

# Alberta Grazing Leaseholder Value Estimates Report 2020

## **SUMMARY POINTS**

Grazing disposition holders have legislatively mandated legal requirements they must adhere to, many of which represent costs that otherwise would be borne by the province. The Alberta Crown land grazing system is built on a stewardship model, which is deliberate to avoid the tragedy of the commons that Canada witnessed in the USA.

The report assigns economic value to the costs borne by disposition holders through their stewardship role on Crown lands.

Leaseholders provide upwards of \$70 million in value to the province of Alberta for their role overseeing Crown land under grazing disposition. As grazing cattle are vital to maintain ecosystem function and wildlife habitat values, it is difficult to see a scenario where this value could be provided in any other way that would be more cost effective.

Overseeing Crown land for the purpose of grazing cattle requires leaseholders to manage multiple uses (including recreation and industrial access), maintain fences, improve rangeland, develop watering systems and absorb various other cost factors to continue using the land in the manner that adheres to legislation and also stewards the land.

Modern rangeland management practices seek to imitate historical disturbance patterns of the natural system by using adaptively managed livestock grazing to maintain native rangeland ecosystem health.

Livestock grazing on Crown lands represents an economically viable land use compatible with maintaining native ecosystems, resulting in conservation of critical species at risk (and other wildlife) habitat rather than development and changes in land use, such as conversion to annual cropping (these are not compatible to habitat preservation.)

Carefully managed cattle grazing and traditional ranching practices on long-term grazing leases contribute to the ecological health of large tracts of the continent's finest remaining native grasslands. Good stewardship and proper grazing management has helped to retain much of the existing healthy native and intact rangelands.

Grazing dispositions are a time-tested mechanism to conserve rangeland landscapes and their ecological goods and services.

The report methodology is based on a literature review, stakeholder consultations and value estimates using the best scientific information available to provide an objective opinion and results that are sound and replicable.

## **Crown land vs private land pasture lease cost comparison**

Comparisons of fees charged for private land grazing and Crown land grazing do not take into consideration the differences in rights, services, regulatory requirements and costs associated with Crown land grazing lease management that are unique to the disposition. Cost surveys show additional costs are undertaken by Crown land lessees to fulfill their legislated requirements. So when you make adjustments for all things being equal, the costs of managing livestock on a per unit basis is as much or

more on Crown lands than on private lands due to the additional requirements borne by the Crown land lessee.

Alberta differs from other Canadian jurisdictions with large Crown land grazing programs in that fencing and improvements are paid for and owned by the disposition holder.

### **Recreational Access**

Leaseholders spend a considerable amount of their summer and fall overseeing recreational access on Crown lands. Province-wide, leaseholder spent an average of 75 hours per year overseeing recreational access but this was widely varied depending on the location of the lease with some regions receiving upwards of 400 hunting requests per year. Without leaseholders, it is likely that the cost of managing recreation on Crown lands would increase for the province through increased staffing, monitoring and enforcement requirements.

On top of the legislative requirement to provide reasonable access to recreational users, leaseholders were found to routinely provide additional value to recreational users by providing highly localized beneficial information including species at risk and high conflict animal locations as well as protection of historical resources.

### **Industrial Use**

Leaseholders spend considerable time monitoring and mitigating issues created by industrial use (damage to infrastructure, reclamation activities and weed control). In some regions upwards of two hours per day, six months of the year are spent on reclamation oversight, liaising with oil and gas companies, fixing fences, clearing filled cattleguards and repairing road damage, all resulting from oil and gas activity on grazing leases.

On top of the oversight by leaseholders to ensure that industrial users are maintaining sites in good order, for the purpose of ensuring the economic viability of the cattle operation itself, leaseholders are also often engaged on reclamation activities and may have to deal with environmental issues associated with abandoned wells. This is expected to be a growing issue especially after the downturn of the oil and gas sector in Alberta, and the costs and time requirements necessary to address industrial activities are expected to increase in respect to current oil and gas trends.

Although weed control around industrial sites is the responsibility of the industrial user, in many cases leaseholders would spray the weeds at their own cost rather than waiting for industrial users to address weed issues. This on the ground management results in fast detection and more effective control of weedy species.

### **Other Value**

When the full scope of costs are considered, it becomes apparent that there is significant economic value above and beyond the grazing fee provided by grazing leaseholders.

Nearly every consultation revealed that leaseholders are spending considerable time providing information to users of Crown land regarding species at risk. Monitoring of other wildlife populations was also indicated as additional value leading to improving programs to protect wildlife in Alberta.

There is greater economic value being generated by leaseholders through the carbon sequestration benefits grazing cattle could have on Crown land grazing leases. Conservative estimates of the annual value of carbon sequestration equal \$16 million.

## **THE NUMBERS**

- Alberta Crown lands used for grazing = more than 8 million acres
- Number of grazing disposition holders = approximately 5,700
- Number of Leases in North Zone = 2,890
- Number of AUMs in North Zone = 431,468
- Number of Leases and AUMs in South Zone = 2,994
- Number of AUMs in South Zone = 842,924
- Leaseholder Value Provided to Province in North Zone = \$19,170,668
- Leaseholder Value Provided to Province in South Zone = \$33,321,483
- Number of Acres under Crown land in Special Areas = 1,879,940
- Number of AUMs in grazing lease Special Areas = 483,383
- Leaseholder Value Provided to the Province from Special Areas = \$17,383,830
- **TOTAL Leaseholder Value Provided to the Province Annually = \$69,875,981**
- **Breakdown of Key Costs (annually across the province):**
  - **TOTAL Fencing and Infrastructure Costs borne by leaseholders = \$7,158,277**
  - **TOTAL Water Development Costs borne by leaseholders = \$2,325,775**
  - **TOTAL Direct Labour Costs borne by leaseholders = \$3,309,581**
  - **TOTAL Property Taxes paid by leaseholders = \$3,159,696**
  - **TOTAL Fire Protection costs borne by leaseholder = \$419,535**
  - **TOTAL Maintenance (Range and Infrastructure) costs = \$14,968,325**
- 2019 private pasture median rental rates = \$23 per AUM
- Average total Crown land grazing costs = \$42.52 per AUM