93</td>
<td>1</td>
<td>Mangrove functions</td>
<td>31.11</td>
</tr>
<tr>
<td>3</td>
<td>Sea sand mining</td>
<td>295.96</td>
<td>2</td>
<td>Coral reef functions</td>
<td>2.73</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>NON-USE VALUE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C.1</td>
<td>OV (Option Value)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>Biodiversity mangrove</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Biodiversity coral reef.</td>
<td>0.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C.2</td>
<td>EV (Existant Value)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>Existant mangrove</td>
<td>7.07</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Existant coral reef</td>
<td>8.82</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. DR = 8% (takes the inflation rates during 6 years lately (Bank of Indonesia 2000–2005)
760 kilometer squares, and up to the year of 2010 targeted to become 834 kilometer squares (KOMPAS, 21 October 2003; WALHI Riau, 10 September 2004). There are many questions remain: i.e. does any body may stop this? What are the environmental impacts caused by the change of the shore lines? How much is the (economic, environment, and social) lost suffered by the citizens and the states caused by the sea-sand mining? How does this changing of Singapore’s shore lines affect the position of sea boundaries to Indonesian and Malaysian territorial seas? The last question can be answered directly. According the UNCLOS 1982, it is the sovereignty right of a coastal state to develop its shore up to its territorial sea boundary, but it will not affect the boundary. Once the boundary has been agreed and stated between two (or more) neighboring countries, then it won’t change, unless otherwise agreed and stated by them.

The components of existing TEV are as follows:

1. Economic Costs, consist of:
   a. Local Government Budget: APBD fiscal year 2005;
   b. The total (economic, environment, and social) lost suffered by the citizens and the state since 1970s is approximately: – €290.9 million caused by the sea sand mining; – €98.2 million caused by the devastation of 10,600 hectares mangroves; and – €138.9 million caused by the devastation of 12,654 hectares coral reefs (Toepler, 2005; DKP, 2003; WAHLI Riau, 2005, Bintan Islands Mining Division, 2005).

2. Economic Benefits, consist of:
   a. **DUV**: Direct Use Value, is the Gross Domestic Products 2005 of the coastal and marine sectors; tourists spending in 2005; and maritime industries up to the year 2005;
   b. **IUV**: Indirect Use Value, based on the research conducted by Global Environment Facility/United Nations Development Program/International Maritime Organization (GEF/UNDP/IMO) Regional Programme for the Prevention and Management of Marine Pollution in the East Asian Seas in the Malaka Straits (Chua, Thia-Eng, 1999), the values are: – The function value of spawning and nursery ground by mangroves = 50% total fish landings; – The function value of sequestration carbon by mangroves = €1,598.24/hectare; – The function value of erosion prevention by mangroves = €172,374.00/hectare; – The function value of organics and sequestration carbon in the coral reefs = €158.36/hectare; – The function value of shore lines prevention by coral reefs = €469.68/km;
   c. **OV**: biodiversity values of mangroves and coral reefs = €13.24/hectare;
   d. **EV**: €1,903.32/hectare for mangroves, €2,093.64/hectare for coral reefs;
   e. **BV**: €1,916.56/hectare for mangroves, and = €2,093.64/hectare for coral reefs.

From the TEV calculation, it is shown that with the existing coastal and marine policy, the value of the zone (NPV) is – €64.36 million (with DR = 8%). And even though the DR (r) is reduced into 0%, the value is still – €12.86 million. Next, as a comparison, it will be simulated as if the concept of a marine cadastre was applied to the coastal and marine policy. The results are shown in Table 2 below.
Table 2: Simulation Analysis of TEV HBU (Highest & Best Use) of coastal and marine policy in Bintan Island, Riau Islands Regency, Indonesia.

