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Advisory 2023-1

Advisory: Potential Financial Risks to Farmers and Farm Implement Dealers

The Farmers' Advocate Office (FAO) deals with a wide range of concerns from farmers and farm implement dealers related to farm machinery and repair parts. Delivery delays, warranty issues, payment and refund concerns, and challenges in contacting company representatives can all affect the financial bottom line.

The FAO would like to provide farmers and farm implement dealers with information that may assist in minimizing potential risks to their business operations. Consider the following:

- Many people believe if a company has been around for many years, it is automatically reputable in its practices. This is not necessarily the case.
- Investigate the business by perusing the internet to see if there have been complaints.
- Contact the Better Business Bureau (BBB) at <http://www.bbb.org> to determine if complaints have been filed with them. The BBB suspends the rating for companies if there is a pattern of complaints, such as non-delivery of products and refund issues.
- Never pay in full prior to the equipment or implement being on a dealer's lot or delivered.
- Always have a written sale agreement signed by the purchaser and the company selling the equipment before providing a deposit. If a sale agreement does not exist, there should be no need for a deposit.
- Read the sale agreement thoroughly, and if in agreement, initial each page of the sale agreement and have the company representative initial each page as well.
- Both parties must initial any changes to the sale agreement.
- Keep a copy of the sale agreement.
- Make certain the sale agreement clearly states whether the deposit is refundable or non-refundable and under what terms and conditions.
- Make certain the sale agreement clearly states the deadline for delivery of the farm equipment and what happens if the deadline is missed.

- The *Farm Implement and Dealership Act* provides Alberta farmers and Alberta farm implement dealers with some financial and legal security when purchasing farm equipment.
- All farm implement dealers and distributors operating within the province of Alberta that are selling new farm implements must be licensed under the *Farm Implement and Dealership Act*. Check the FAO website <https://www.alberta.ca/farmers-advocate-office.aspx> to determine if the business is licensed.
- Licensing under the *Farm Implement and Dealership Act* does not represent an endorsement of the business, nor does it guarantee the quality of the goods and services offered.
- If a dealer or distributor neglects to, or refuses to deliver equipment, the producer may have an action for damages. Legal counsel may be necessary to claim damages for non-delivery or late delivery of equipment.
- When a person enters into a contract with a company, they do not expect problems to develop, however it is prudent to keep track of all contact with the dealer and/or distributor. This can include letters, emails, a telephone log (include times, dates, the name of the person you are speaking to, and discussion details). Emails and letters between the parties prevents the “he said/she said” scenario that may be difficult to prove. Save any documentation that would help tell your side of the story should a Farm Implement Board hearing or court proceeding take place.

Advice provided by the Farmers’ Advocate Office is provided for general information only. This information may not be relied upon as legal advice or as substitute for it. You are responsible for applying any general information provided to your particular situation, if appropriate, and deciding upon a course of action. The Farmers’ Advocate Office and Alberta Agriculture and Irrigation make no warranty, expressed or implied, and do not assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any information provided to you. For all important business and personal matters, you should consider obtaining independent legal and other professional advice to properly assess and understand your options and obligations.