

Agricultural Crown Lands in Manitoba



About the new Agricultural Crown Lands Program

Allocations

All future agricultural Crown land leases (forage and crop) and renewable permits (hay and/or grazing) will become available via public auction. To obtain an agricultural lease or permit, you must be the successful bidder at an auction.

Casual permits will be allocated via lottery for those submitting an application by March 31 in the year of use. Following that date, casual permits will be awarded on a first-come, first-served basis, as already is in place.

Lease Terms

Cropping lease terms remain at five years in length.

Forage lease terms are now 15 years in length. Renewable permits for haying and grazing will have renewability aligned with forage lease terms (i.e., 15 years).

Lease Costs at Auction

Payments must be made in full at the auction, including all of the first year's rent and taxes, and any other fees that may be known for the parcel of land.

Cropping:

- The auction bid amount; and
- Municipal tax value for the first year, adjusted for acres under lease, as determined for the disposition by Manitoba Finance.

CROPPING: Reserve bid is established using:

- a \$200 administrative reserve, and
- a minimum rental value of two percent of assessed land value, as determined by Manitoba Assessment.

Any value including or above the minimum rental value will set the annual rental amount for each year of the five-year lease.

Forage:

- The auction bid amount
- The rental amount as per the forage rent formula (see below).
- Municipal tax value for land under lease for the first year, as determined for the disposition by Manitoba Finance.
- Value of Crown-owned improvements (if applicable)

FORAGE: Reserve bid is established using:

- a \$200 administrative reserve
- Any value including or above the reserve bid will set the value of acquiring the lease or renewable permit.

Note: Value of privately-owned improvements (if applicable) must be negotiated with outgoing leaseholder within 30 days of the auction

Annual Lease Costs

In subsequent years following the auction, any annual lease costs must be paid in full within 30 days of invoicing, with an anticipated invoicing date in November or December in the year prior to use. Lease agreements indicate payment is to be made prior to January 1 (prior to use).

Cropping:

- Rental value determined from auction (total bid minus \$200 administrative reserve).
- Municipal tax value, adjusted for acres under lease, as determined for the disposition by Manitoba Finance.

Forage:

- Rent as per established formula. Calculated \$/AUM rate x AUMs (assigned to disposition by Manitoba Agriculture).
- Municipal tax value for land under lease, as determined for the disposition by Manitoba Finance.

Forage Rent Formula = $A \times 3.5\% \times B$

A is the average price of beef, determined by the average sale price per hundred pound weight for the previous 36 months, ending September 30 for 500 to 600 pound heifers and steers in the province, as published by Canfax (an operating division of the Canadian Cattlemen's Association).

B is the forage capacity for the land, being the number of animal unit months that the land is capable of producing in an average year, as determined by Manitoba Agriculture.

For example, if this formula were to have been applied in 2019.

- $A = \$209.54$ (36-month period ending September 30, 2018)
- $\text{AUM rate} = \$209.54 \times 3.5\% = \$7.33/\text{AUM}$
- Rent would be $\$7.33 \times \# \text{ AUMs assessed per parcel}$.

DID YOU KNOW? An Animal Unit Month (AUM) is the amount of forage required to feed a 1,000 lb. beef cow, with or without a nursing calf, for one month. It is equivalent to approximately 700 lbs. (355 kg) of dry matter forage.

Transfers

Family transfers are available (including the addition or removal of names from a lease or permit), for the remainder of the term only. Both the outgoing and incoming leaseholder must be eligible to hold an ACL lease at the time of the application. A nominal administrative fee of \$200 will need to accompany each application.

Appeals

The appeal process remains in place for any person who is aggrieved by a decision of the director related to issuance, transfer or cancellation of a lease or permit. Considering auctions will now determine to whom a lease or permit is issued, this will no longer be considered a decision by the director.

Frequently Asked Questions

Q What if I have an existing cropping lease?

A There is no impact. Existing cropping leases remain in place under existing terms and conditions.

Q What if I want to acquire a new cropping lease?

A Available cropping leases will be advertised prior to the auction. It is anticipated that auctions will be held in November in the year prior to use at various locations throughout the province, with advertisements placed in local newspapers and online, at least 30 days prior to the auction date.

Cropping lease terms will be five years in length, with annual lease costs of rent and municipal tax value. If forage associated with the leased cropping lands is desired for use by the bidder for haying or grazing, there may be additional value obtained at auction. No forage surcharge will be applied.

Q What if I have an existing forage lease or renewable permit (hay or grazing)?

A Existing forage leases and renewable permits for haying or grazing remain in place under the existing terms and conditions outlined in your lease or permit agreement.

In 2020, there will be a transitional rent value applied, being the average of the calculated (as per formula in the regulation) rental rate, and the current rental rate (\$2.13/AUM). In 2021, the full calculated forage rental rate will apply.

Additional transitional measures will be applied to forage leases (or associated renewable permits) expiring before December 31, 2034. This timeframe aligns with the new lease term of 15 years for forage dispositions. As such, any forage lease (or associated renewable permits) expiring prior to December 31, 2034 will be eligible for renewal with a term not to go beyond December 31, 2034.

Transfers will remain available for existing leases and renewable permits, for the remainder of the existing term only. The intake for applications for unit transfers is currently paused. A new lease term issued upon transfer will expire as per the term remaining in your lease. Administrative fees are applicable.

Q What if I want to acquire a new forage lease or renewable permit (hay or grazing)?

A Available forage leases and permits will be advertised prior to the auction. It is anticipated that auctions will be held in November in the year prior to use at various locations throughout the province, with advertisements placed in local newspapers and online, at least 30 days prior to the auction date.

Please note that there is no limitation on area of agricultural Crown lands held under lease.

Forage lease terms will be 15 years in length, with annual lease costs of rent and municipal tax value.



Frequently Asked Questions

Q What if I wish to acquire an agricultural Crown land lease or permit in Manitoba, but do not live in Manitoba?

A Canadian citizens and permanent residents are eligible to acquire a lease or permit on agricultural Crown land in Manitoba. There is a regulatory requirement that obligates the holder of the lease to be actively involved in cultivating crops, grazing livestock, or haying (agricultural activity specific to the lease or permit) on the leased or permitted lands. As such, the holder of the lease or permit, regardless of place of residence, must be actively farming the land.

Q How is improvements value transferred?

A At the time of advertisement, it will be identified whether there are improvements on the leased or permitted lands which are to be purchased by the incoming lease or permit holder.

The value of privately-owned improvements on forage leases and renewable permits is to be settled privately between outgoing and incoming leaseholders. Upon successful allocation of a lease or renewable permit, the incoming leaseholder will be provided with contact information for the outgoing leaseholder. It is required that an attempt to come to agreement on the value of the improvements be made within 30 days of the allocation. If an agreement cannot be reached, the incoming and outgoing leaseholders can seek remedy in accordance with the provisions of The Arbitration Act.

If there are any Crown-owned improvements on forage leases and renewable permit, the value will be known prior to the allocation process, and the value is to be paid to the Crown at the time of allocation in order to formalize the lease or renewable permit.



Contact us

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