

From the Board:

This is beginning to sound like a broken record, but again we have need of at least one or two new directors to step up and replace some vacancies we have had occur in our board. We need an infusion of young enthusiastic members to bring new ideas and not only help carry the load, but also indeed take the reins. At some point we need to refresh the tree as they say.

As we have in the past, we try to move our AGM around the province to expose as many leaseholders as possible to our issues. This year we chose Lethbridge because we have never housed one there and we feel the seriousness of the issues we are facing warrants a geographic location that has the potential to draw a good crowd.

We are happy and proud to have Lindsye Dunbar hired on our team this year. The website is up to date and a great source of information for our membership. Both the newsletter and all correspondence is much more timely and professional looking. Thank-you Lindsye!

With the number of pressing issues with serious results that have surfaced recently, we have recognized the need to have more timely and free-flowing communication with our members. The most cost effective way of doing that is through e-mail. Please email the AGLA at albertagrazinglease@gmail.com to be added to the list and stay up-to-date on the issues that affect your grazing lease.

Sincerely,

Alberta Grazing Leaseholders Board of Directors

Your AGLA Board

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Darcy Wills • Coutts
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Pat Rutledge* • Monitor
403.577.2382

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Wilbur Stewart • Big Valley

Vacant

*Indicates term expires 2016

Annual General Meeting Notice

The 2016 Annual General Meeting of the Alberta Grazing Leaseholders Association will be held on February 25th, 2016 at the Lethbridge Lodge (320 Scenic Drive)

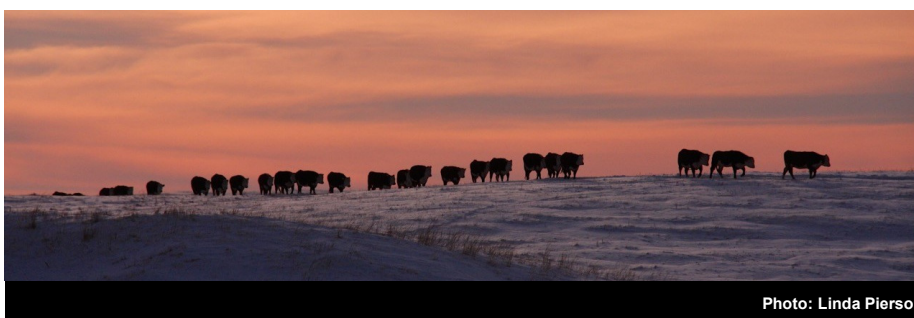


Photo: Linda Pierson

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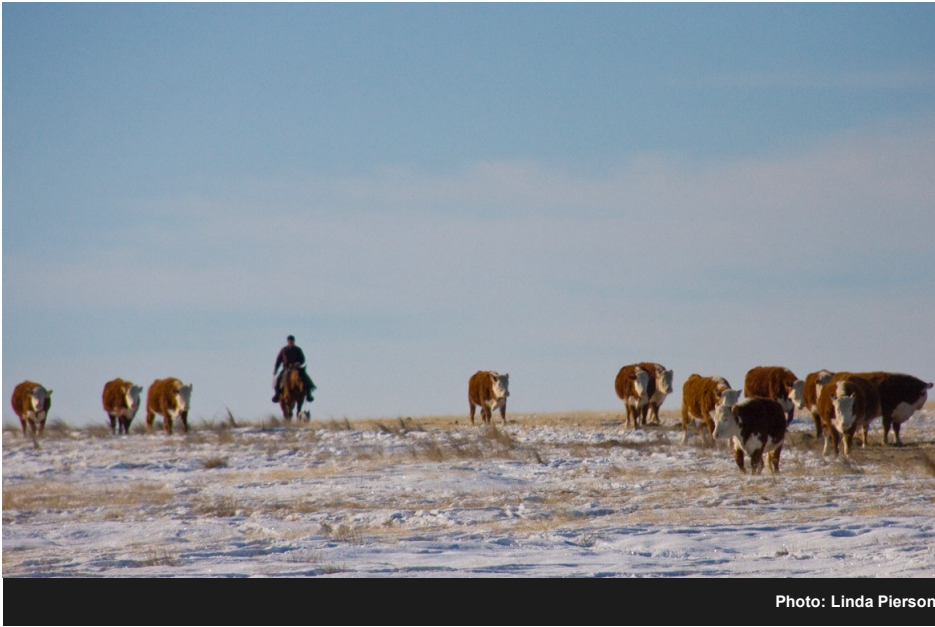


Photo: Linda Pierson

2016 AGM Agenda

- 1:00 pm Registration & Coffee
- 1:30 pm Approval of Agenda & Chairman's Report – Larry Sears
- 1:45 pm Treasurer's Report – James Hargrave
- 2:00 pm Welcome Minister Phillips
- 2:15 pm Election Rules
- 2:30 pm Coffee break
- 2:45 pm ESRD Activity Update – Dan Smith & Amanda Miller
- 3:30 pm Questions & Resolutions
- 4:00 pm Adjournment

AGLA Chairman's Report

I doubt any of us were able to anticipate the events that impacted us in 2015 to the degree they did. It began with the provincial election on May 5th that resulted in an NDP majority government. At that time the Premier promised to consult Albertans on important policy issues. However, as we witnessed with the Bill 6 recently becoming legislation, consultation was an afterthought. After having to deal with the strong reaction by the agriculture industry, we hope the government includes a more robust consultation on policy issues going forward.

On the market side, we saw unbelievably high prices and profits through August before things started to deteriorate rapidly into the fall and Christmas season with a 30 percent decline in the markets. While some of the fundamentals like heavy carcass weights and consumer resistance pointed the way down, the Chicago Mercantile certainly exaggerated all movements down and up this past fall. Some of last year's issues have been resolved, such as mCool and Harmony Beef which should be opening sometime in April.

