

April 7, 2021

Mr. Shayne Davies  
Clerk of the Legislative Assembly  
Legislative Assembly  
Legislative Building, Centre Block  
P.O. Box 6000  
Fredericton, NB E3B 5H1

Mr. Davies:

Under the provision of the *Fees Act*, I wish to file the enclosed information regarding fee changes to increase Crown rental rates under the *Lands Administration Regulation – Crown Lands and Forests Act*. The fee changes will be effective April 1, 2022.

Sincerely,



Mike Holland

Enclosures

c. Cheryl Hansen, Deputy Minister, Finance and Treasury Board



<p><b>Natural Resources and Energy Development</b></p> <p>Contact: Allen Bard, (506) 238-4051</p>	<p><b>Proprietary Fees (Lease Rentals)</b>  <b>Lands Administration Regulation</b>  <i>Crown Lands and Forests Act</i>  Regulation # 2009-62</p>
<p><b>Current Fees:</b> See Schedule B  <b>Proposed Fees:</b> See Schedule B  <b>Effective Date:</b> April 1, 2022</p>	<p><b>New Annual Revenue Estimate:</b> \$4,135,342  (includes Schedule B and C)  <b>Change in Annual Revenue:</b> \$1,204,870  (includes Schedule B and C)</p>
<p><b>Comments: (Schedules B)</b> Addendum: Due to the unanticipated continuation of the COVID-19 pandemic and its economic impact, the regulatory amendments to increase Crown rents which were scheduled to be effective April 1, 2021, will be effective April 1, 2022. Adjust regulated Lease rents and establish new rent categories for the use of Crown lands that reflect the market values of Crown lands dispositions and provide an appropriate rate of return (ROR) for exclusive land use rights and interests to use public land.</p>	

**LAR Schedules B & C Proposed Regulatory Provisions - Current and Proposed Lease and Licence of Occupation Rent Formula**

Lease Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Standard Rent	Non WF	Standard lease rental (SLR) = $\left( \frac{\sqrt{ha} \times \$320}{\sqrt{0.4}} \right)$ for the first 10 hectares of lands + \$29/ha for all lands in excess of 10 hectares	\$160	Standard lease rental is based on establishing a market value for the area of land to be leased.  <b>Market value</b> is based on the following five area values: 1. 0.40 ha / 1 acre = \$4,000 2. 10 ha / 25 acres = \$16,000 3. 30 ha / 74 acres = \$35,000 4. 60 ha / 148 acres = \$60,000 5. 600.15 ha / 1483 acres = \$410,000	\$400	The current standard rent formula overvalues small parcels and undervalues large parcels.	\$400

**LAR Schedules B & C Proposed Regulatory Provisions - Current and Proposed Lease and Licence of Occupation Rents**

Lease Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Standard Rent	Non WF	Standard lease rental (SLR) = $\left( \frac{\sqrt{\frac{1}{2}}}{\sqrt{0.4}} \times \$320 \right)$ for the first 10 hectares of lands + \$29/ha for all lands in excess of 10 hectares	\$160	Standard lease rental is calculated using the following straight-line formula 1. For leases with a land area less than 10ha/25 acres, the formula is: (1 acre Market Value + (\$ increase per acre x (Land area leased - 1 acre))) x 10% *Note: \$ increase per acre = (Market value of a 25-acre upland parcel - Market value of a 1-acre upland parcel) divided by (25 acres - 1 acre).	\$400	In the interest of the Department aligning more with market industry practices and to have a rent approach that is more transparent.  Standard lease rent will now be based on a simple straight-line calculation with a rate of return of 10%.	\$400
Standard Rent	Non WF	Standard lease rental (SLR) = $\left( \frac{\sqrt{\frac{1}{2}}}{\sqrt{0.4}} \times \$320 \right)$ for the first 10 hectares of lands + \$29/ha for all lands in excess of 10 hectares	\$160	2. For leases with a land area equal to or greater than 10ha/25 acres and less than 30 ha/74 acres, the formula is: Rent = (25 acre Market value + (\$ increase per acre x (Land area leased - 25 acres))) x 10% *Note: \$ increase per acre = (Market value of a 74-acre upland parcel - Market value of a 25-acre upland parcel) divided by (74 acres - 25 acres).	\$400		\$400