<table>
<thead>
<tr>
<th>No.</th>
<th>ECONOMIC COSTS</th>
<th>Million € (the 0th year)</th>
<th>No.</th>
<th>ECONOMIC BENEFITS</th>
<th>Million € (the 0th year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Program and development</td>
<td></td>
<td>A</td>
<td>DLUV: Direct Use Value</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Fisheries &amp; marine affairs</td>
<td>0.48</td>
<td>1</td>
<td>Fisheries</td>
<td>3.48</td>
</tr>
<tr>
<td>2</td>
<td>Tourism &amp; telecommunication</td>
<td>0.87</td>
<td>2</td>
<td>Maritime industries</td>
<td>40.43</td>
</tr>
<tr>
<td>3</td>
<td>Environment &amp; spatial planning</td>
<td>3.21</td>
<td>3</td>
<td>Eco-tourism</td>
<td>2.10</td>
</tr>
<tr>
<td>4</td>
<td>Industries</td>
<td>0.44</td>
<td>4</td>
<td>Sea transportation</td>
<td>4.30</td>
</tr>
<tr>
<td>5</td>
<td>Transportation &amp; public works</td>
<td>9.07</td>
<td>5</td>
<td>Supported services</td>
<td>0.19</td>
</tr>
<tr>
<td>6</td>
<td>Transportation</td>
<td>0.86</td>
<td>6</td>
<td>Taxes from Marine Cadastre</td>
<td>171.74</td>
</tr>
<tr>
<td>B</td>
<td>Resource Devastations values</td>
<td></td>
<td>7</td>
<td>Tourist spending</td>
<td>181.48</td>
</tr>
<tr>
<td>1</td>
<td>Mangroves</td>
<td>98.23</td>
<td>2</td>
<td>Added value of Marine Cadastre</td>
<td>3.15</td>
</tr>
<tr>
<td>2</td>
<td>Coral reefs</td>
<td>128.93</td>
<td>3</td>
<td>Sea sand mining</td>
<td>255.98</td>
</tr>
<tr>
<td>3</td>
<td>Sea sand mining</td>
<td>255.98</td>
<td>B</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Mangrove functions</td>
<td></td>
<td>1</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Coral reef functions</td>
<td></td>
<td>2</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C NON-USE VALUE</td>
<td></td>
<td>C</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Biodiversity mangrove</td>
<td></td>
<td>1</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Biodiversity coral reef</td>
<td></td>
<td>2</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C.2 EV (Existent Value)</td>
<td></td>
<td>C.2</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Existent mangrove</td>
<td></td>
<td>1</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Existent coral reef</td>
<td></td>
<td>2</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C.3 BV (Bequest Value)</td>
<td></td>
<td>C.3</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Mangrove preservation</td>
<td></td>
<td>1</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Coral reef preservation</td>
<td></td>
<td>2</td>
<td>IUV (indirect Use Value)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL ECONOMIC COSTS</td>
<td>546.07</td>
<td>TOTAL ECON. BENEFITS</td>
<td>481.01</td>
<td></td>
</tr>
</tbody>
</table>

| NET BENEFITS   | –67.00  |
| CASH FLOW      | –67.00  |
| DR (r)         | 0.08    |
| DF = SOCC (8 %) | 1.0     |
| PV             | –67.00  |
| **NPV**(8%,B37:K37) | 277.93  | 300.16 |
| EIRR           | 33.03 % |
| Net B/C        | 5.48    |
| NPV + 33.0     | 0.11    |
| NPV – 33.1     | (0.23)  |
| EIRR Simulation| 33.00 % |

Interpretation of “ex-post” (existing coastal and marine policy) and “ex-ante” (coastal and marine policy with a marine cadastre):

a. The existing coastal and marine policy is inconsistent to the spatial planning, it is only good in the paper but it is bad in the implementation. Within this policy, there is no control on the use of coastal and marine spaces. On the other hand, through the administering and law enforcement of 3R: rights, restrictions, and responsibilities on coastal and marine spaces (the implementation of a marine cadastre), it is shown the distinct tracks towards the achievement of “good ocean governance”: the EES: economical objectives, ecological objectives, and social objectives;

b. NPV 2005 values €277.93 million and €300.16 using different formulas. This values continue increase as they are represented by NB and PV values, although they start with initial negative value (-) €67.00 million at the 0th year (2005), but by the 9th year (2014) each value reaching €198.94 million and €96.34 respectively (the complete TEV assessment that demonstrates the ten years calculation periods is not shown/attached in this paper).
c. EIRR (Economic Internal Rate of Return) value reaches 33.03 % together with EIRR simulation = 33.00 %, and Net B/C value = 5.48;

d. Result conclusions: NPV > 0, B/C-R > 1, and EIRR > DR (r), therefore the simulation approves that running the coastal and marine policy through implementing the marine cadastre concept is strongly feasible.

