

# *Community Pasture Transition Committee*

October 31, 2013

Mr. Wally Hoehn, P.Ag.  
Executive Director  
Saskatchewan Government Ministries Agriculture  
Lands Branch  
Walter Scott Building  
B5-3085 Albert Street  
Regina, Saskatchewan  
S4S 0B1

Dear Mr. Hoehn

**Re:               Community Pasture  
                      - Community Pasture Transition Proposal**

The purpose of this letter is to outline our proposal to assume responsibility for grazing management of the \_\_\_\_\_ Community Pasture. We believe our proposal represents a constructive, public-private partnership between patrons, the Ministry and other users and beneficiaries of a healthy, sustainable community pasture designed to achieve a number of key objectives.

## **Proposal Objectives**

1. Maximize the number of existing pasture patrons who are able to continue receiving summer grazing on the \_\_\_\_\_ Community Pasture.
2. Ensure that our community pasture remains financially sustainable in the long run, in order to provide supplemental grazing on an equitable basis to Saskatchewan livestock producers.
3. Ensure that our community pasture's productive capacity is maintained by effectively managing stocking rates and grazing plans, using professional pasture managers.
4. Retain the public benefit of our community pasture by maintaining the environmental integrity and bio-diversity of our community pasture, as well as maximizing the carbon sequestration potential through effective grazing management.
5. Allow continued access for non-agricultural activities on our community pasture such as hunting and grassland research, in a matter compatible with the grazing management plan for the community pasture.

## **Pasture Lease & Management Document**

We understand that the Ministry is preparing a form of lease agreement for our review and that, where applicable, the lease will be similar to other crown grazing leases. However, we understand that the lease will be restricted to the annual grazing season from May 1 to October 31 in order to accommodate hunting and other public uses.

Because of this need to accommodate other uses of the community pasture, we assume that the lease will need to equitably allocate responsibilities among the users. For example, municipal taxes should be allocated on an equitable basis. Also, environmental or property damage caused by other users should not be the responsibility of patrons.

In order to help finance an active grazing management program that maximizes additional carbon sequestration opportunities, we are exploring the development of a suitable carbon offset program for grassland management. We will need the form of lease agreement to allocate to us, the benefit of any carbon offsets that may be verified and secured.

We are prepared to collaborate with the Ministry to develop a mutually agreeable form of community pasture lease and management document that addresses the unique challenges of managing our community pasture for multiple activities and users. We expect that these other activities and users would need to be managed to be compatible with the long-term sustainable grazing and environmental objectives for our community pasture. We also expect that other users would need to co-ordinate their activities with the consent of our pasture manager.

## **Pasture Management**

We expect to manage the pasture in compliance with the Ministry's stated policies pertaining to the Federal Pastures, specifically: the "Federal Community Pasture Transition Policy (07-11)" and the "Pasture Association Grazing Policy (07-04)."

Given the obvious similarities with the Saskatchewan Pastures Program, we are also receptive to following relevant policies and allocation practices applicable to that Program.

We will take on the management of existing improvements in the manner indicated in the Federal Community Pasture Transition Policy. However, we expect that at least for an initial transition period, we would only implement planned maintenance based on an annual plan mutually agreed to with the Ministry, since we have not had the time or resources to properly assess the deferred maintenance needs of the improvements.

## **Pasture Rent**

We understand that the Ministry is expecting yearly rent to be paid based on "animal unit month rating" for the community pasture, and the rent formula applied to private and co-op Crown leases. We believe that this approach for establishing the pasture rent would be inequitable for a number of reasons, at least during an initial transition period.

First, by requiring that our community pasture accommodate all existing patrons, as well as the possibility of future patrons, pasture management will need to manage a co-mingled herd which entails considerably less grazing flexibility and

land management opportunities with a patron's overall land base, than is available to a private lessee.

Second, since the community pasture is intended to be managed to maintain a number of complimentary public benefits, including a limited grazing season to accommodate access for hunting, this again results in less management flexibility than is available to a private lessee.

Third, in the transition binder provided for our pasture, we have been provided with data regarding species at risk and invasive weed species and their locations in our community pasture, as well as past management practices taken by the PFRA in response. While we are generally supportive of continuing to actively manage the pasture consistent with the past practice of the PFRA Program to maintain the environmental integrity and bio-diversity of the pasture, we do not yet know what additional costs this will entail.