**LAR Schedules B & C Proposed Regulatory Provisions - Current and Proposed Lease and Licence of Occupation Rents**

Lease Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Standard Rent	Non WF	Standard lease rental (SLR) = $\left( \frac{\sqrt{ha}}{\sqrt{0.4}} \times \$320 \right)$ <p>for the first 10 hectares of lands + \$29/ha for all lands in excess of 10 ha</p>	\$160	3. For leases with a land area equal to or greater than 30 ha / 74 acres and less than 60 ha / 148 acres, the formula is: Rent = (74 acre Market Value + (\$ increase per acre x (Land area leased – 74 acres))) x 10%  *Note: \$ increase per acre = (Market Value of a 148 acre upland parcel – Market Value of a 74 acre upland parcel + (148 acre – 74 acre))	\$400		\$400
Standard Rent	Non WF	Standard lease rental (SLR) = $\left( \frac{\sqrt{ha}}{\sqrt{0.4}} \times \$320 \right)$ <p>for the first 10 hectares of lands + \$29/ha for all lands in excess of 10 ha</p>	\$160	4. For leases with a land area equal to or greater than 60 ha / 148 acres and less than or equal to 600 ha/1483 acres, the formula is: Rent = (148 acre Market value + (\$ increase per acre x (Land area leased – 148 acres))) x 10%  *Note: \$ increase per acre = (Market value of a 1483-acre upland parcel – Market value of a 148-acre upland parcel) divided by (1483 acres – 148 acres).	\$400		\$400

**LAR Schedules B & C Proposed Regulatory Provisions - Current and Proposed Lease and Licence of Occupation Rents**

Lease Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Standard Rent	Non WF	<p>Standard lease rental (SLR) =</p> $\left( \frac{\sqrt{\text{ha}}}{\sqrt{0.4}} \times \$320 \right)$ <p>for the first 10 hectares of lands + \$29/ha for all lands in excess of 10 ha</p>	\$160	<p>5. For leases with a land area greater than 600 ha / 1483 acres, the formula is:                      Rent = \$ increase per acre x Land Area leased x 10%</p> <p>*Note: \$ increase per acre = Market value of a 1483-acre upland parcel divided by 1483 acres (rounded to nearest dollar).</p>	\$400		\$400

**LAR Schedule B Proposed Regulatory Provisions - Current and Proposed Lease Rents**

Lease Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Waterfront - General	WF	2 x Standard Lease Rent (SLR)	\$320	2 x Standard Rent (SR)	\$800	Historical market valuation of waterfront properties has determined that waterfront properties are at least 2 times the upland equivalent.	\$800
Institutional	Non WF	10% x SLR	\$100	10% x SR	\$250	Discounted rents are maintained to recognize and assist those who provide a public good (e.g. charities, municipalities).	\$250
	WF	20% x SLR	\$100	20% x SR	\$250		\$250
Municipal	Non WF	10% x SLR	\$100	10% x SR	\$250	Discounted rents are maintained to recognize and assist those who provide a public good (e.g. charities, municipalities).	\$250
	WF	20% x SLR	\$100	20% x SR	\$250		\$250
Maple sugary - value added	WF or Non WF	50% x SLR	-	50% x SR	\$400	The wording "value-added" has been removed from the definition for maple sugary leases, to simplify the rent structure and continue to give maple sugaries rent reduction to support the industry; this definition was restrictive and outdated.	\$400
Maple sugary -- non-valued added	WF or Non WF	80% x SLR	-	50% x SR	\$400		\$400



**LAR Schedule B Proposed Regulatory Provisions - Current and Proposed Lease Rents**

<b>Lease Class</b>	<b>Waterfront (WF)</b>	<b>Current LAR</b>	<b>Current Minimum</b>	<b>Proposed Rent</b>	<b>Proposed Minimum</b>	<b>Rationale</b>	<b>Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha</b>
<b>Non-fibre forestry</b>	WF or Non WF	50% x SLR	-	50% x SR	\$400	Other non-fibre forestry leases will follow the same rationale as maple sugary.	\$400
<b>Trail</b>	WF or Non WF	\$2 x trail km	\$100	\$2 x trail km	\$250	Other than the change associated with the minimum rent, no changes for this category.	\$250
<b>Submerged</b>	-	SLR	\$160	SR	\$400	Other than the change associated with the minimum rent, no changes for this category.	\$400
<b>Affiliated angling</b>	WF	2 x SLR	\$320	2 x 10.5% of Market Value	\$840	Affiliated angling lease represents a unique waterfront lease whose rate of return has a range of 9.0-10.5%. Instead of applying the standard rental rate of return of 10%, the upper end of 10.5% is chosen in recognition of the unique waterfront.	\$840
<b>Erosion control structure</b>	WF or Non WF	SLR	\$160	SR	\$400	Other than the change associated with the minimum rent, no changes for this category	\$400

