

POLICY TITLE Improvement Appraisals and Compensation

BRANCH Sustainable Agriculture
DIVISION Agriculture Production, Innovation & Resilience
Policy Number ACL 23-04
Effective Date January 1, 2024, until rescinded or amended
Replaces Policy 214-1 IMPROVEMENTS AND STRUCTURES ON LEASED
ADM/Director Patti Rothenburger/Andrea McLean

Approved By June 17, 2025 - Original signed by:

Brenda DeSerranno, Deputy Minister-MB Agriculture

Policy Objective:

Encourage investment in lease and permit parcels and enable compensation for specific productivity improvements to agricultural Crown lands. This policy describes what activities are considered as improvements, the improvements valuation process, and options available to outgoing lease and permit holders.

Relevant Legislation, Regulation, and Agreements:

Section 19 of the Agricultural Crown Lands Leases and Permits Regulation, M.R. 110/2024 outlines requirements to obtain an appraisal of lease hold improvements including:

- Requirements to receive improvement compensation and requirements to pay improvement compensation
- Important dates
- Rights to remove improvements by the outgoing lease or permit holder.

Policy

- 1) To be an accredited appraiser for the purposes of this policy and the regulation, the appraiser must be a professional appraiser under the Appraisal Institute of Canada with the Accredited Appraiser Canadian Institute (AACI) designation. Only appraisal reports completed by a professional with this designation will be considered by Manitoba.
- 2) An outgoing lease or permit holder is not limited to obtaining a single appraisal report. The holder is required to submit an appraisal report to the director outlining the improvement values on the leased or permitted lands. The holder may obtain additional appraisal reports as they see fit to provide confidence in improvement valuation or if an appraisal report is unsatisfactory to the holder. The holder may choose which appraisal report to submit.

Agricultural Crown Lands

- 3) Improvements eligible for compensation on an appraisal report must contribute to the forage productivity of a grazing or forage harvesting system, and are limited to:
 - a) Fence and fence line clearing intended for livestock containment.
 - b) Manufactured water sources including dugouts and wells.
 - c) Electrical service connections.
 - d) Corrals and equipment for loading or sorting.
 - e) Licenced drains.
 - f) Trails and roads.
- 4) The appraisal must provide subtotals for each improvement type listed in part 3) above.
- 5) Improvements valued in the appraisal report must be left by the outgoing lease or permit holder intact, assembled or in a manner that supports the value and utility attributed to them on the appraisal report.
- 6) Lease or permit holders that surrender a lease or permit must submit the appraisal report before September 1 of the surrender year to be eligible for compensation for improvements. Appraisal reports must be submitted on a form acceptable to Director.
- 7) As outlined in regulation, eligibility for compensation on improvements lasts for two years. If the parcels have not been reallocated within two years of expiry or cancellation, Manitoba will not post a value for improvements during the allocation process. The incoming lease or permit holder will not be required to compensate for improvements. The outgoing lease or permit holder must inform the director of any changes to the improvements or loss of value after the appraisal report is submitted as soon as possible.

Transitional Measures

- 8) A regulatory change that came into force January 1, 2024, introduced requirements for an appraisal to be completed if outgoing lease or permit holders are seeking compensation for improvements. The change provided little time for holders to complete appraisals. A transitional measure is in place for leases or permits that ended in 2023.

Outgoing and incoming lease and permit holders are required to negotiate an improvement value for leases and permits that expired or were surrendered before January 1, 2024. If the concerned parcels are allocated by December 31, 2025, the parties must agree to an improvement value, and the incoming lease or permit holder must pay this amount to the outgoing lease or permit holder. If the outgoing lease or permit holder and the incoming lease or permit holder fail to agree on the amount of compensation within 30 days after the incoming lease or permit holder receives their lease or permit, compensation is determined in accordance with The Arbitration Act. See The Agricultural Crown Lands Leases and Permits Regulation, Manitoba Regulation 126/2019 registered September 27, 2019.