

October 28, 2014

ETHICS AND ENERGY NEGOTIATIONS

A spokesperson for the Farmers' Advocate Office (FAO) says important farmers, ranchers, land agents, and energy companies have a basic understanding of ethics as they relate to energy negotiations.

“One of the roles of the FAO is to assist farmers and ranchers understand the laws that guide the energy industry and their rights and obligations in relation to negotiations with energy companies,” says Carol Goodfellow, Surface Rights, Land & Energy Specialist, FAO, Edmonton. “People who have never undergone energy negotiations may not have an understanding of what the process should look like, and, as a result, may unknowingly sign agreements that aren't to their benefit.”

“While there are many excellent companies and land agents, unfortunately there are also some who use questionable ethics in their negotiations with farmers and ranchers. The FAO believes that it is important that landowners are treated fairly and respectfully.”

Ethics are the standards of moral behaviour (right and wrong) that govern the behaviour of a society or group. “Legal requirements set a valuable baseline, but they are not a sufficient guideline for ethical behaviour,” says Goodfellow. “Just because something is legal doesn't make it ethical. A land agent seeking to be ethical in energy negotiations must rise above the legal requirements.”

The FAO makes the following recommendations:

- Landowners should not feel pressured
A landowner should have enough time to review an agreement, research and ask questions prior to signing, says Goodfellow. “If the landowner lacks specific expertise in the area of surface rights, he should be afforded the opportunity to seek representation.”

“Landowners should be aware that signing bonuses can be tactics to get a landowner to sign quickly (and ignorantly). Putting pressure on landowners by suggesting that the bonus will be withdrawn without expeditious signing of an agreement is a highly questionable approach.”

From time to time, the FAO hears of situations where landowners have been given an agreement for review and been told they have a specified time to sign, says Goodfellow. “In reality, a landowner has 48 hours of uninterrupted time (not including weekends and holidays) to review the documents. They may choose to take additional time after that.”

- The landowner has a right to information that affects them
“Agreements should fully disclose all impacts of the development and be forthright about the future intentions of the project as they relate to the landowner,” says

Goodfellow. “Furthermore, the agreement should detail all commitments that were formed during the discussions. This is vitally important for ensuring a landowner’s needs and interests are reflected throughout the development, maintenance, and reclamation processes. The obligation should be on the land agent to direct and lead the process in cases where the playing field may not be level.”

- The landowner should be treated like an equal
Land agents should recognize the business acumen and diversity of skills it takes to be a farmer or rancher, says Goodfellow. “It may not be reflected on a gold-rimmed piece of paper, but farmers and ranchers are also businessmen, financial managers, strategists, stewards, and entrepreneurs who have developed skills in heavy duty mechanics, carpentry, veterinary medicine, crop management, nutrition science and so forth. Landowners should be treated as equals.”
- The landowner should feel like they are being respected
“Many Albertans have invested deeply in their properties for generations, both financially and emotionally,” says Goodfellow. “A person who has spent their life on a piece of property will be rightfully insulted if they receive instructions from someone who has been on their property for a few hours. Land agents should be sensitive and polite, remembering that they are uninvited guests in a landowner’s home. Statements such as ‘we will just force entry’ or ‘government and the Alberta Energy Regulator will support us’ are unacceptable.”

To an individual landowner the land contract is very significant, so Goodfellow says land agents should remember that signing is a weighty decision for the landowner. “Changes to their property have implications for a landowner’s family, farming operations, investment, and future.”

For more information on ethics and energy negotiations, contact Carol Goodfellow at 780-427-2350 or email carol.goodfellow@gov.ab.ca