



August 27, 2021

Western Grain Elevator Association (WGEA)
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To WGEA members:

On behalf of the more than 44,000 grain, pulse and oilseed farmers in Saskatchewan, we are requesting that grain companies eliminate administration fees for the 2021-2022 season when farmers are unable to fulfill their contracts. We are also asking that grain companies consider renegotiating terms of contracts, including penalties, wherever possible.

Extreme growing conditions that are expected to cause extraordinarily low yields and negatively impact quality will result in many farmers being unable to deliver on their contracts as originally negotiated. Administration fees and penalties add another level of costs for growers who are already in an uncertain cash flow situation.

Farmers take their contract commitments seriously. They will try to honour contracts that they signed in good faith if they have the grain. It must be noted that both farmers and grain companies were willing parties to these contracts for 2021 production. Despite all available information on production and market expectations, the individual and aggregate outcomes of the 2021 crop year were misread.

Farmers have worked hard to build strong relationships with grain companies, and they value those relationships. They expect that the good faith they have built will be reciprocated when times are tough and that the relationships with their buyers will also allow for re-negotiations on contract terms in extreme situations.

The 2021 drought is widespread and intense, substantially limiting the availability of crop. Many farmers will harvest less than their crop insurance average and will be unable to fulfill even the most modest

grain contracts. For the long-term benefit of all stakeholders in the food production chain, we are asking that you work with farmers to address the serious financial issues that they are currently experiencing.

We understand this is a difficult situation for everyone involved. Your cooperation in waiving administrative fees and being willing to consider re-negotiation of contract terms for the current production year will lessen the financial impact of a poor year for farmers, signaling that the well-being and financial stability of farmers is a priority of grain companies.

Sincerely,



Todd Lewis
President, APAS



Matt Enns
Chair, SaskBarley



Bernie McClean
Chari, SaskCanola



Greg Sundquist
Chair, SaskFlax



Chris Rundel
Chair, SaskOats



Shaun Dyrland
Chair, Saskatchewan Pulse Growers



Brett Halstead
Chair, SaskWheat