

Advisory 2019-3

Advisory: Risks to Agribusiness Regarding Grain Dealers and Farm Input Suppliers

It has come to the attention of the Farmers' Advocate Office (FAO) that farmers are being affected by the financial hardship of grain dealers and farm input suppliers. The FAO would like to take this opportunity to provide landowners with information that may assist them in minimizing potential risks to their business operations.

The *Canada Grain Act* establishes the Canadian Grain Commission ["CGC"] as the regulatory body responsible for ensuring the quality of grain in Canada. In addition, the CGC is authorized under the Act to license grain producers. Licensed grain producers must provide security bonds to the CGC. Security bonds ensure that, in the event of bankruptcy, producers are paid for the grain they sold and delivered to the licensed company. Farmers should check the [Canadian Grain Commission's List of Licensed Producers](#) to ensure they are dealing with a secured company.

A number of farmers have also been financially impacted by the financial hardship of farm input suppliers. Prepaid fertilizer and seed contracts are not being fulfilled in some cases. The primary remedy available for farmers is to commence legal action in Provincial Court (up to \$50, 000) or the Court of Queens Bench of Alberta for breach of contract. Pursuant to provisions of the federal *Bankruptcy and Insolvency Act*, farmers are listed as an unsecured creditors, and recovery of debt is subject to the rights of secured creditors (such as lenders and secured suppliers), so farmers may be at significant risk of not recovering for the amount owed to them. If you encounter this type of issue, farmers may decide to retain legal advice through this process and to communicate with the Farmers' Advocate Office for additional information.

For more information, contact the FAO through the Ag Info Centre at 310-FARM (3276) or by e-mail at farmers.advocate@gov.ab.ca.

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