



# Grazing Leases in Alberta

---

A PRESENTATION TO THE PUBLIC ACCOUNTS COMMITTEE

FEBRUARY 4, 2016

# Grazing Leases Overview

---

- First instituted in Alberta in 1881
- Crown land designated for agricultural use
- 5,700 leases ... 5.3 million acres (2.1M Ha)
  - Average lease about 1 section (1 sq. mile/2.6 km<sup>2</sup>)
  - Supports about 50 cows
- Leaseholders pay rent to GoA based on what the land can accommodate and agricultural use
- Leaseholders manage many competing interests on the land base



# Grazing Leases Overview

---



- Roughly 20% of Alberta's cowherd is dependent on grazing leases for their forage requirements.
- Grazing leases, coupled with deeded holdings, form an integral part of a farm or ranch unit.
- Grazing leases provide the additional capacity to feed approximately 1 million head of animals.
- These animals supply our meat product manufacturing industry which accounted for over half of Alberta's food manufacturing of \$12.7 billion in 2014.

# Grazing leases offer an ecological benefit

---



- Rangelands have developed under a regime of historical grazing by buffalo and fire.
- Albertans benefit by having leaseholders manage the replacement tool for these grasslands -- cattle.
- Leaseholders ensure the long-term sustainability of the land and watershed as well as protect animals and plants at risk.
- Alberta's grazing lease system has implemented a knowledge-based approach that allows those closest to the land to be the day-to-day stewards.

# Leaseholders are Land Stewards

---



- In Alberta grazing lease management is governed through public policy goals, updated legislation, and regulatory decision making.
- Grazing lease holders must ensure the health of the entire grazing ecosystem. This includes soils, grazing animals, plants, minerals, nutrients and water.
- Leaseholders must meet performance measures in the Code of Practice (EAP) and through range health assessment systems.

# Improvements by Leaseholders

---



- Stewardship has costs:
  - Monitor vegetation to ensure survival
  - Fencing, developing and managing water and building livestock handling infrastructure
- Holistic stewardship is impacted by surface developments by energy operations.
- Surface Rights Act requires compensation for loss of use, adverse effects, nuisance and other damages (on both private and Crown lands).

# Wellsite Compensation

---

- Compensation is not:
  - “Rent”
  - “Revenue”
  - “Payment for Access”
- Compensation is “compensation”:
  - Payment for losses and impacts rancher’s experience when oil & gas wells drilled
  - Surface Rights Act requires that leaseholders be made “whole”
  - Payable by the energy company to the party directly affected – the leaseholder





# Compensation Misunderstood

---



- Auditor General and Alberta Land Institute reports have suggested this compensation should go to province instead of the leaseholder – but Crown is not the directly affected party.
- It is the rancher who is directly affected by gates left open, dust, noise, loss of use, or the costs of moving cattle.
- Why should this compensation go to the government that does not suffer these losses or costs?



# Transparent Process

---



- Surface Rights Act, section 25 requires compensation for loss of use, adverse effects, nuisance and inconvenience
- Crown leaseholders have the same rights as lessees of private lands – no special rights for Crown leaseholders
- Surface Rights Board sets compensation rates when parties can't reach voluntary agreement. Public hearing and public decisions released on Board's website.
- Board's decision are reviewable by Queen's Bench
- Follows a clear, transparent legal process

# Crown has other revenue tools

---



- If the Crown requires additional revenue to meet public policy objectives, the government could increase:
  - mineral lease bonus payments;
  - annual mineral lease rental payments;
  - royalty rate increases on production; as well as
  - other related taxes on the energy industry.
- It makes little sense to remove the current compensation model which is designed to ensure the “leaseholder is not made worse off.”

# Working Together

---

- AGLA members have and will continue to work with GoA on improving the future state for grazing
  - Developing policies that address economic, environment, geographic and stewardship objectives
- Will contribute to Environment and Parks updating:
  - Rental framework
  - Assignment fees
  - Range Stewardship Fund



---

For more Information please contact:

Larry Sears  
Chairman, AGLA

403-625-0417  
[larrysears@gmail.com](mailto:larrysears@gmail.com)

Or visit our website at:

<http://www.albertagrazinglease.ca/>

