

July 13, 2015

Auditor General out of his area of expertise.

Re: Cowboy Welfare

Last week Merwan Saher released a report filled with criticism of our grazing lease policies and their oversight. The report has little credibility because of the lack of understanding of a complex issue and the mistakes he made from ignorance and laziness. A chartered accountant should understand the Canada Revenue Agency views leases as real property, allows depreciation of the capital investment to acquire it and therefore is able to use these as collateral with a bank. Mr. Saher admitted he had little or no data to understand how much was being paid in oil & gas compensation, but then took an example with intensive activity and extrapolated that over all leases in the province to come up with a figure of \$25 million. Less than ½ the grazing leases in the province have any oil & gas activity and few at the level he was suggesting.

Larry Sears
Chair
Alberta Grazing Leaseholders Association