By using a dynamic modeling tool, STELLA™ v.4.2, the two NPVs are then simulated as it is shown in the Figure 2 below. During ten years of the policy implementations, the graph of the NPV’s existing policy (ex-post) indicates the negative values (below zero), whereas the Marine Cadastre policy (ex-ante) shows the positive values, even though the two PVs (Present Values) start with the same negative values from the 0th year (see Table 1 and 2).

![Figure 2: The NPV graph: the existing policy’s (ex-post) versus the policy with a marine cadastre’s (ex-ante) simulated by STELLATM v.4.2 dynamic modeling.](image)

4  CONCLUDING REMARKS

There are two things are often not considered in the discussion of a marine cadastre concept, those are: the common elements with the land-based counterparts and the value of sea parcel and the coastal and marine area. A broad sense of a marine cadastre concept should have: (a) a clear differentiation between “sea parcel” that has direct association with “landbased” tenureships system (i.e. sea parcel at the shore or shallow water, both the sea parcel that directly “stands” on the shore-water bed, and the sea parcel that becomes one inseparable part with the shore-land tenureships or ownerships); (b) a contain of the value of the sea parcel; and (c) a contain of the value of the coastal and marine area.

The method to assess the value of the sea parcel and the coastal and marine area could be offered as follows:
(a) **Sales Comparison Approach**, or other three methods, for the **land-based sea parcel**;

(b) **Financial Valuation Method** for the **sea parcel** that has no association with the land-based parcel or the land-based tenureships or ownerships; and

(c) **Total Asset Valuation** (TAV) for **coastal areas** when takes the land value as a part of DUV components, and **Total Economic Valuation** (TEV) method for the **coastal and marine zones** when considers the socio-environmental and resource-economical values are the main components.

The simulation of the implementation of a marine cadastre concept in the case study region provides a picture, that the marine cadastre has forceful contribution in the sound management of coastal and marine resources and areas, which ends up to the three development objectives: economical objectives, ecological objectives, and social objectives.

**REFERENCES (SELECTED)**


BIOGRAPHICAL NOTES

The author earned his master degree in Land Management at the Department of Geodesy and Geomatics Engineering, the University of New Brunswick, Fredericton, Canada. He is now completed his doctoral degree at the Coastal and Marine Resources Management Study, Faculty of Fisheries and Marine Affairs, Bogor Agricultural University, Bogor, Indonesia. The author serves as Director of Land Potency Survey, National Land Agency, the Republic of Indonesia, Jakarta. The author also serves as General Secretary II of Indonesian Federation of Surveyors (ISI) 2005–2009.

ACKNOWLEDGEMENT

The author kindly expresses many thanks to Prof. Dr. Tridoyo Kusumastanto (head of the supervision commission) and all the members of the commission: Prof. Dr. Jacob Rais, Prof. Dr. Maria S.W. Sumardjono, and Dr. Mennofatria Boer, the excellent persons who guide him to the completion of his doctoral degree. He also gratefully thanks to all persons and institutions can not be mentioned one by one, but Head of the National Land Agency, the Republic of Indonesia, Deputy of Land Surveying and Mapping all together with the Directors and Officials, and the KAPTI DKI Jakarta’s members, last but not least, all friends in Bintan Land Offices, are extraordinary persons who support and contribute to the completion of the author’s works.

CONTACTS

Johanes P. Tamtomo
Director of Land Potency Survey
National Land Agency – the Republic of Indonesia
Jl. Kuningan Barat I No. 1
Jakarta, 12710 INDONESIA
Tel. +62 21 520 2328 and 520 7030
Fax +62 21 526 0516
Email: jptom@centrin.net.id
Web site: http://www.bpn.go.id