Fourth, taking over management of our community pasture with a co-mingled herd presents a number of business risks. For example, while the majority of operating costs will be fixed, the revenue earned in the form of grazing fees from patrons could be impacted by under-deliveries of cattle as well as a reduced grazing season due to weather. Also, because the neighboring community pastures are not being transitioned at the same time, we are also prevented from pursuing cost-sharing arrangements with other pastures in an effort to reduce operating expenses in an efficient manner. Further, the uncertainty surrounding the non-reversionary land in our pasture also adds risk to our business planning efforts. If we had to price all of the known and unknown risks into our grazing fees at this point, we would likely make the grazing service largely uneconomic for existing patrons.

Finally, while private Crown lessees are able to in effect build "equity" in their Crown leases, due at least in part to their "animal unit month rating" not being based on current stocking practices, there will be no equivalent opportunity for patrons to build equity in our community pasture. This is because the allocation policies applicable to the community pasture and other management restrictions placed on the community pasture do not lend themselves to creating equity in these community pastures for the benefit of the patrons which could then be sold. Also, the higher operating cost structure of managing the community pasture and the co-mingled herd, and the fact that any likely "animal unit month rating" determined for the pasture would be based on current stocking data, make the grazing proposition more akin to a fee-for-service arrangement from the perspectives of the patrons.

Accordingly, in recognition of these significant differences from other Crown grazing leases, we propose the following approach for pasture rent during an initial transition period.

1. Pasture rent to be based on actual usage calculated on "animal unit months", not the rated pasture capacity.

2. Pasture rent and property taxes be assessed at 50% of the rent for other Crown leases.
3. To help bridge the time until other neighboring community pastures have transitioned to patron management and providing an opportunity to achieve some economic efficiencies in our pasture management and operating costs, we also propose that the financial assistance available under the Ministry's "Canada Community Pasture Transition Program" be available to support our pasture management operating costs during the transition period, as well as our up-front business and technical development costs.

We propose that our pasture rent be set on this basis for an initial 5 year transition period. During this transition period, we would expect that uncertainties around the non-reversionary land would be resolved and cost-sharing arrangements between pastures could be explored. At the end of that transition period with the benefit of our actual experience managing the pasture, we would re-assess with the Ministry what an equitable and sustainable, long-term pasture rent for our community pasture would be.

### **Alternate Rent Proposal**

As an alternative approach to establishing our pasture rent, we propose charging patrons the same grazing fees as prescribed by the Saskatchewan Pastures Program Fee Schedule. Then, any net grazing fee revenue remaining (after payment of all of the associated pasture operating expenses, the patrons' share of property taxes and a mutually agreed upon maintenance reserve), would be paid to the Ministry as land rent on an annual basis. We would provide audited statements for the operation of the community pasture.

The costs of purchasing and maintaining the bull battery would be kept separate and would be funded entirely by the patrons.

Charging patrons of our community pasture on a fee-for-service basis, at a rate consistent with the grazing fees charged to Saskatchewan Pasture Program patrons as well as other PFRA pastures which have not yet transitioned, would ensure that there are no financial disadvantages to the patrons supporting the community pasture and will ensure a level playing field between the various community pasture programs providing comparable summer grazing services.

### **Bull Battery**

We would like to purchase the existing battery of bulls, less agreed upon culls on the following basis. We would review the bull battery with the Ministry this fall and would agree upon the bulls to be culled. We would then agree to buy the remaining bull battery effective December 1, with payment due on April 1, 2014 for each bull that passes a standard breeding and soundness evaluation on April 1.

The purchase price for each bull will be determined according to AAFC's August 9<sup>th</sup>, 2013 Policy Statement: "Transition from AAFC to Patron Bulls."

We propose that AAFC and the Ministry leave any hay remaining on the pasture for winter feeding of the bull battery, and we will assume responsibility for the care and feeding of the bull battery after December 1<sup>st</sup>.

Any bull which does not pass the April 1<sup>st</sup> breeding and soundness evaluation will be sold for slaughter and the sale proceeds split between us and the Ministry in an equitable fashion to reflect our cost of winter feeding.

We appreciate the efforts made by the Ministry to date to put in place the policies and support aimed at allowing pasture patrons to assume responsibility for grazing management of the community pastures. Based on the proposed arrangements outlined in this proposal, we believe that our community pasture can be successfully managed by the patrons and become financially sustainable in the long-run, while meeting all of the important objectives of this public-private partnership. We look forward to a favourable response to our proposal and working out the necessary implementation details with the Ministry.

Yours truly,

\_\_\_\_\_ **Community Pasture Transition Committee**