

July 21, 2022

Hon. Derek Johnson
Minister of Agriculture
minagr@leg.gov.mb.ca

Re: Agricultural Crown Lands Leasing Program

Dear Minister Johnson:

Thank you for meeting with our team at Keystone Agricultural Producers (KAP) on June 27, 2022, to discuss improvements to the Agricultural Crown Lands (ACL) Leasing Program. The ACL program is an integral tool for both livestock and grain producers in ensuring the growth of agriculture in Manitoba. As discussed, contained in this letter are recommendations for your consideration which are intended to ensure the program remains sustainable, fair and effective.

Recommendation #1 – Decrease the forage rent formula to ensure land rental rates remain affordable and sustainable, especially for younger farmers.

Farmland values continue to rise in Manitoba. Farm Credit Canada reports the average farmland has increased by 9.9 percent in value in Manitoba. Young farmers have reported that one of the largest barriers in expanding their operation is access to land. The new forage rent formula that was implemented has resulted in increased rental rates compared to the previous system, creating additional challenges for a low margin livestock industry.

In 2022, 36 forage auction leases did not receive any bids. This may be an indication that the annual forage rent is a disincentive for producers wishing to access cost effective land. KAP recommends that the department analyze the 3.5 percent figure currently in use in the forage rent formula and reduce it accordingly to ensure forage leases are affordable to producers.

Recommendation #2 – Increase compliance and enforcement within the program to ensure leases are being used for their intended purpose.

The department's ACL policy emphasizes maximizing productivity on forage and pasture lands. Livestock producers are inclined to implement methods that would increase sustainability and productivity on their leased land. Such methods are most effective when crown lands are used in accordance with their terms and conditions. Taxpayers, along with producers, expect crown lands to be properly used.

There have been reports that hay permits are being used to grow cereal crops or forage lease land remains vacant without any livestock. We understand that producers can make a complaint when there are instances of crown land being improperly used or under utilized. Despite the option to report, misuse of crown land still occurs. KAP recommends that enforcement officers be used for on-site visits to ensure all lease holders are using crown lands according to the terms of their lease.

Recommendation #3 – Increase the amount of time available to producers before the start of the auction to allow for inspection of the land under snow free conditions.

The implementation of the auction system for crown lands has resulted in lease listings being available 30 days before bidding commences. The past three auctions have taken place in November, December, January or February. The timing of the auction presents challenges for producers wishing to inspect the

land under snow free conditions. KAP recommends that the department review all leases that are expiring each year and proactively post these leases online by September. This will ensure producers have the opportunity to better inform themselves when bidding and ensuring an accurate valuation of the land by all potential bidders.

Recommendation #4 – Provide incentives to producers that would increase productivity on land.

Livestock production operates on tight margins which creates challenges for producers wishing to make improvements to their land. An additional challenge is the limited lease terms that make it more difficult for producers to fully invest in improving the land.

Increasing forage productivity can be done by a rotational grazing system, reseeding, drainage and weed control and fertilizer application. The creation of the ACL Forage Productivity pilot program was well received by producers and assisted in improving productivity on leased land. KAP recommends making the ACL Forage Productivity program, or something similar, permanent to further incentivize producers to make additional investments in leased crown land.

Recommendation #5 – Reward farmers who have made improvements to crown land. Tie lease term length into improvements done on land.

Livestock producers in Manitoba rely heavily on crown lands for land access, which subsequently drives economic growth in the sector. Making improvements to crown land is not only in a producer's economic interest but is also in the interest of the crown, given the large area producers are responsible in managing.

Producers who are responsible for crown lands have taken many measures to ensure the land remains sustainable while creating healthy livestock generations. These measures include installing fencing for grazing strategies, water source development (e.g., wells, dugouts, pipeline installation), pasture reclamation, weed control and forage productivity improvement.

The 15-year forage lease may act as a barrier for producers to make further improvements to crown land. Although producers do have the ability to receive compensation for improvements from incoming lease holders, producers may not always reach an agreement nor is the compensation always considered adequate.

Livestock producers are more inclined to invest in land improvements if such improvements are tied to more beneficial forage lease terms. This means adding additional time to the forage lease term length depending on the improvements made. KAP recommends the department extend forage leases past 15 years, on a per year basis, tied to environmental improvements made by lease holders.

Recommendation #6 – Establish an informed entry policy to protect leaseholders of crown land.

Producers are aware of the right the public has in accessing agricultural crown land. The issue with public access resides with individuals who choose not to respect crown land. Producers have reported issues involving open gates, livestock injuries and damages to pasture. These incidents are dangerous for producers and livestock and brings forward safety concerns. In addition to this, over time these incidents can lead to degradation of crown lands and result in additional costs to producers for any maintenance or repairs required. KAP recommends the department develop an informed entry policy to agricultural crown land that would better inform users of their responsibilities.

Thank you again for meeting with KAP and for the opportunity to provide feedback on the Agricultural Crown Lands (ACL) Leasing Program. We look forward to hearing about future improvements to the program that will benefit both the crown and Manitoba producers.

Sincerely,

Bill Campbell

Bill Campbell

President, Keystone Agricultural Producers