

Resolution 7-20
AGRICULTURAL RELATED LEASE DISPOSITIONS

- WHEREAS:** Agricultural Lease Dispositions on Public Lands are an integral component of many livestock operations throughout the Province of Alberta;
- WHEREAS:** The demographics of the Province of Alberta's Agricultural Producers indicate that the sector is experiencing and will continue to experience the rapid succession of livestock operations for the foreseeable future;
- WHEREAS:** The sale and/or purchase of Agricultural Lease Dispositions represent the transfer of an asset and the capital used to develop that asset;

THEREFORE BE IT RESOLVED

THAT ALBERTA'S AGRICULTURAL SERVICE BOARDS REQUEST

the Government of Alberta streamline and/or provide increased resources to expedite the disposition of Agricultural Leases within the Province of Alberta.

SPONSORED BY:	<u>Big Lakes County</u>
MOVED BY:	<u>Duane Nichols, Big Lakes County</u>
SECONDED BY:	<u>Robert Brochu, M.D. of Smoky River</u>
CARRIED:	<u>73%</u>
DEFEATED:	<u></u>
STATUS:	<u>Provincial</u>
	<u>Alberta Agriculture and Forestry</u>
DEPARTMENT:	<u>Alberta Environment and Parks</u>

BACKGROUND

Grazing leases have existed in Alberta since 1881 and were created to encourage economic activity utilizing forage on Crown Lands, allowing producers to grow their herds by utilizing large swaths of Provincial grass resources. This system has been an integral component of the Alberta Livestock Industry's success.

Grazing Leases are managed by Alberta Environment and Parks and can be issued for terms not exceeding 20 years, though 10 years is the typical allotment. Once assigned, lease holders have exclusive rights to the use of the specified land(s) for grazing purposes. In Alberta, there are approximately 5,700 grazing leases utilizing approximately 8 million acres of range for livestock through various dispositions.

Once a grazing lease has been issued, the lease becomes an asset to the lease holder. The lease holder is responsible for fencing, necessary outbuildings and other capital expenditures. If a lease holder wishes to transfer a grazing lease to an arm's length entity through the sale of the lease rights, an "Application for General Assignment of Disposition" must be completed, all fees must be paid, and the completed package submitted to Alberta Environment and Parks, Operations Division. Fees for this process are dependent for the Zone the Grazing Lease is located in. Zone C in the Northern portion of the Province of Alberta fees are \$5 per animal unit month (AUM). An AUM is defined within the Public Lands Act, RSA 2000 cP-40 s104;2009 cA-26.8 s91(49) as the forage required to sustain a cow of average weight with a calf at foot for the period of one month.

Approvals of a grazing lease had a wait time of 12-16 months for transfer to the arm's length entity in 2015. Livestock producers within Alberta have reported that final approval of grazing lease disposition transfers is taking more than 3 years to complete. This presents a challenge to producers as the sale of grazing lease rights represents a transfer of asset from one producer to another. While the final approval remains incomplete, the current lease holder cannot collect on the funds from the sale of the grazing lease disposition rights. These funds are held in trust until the disposition application is approved.

With the current demographics of Alberta Livestock Producers, this protracted process represents undue hardship for both the lease holder and the arm's length entity purchasing the rights to the grazing lease disposition. Succession of livestock operations is an ongoing process throughout the Province. Consolidation of these operations is also a very active concern. By protracting the period of completion of these transfers, the purchaser has no responsibility to improve or maintain the grazing lease and the lease holder is still responsible for payment of rent.

With an anticipated increase in pressure of multiple succession of operations over a short period of time and continued consolidation, coupled with almost 5,700 active leases that may require

transfer throughout the Province of Alberta, the current FTE for transfers of Grazing Lease Dispositions of 2.0 is inadequate.

Within the Public Lands Administration Regulations, 30 days are given for the Director to provide notice to the applicant that an application for formal disposition has been accepted or rejected and 1 year after this notice the Director is to issue a notice of the issuance of the disposition or refusal to issue. Currently the Crown is not complying with the Public Lands Administration Regulation.