Auditor General's Report, July 2015

Alberta's grazing lease system is complex and not easily understood by those working outside of it. This often results in confusion and calls for numerous policy changes.

A case in point is the Auditor General's report titled *Systems audit of the grazing lease system* that was released in July, 2015. The report generated some negative media about the compensation paid to leaseholders for the impacts related to oil and gas activities.

The Alberta Grazing Leaseholders Association (AGLA) requested and was granted a meeting with the office of the Auditor General in response to the report. At the meeting we discussed the areas of the report which caused us great concern and needed to be clarified or adjusted. In response, the Auditor General made some changes to his report based on our feedback but also stated that our two organizations had two differing points of view based on differing perceptions. The report's contents continue to be reported by media whenever the issue of grazing leases is raised.



Larry Sears, Chairman

Continued...

The AGLA has been asked to make a presentation about the provincial grazing lease system in response to the Auditor General's report at to the Standing Committee on Public Accounts on February 4. This committee is an all-party committee consisting of 15 MLAs that reviews the reports of the Auditor General and the public accounts of government. We will provide a report on our presentation to the AGLA membership at the AGM.

Grazing lease rental framework & Assignment Fee Changes

At this time last year, the AGLA anticipated that Cabinet would approve the changes that we worked on and laid out last year however, the plans were delayed with a change in government and we are just now seeing a new lease cost study initiated to support the findings of the one 10 years ago. There is still a possibility that these new rates could be introduced in the spring session. It would be nice to finalize it but we don't have a good idea on the time line. We will continue to work collaboratively with the department on this file, as we believe it is an important one.

Alberta Land Institute

Alberta Land Institute (ALI) is a relatively new organization that is an independent research institute, funded by private donors and government agencies to conduct research around land use issues. We learned last summer that they were going to be looking at public land policy and specifically grazing leases. In September, the Western Stock Growers Association (WSGA) and the AGLA received an invite to a meeting specifically to discuss a draft paper they had released on alternative methods for compensation of oil & gas activities on Crown lands. Given the significance of the meeting, we re-engaged Keith Wilson to accompany us and meet with them.

Our input seemed to be well received and the second draft that came out included many revisions based on our input. However, the report fails to clarify that compensation to leaseholders isn't revenue, but is paid to leaseholders for adverse affects, loss of use of the land, damages to land, livestock or personal property caused by oil and gas activities. In addition, we continue to have concerns with the data used by ALI regarding total compensation as well as how they describe the process for determining compensation.

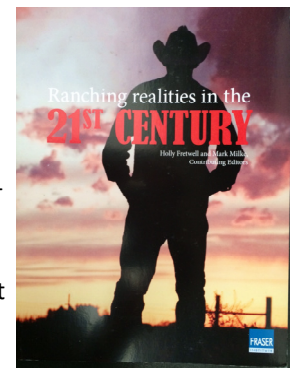
The AGLA is committed to continue the dialogue with the ALI to ensure a more informed conversation about land use in general and specifically any policies regarding grazing leases.

Ranching Realities of the 21st Century

In November the Fraser Institute released a book titled *Ranching Realities of the 21st Century* that contains five essays which examine various land management policies in Saskatchewan, the USA, and Australia. The essays look to these jurisdictions for potential policy options that could be applied in Alberta.

Some of the Fraser Institute's recommendations are as follows:

- Insofar as those on the land can be accessed for local knowledge, that should be encouraged for future policy.
- Methods of collecting and processing information from the on-the-ground experts (often the private landowner or leaseholder) should be designed in a manner that best allows for a feedback loop. Given that agricultural issues require their own special knowledge, it would seem advisable to return the day-to-day oversight of agricultural land to the Ministry of Agriculture & Forestry, with other ministries and agencies involved via relevant legislation and regulation.
- Market-based approaches to agriculture, to leases, and to the environment are optimal and should be implemented. These approaches include both environmental "polluter pays"-type principles and profit-sensitive "royalty"-type rental leases; market-based approaches could also include converting leased property into fee simple property (as has occurred in Saskatchewan).



The AGLA will look for opportunities to utilize this report by the Fraser Institute to enhance the public policy debate regarding the managements of public lands.

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Statutory Consents and Endangered Species

I'm sure many of you are aware that the next species covered under an Emergency Protection Order (EPO) under the federal Species at Risk Act is the Western Cutthroat Trout. The feds have named a number of creeks and tributaries that form critical habitat for this fish in southwestern Alberta. We have concerns the EPOs are being used as a tool to exclude existing activity and business based on biases and agendas of special interest groups.

An example of this kind of exclusion followed the announcement by the Province about turning the Castle area southwest of Pincher Creek into a Park. While existing grazing may not be affected immediately by that announcement, Spray Lakes Lumber Company had to forfeit millions of dollars in potential logging revenue and compensation has not yet been determined. This is part of the legacy of ALSA brought in a few years ago under the PC government—proving the intentions in legislation from one government don't translate to another. For those of us in a productive sector of society like agriculture, this raises some big red flags.

The AGLA board has been working hard on these issues on behalf of our membership. We are always accessible to hear your concerns, ideas and feedback. We look forward to providing you with more details at our upcoming AGM in February.

Respectfully submitted,

Larry Sears, Chairman



**STAY UP TO DATE ON THE
ISSUES THAT AFFECT YOUR
GRAZING LEASE.**

**EMAIL THE AGLA TO ADD
YOURSELF TO THE EMAIL
LIST:**

albertagrazinglease@gmail.com

****The AGLA respects and will protect your confidentiality. Your email address will only ever be used to send you updates and information on AGLA and your grazing lease.**