**LAR Schedule B Proposed Regulatory Provisions - Current and Proposed Lease Rents**

Lease Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Electrical generation	WF or Non WF	$\left( \frac{\text{ha}}{10.4} \times \$640 \right) + (\$3,500 \times B)$ <p>where B = sum of all turbine name plate capacities in megawatts</p>	-	$(2 \times 11\% \text{ of Market Value}) + \$4,250 \times B$ B = sum, in megawatts, of the name plate capacities of all installed turbines	\$5,130	A rate of return of 11% will be applied to reflect the nature of the lease type and capitalize on compensation.	\$5,130
Commercial Communication Towers	WF or Non WF	defaults to SLR	-	If 5 ha or less: \$1750 x area or If over 5 ha: $(\$1750 \times 5 \text{ ha}) +$ SR for (area - 5 ha)	\$1,750	Commercial communication towers is a new separate category with a new rent consistent with private practices.	\$1,750
All other communication towers	WF or Non WF	defaults to SLR	-	SR	\$400	Other communication towers is a new separate category with a new rent consistent with market valuation. This category is for agencies who need leases for non-emergency services or for non-profit/public purposes (e.g. CBC).	\$400



**LAR Schedule B Proposed Regulatory Provisions - Current and Proposed Lease Rents**

Lease Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Industrial, Commercial, Utility, Transportation	WF	defaults to SLR	-	2 x 10.5% of Market Value	\$840	This is a new proposed class of lease A rate of return of 10.5% will be applied. Waterfront leases pay double.	\$880
	Non WF	default to SLR	-	10.5% of Market Value	\$420		\$440

<p><b>Natural Resources and Energy Development</b></p> <p><b>Contact:</b> Allen Bard, (506) 238-4051</p>	<p><b>Proprietary Fees (Licence Rentals)</b>  <b>Lands Administration Regulation</b>  <i>Crown Lands and Forests Act</i>  Regulation # 2009-62</p>
<p><b>Current Fees:</b> See Schedule C  <b>Proposed Fees:</b> See Schedule C  <b>Effective Date:</b> April 1, 2022</p>	<p><b>New Annual Revenue Estimate:</b> \$4,135,342  (includes Schedule B and C)  <b>Change in Annual Revenue:</b> \$1,204,870  (includes Schedule B and C)</p>
<p><b>Comments: Schedule C:</b> Addendum: Due to the unanticipated continuation of the COVID-19 pandemic and its economic impact, the regulatory amendments to increase Crown rents which were scheduled to be effective April 1, 2021, will be effective April 1, 2022. Adjust regulated Licence of Occupation rents and establish new rent categories for the use of Crown lands that reflect the market values of Crown lands dispositions and provide an appropriate rate of return (ROR) for exclusive land use rights and interests to use public land.</p>	

**LAR Schedule C Proposed Regulatory Provisions - Current and Proposed Licence of Occupation Rents**

Licence of Occupation Class	Waterfront (WF)	Current LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Minimum Rent - Anything under 1 acre or 0.404686 ha
Standard licence rental	-	50% x SLR (Standard Lease Rent)	\$80	50% x SR (Standard Rent)	\$200	For licences, current LAR applies a rental rate of 50% of standard lease rental to recognize that a licence does not have the same rights as a lease. Discounts or adjustments are made depending on certain licence classes.	\$200
General	WF	SLR	\$160	SR	\$400		\$400
Institutional	Non WF	5% x SLR	\$50	5% x SR	\$125		\$125
Municipal	WF	10% x SLR	\$100	10% x SR	\$125		\$125
	Non WF	5% x SLR	\$50	5% x SR	\$125		\$125
	WF	10% x SLR	\$100	10% x SR	\$125		\$125

**Schedule C Proposed Regulatory Provisions - Current and Proposed Licence of Occupation Rents**

Licence Class	Waterfront (WF)	Current:LAR	Current Minimum	Proposed Rent	Proposed Minimum	Rationale	Actual Calculated Minimum Rent - Anything under 1 acre or 0.404686 ha
Wind - exploration	-	\$1/ha + \$640 per test device and a \$3/ha additional fee for an option agreement	-	a) No lease option: (\$1 x area) + (\$800 x DeviceCount) b) With lease option: (\$4 x area) + (\$800 x DeviceCount) >> DeviceCount = number of test devices	\$800	Rent remains same except for minimum and a clearer differentiation between with and without option.  Remove the word agreement "an option agreement" from the current provision.	\$800
Trail	WF or Non WF	\$2 x trail km	\$100	\$2 x trail km	\$250		\$250
Submerged	WF	50% x SR	\$80	50% x SR	\$200		\$200
Rockweed harvest/extraction/ taking		\$500	-	\$500	-		\$500
Signs	-	\$500 x # of signs	\$500	\$500 x # of signs	\$500		\$500
<b>Annual Revenues from Rents Schedules B &amp; C</b>				<b>Current</b>	<b>Projected</b>	<b>Total Increase</b>	
				\$2,930,472	\$4,135,342	\$1,204,870	