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Environmental degradation, over extraction of natural resources, conservation and valuing environmental assets have become major issues in the current world. Both developed and developing countries pay attention to the natural environment. The main purpose of valuing environmental goods and services is to enable the environment to be recognized as an integral component of any economic system and also to formulate and execute policies to conserve them.

Sri Lanka has so many natural assets when compared with other Asian countries. However, poor management of natural assets, institutional inefficiencies (lack of property rights) and weak awareness of the uniqueness of natural assets increased their degradation than regeneration.

Horton Plains National Park is one of nature's gift to Sri Lankans. Its diverse landscape and unique habitats increase its value. The main objective of this study was to assess the economic value of recreational benefits of the Horton plains National Park.

The economic approach used to estimate the recreational benefits was the travel cost approach. The travel cost approach is based on the simple proposition that observed behaviour can be used to derive a demand curve and to estimate a value (including consumer's surplus) for an unpriced environmental good by treating increasing travel costs as a surrogate for variable admission fees. Usually recreational goods are provided either free of charge or for a nominal admission fee. The value of the benefits or utility from a park, is often much larger than the fee, with the difference being equal to consumer's surplus. Derived demand curve for the actual use of the park was used to calculate the consumer's surplus. In this study, 2 types of data were collected as primary and secondary. Questionnaire survey was conducted to collect primary data. Visitors were selected randomly and were interviewed at the park. A Multinomial-Poisson Hurdle model of recreation demand was used in this study. Multiple regression model was the analytical technique adopted.

In this regression analysis, visitation rate (a proxy to the quantity demanded of the environmental good) was used as the dependent variable and the travel cost data (proxy for the price paid to purchase the environmental good) was used as explanatory (independent) variable. Age groups (4 age groups), sex (male/female), civil status and type of the visit (single/multiple) were also included in the analytical procedure as dummy variables.

The results of this study, show that some variables: (age groups, sex, and income) have a positive relationship to number of visits. Further it indicates that the increase of the travel cost has an impact on the number of visits to the park. The estimated consumer surplus was Rs. 2,181.00. This indicates the possibility to enhance the present management system.