

## The New Energy in Agriculture

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Together John and Christine Serhienko own and operate Brookhill Farms located just south of Blaine Lake, Sask. – about an hour north of Saskatoon. Being a third generation family farm, production is focused on four main areas – cereal grains (wheat, oats), canola, peas and beef cattle. Following the death of the CROW we farmed really hard for a number of years. Then the drought hit (2000 – 2003), a frost in 2004 and a harvest from hell in 2005. You go into a new production year of 2006 still combining crop from the previous year. We had done this too many times and felt discouraged and that we had all but lost. But the crop of 2006 was one of self-satisfaction. Good harvest weather, good yields and quality production that went in the bins dry renewed our confidence.

Now, that we have the introduction over, let's talk about the reasons I was asked to speak to you today! Alternative uses for crops that will enhance my farm, your farm, any farm. What has been in the news today that is fueling new optimism in agriculture is not value added, diversification, or organics but the advent of what I like to call Energy Agriculture.

When Grandfather farmed, some of the land base had to be used for the production of feed for four legged horsepower but with dramatic changes in technology and the use of fossil fuels that all changed until now. The science and technology of today's agriculture has been able to keep production continuously ahead of consumption, that is human consumption. Biofuel plants are being constructed all over the world but most important to Canadian farmers is what is happening in the United States. By turning crop production normally used for humans into a renewable source of energy, be it ethanol or biodiesel is why I phrase it Energy Agriculture.

Ten times our population and a valued right for vehicle ownership, the U.S.A. is an energy junky. Our Canadian consumers are more conservative in their approach to energy, buying smaller vehicles, keeping them longer, 3 years more than our neighbors to the south and more focused on the fact our climate costs us dollars to live in. The US is reliant on the import of foreign energy sources, a vulnerability that is driving their desires to create their own production.

So how do I see this as an enhancement to my farm or any farms' bottom line? Well, we are a land locked production area, our grain goes either west (mostly) or east. Over 65% of our production has to go onto a boat! Why can't some of that go south, preferably in a pipeline? As a farmer I watch as this unfolds before me wondering how do I become involved and profit from this new energy direction in agriculture.

You all have a stake in agriculture today or otherwise you wouldn't be reading this and being at this conference, you are the most leading edge producers in the industry today. To some of you this is all but too clear and you have been there, done that, but I hope to some, I can provide some valued take home messages. I'm my own worst enemy here, but focus on what you do best and recognize your weaknesses. How many of you have done some real strategic planning? Examining your farm as the business entity it is and then taken a proactive approach to its

development! Have you involved people around you who have a stake in your farms' future? We have done this on our farm but in a piece meal fashion. Hind sight is always 20-20.

Sit down and do some real thinking on how your farm can capitalize on this new direction. Look at the simple diagram I have provided and put your farm name in the middle, yes, farm name, give your farm an identity, then fill in all those people around it that have an influence, no matter how trivial it appears to you. A key piece of their input can put dollars in your bottom line. Consider a mission statement for your farm or a commitment on what you want to focus on! It doesn't matter what you produce or where you live, this template can help you focus on developing relationships for success. As more and more production of renewable fuels shifts acres, every sector of agriculture will be affected. Note that it is a clock like format, set some timelines, hours, months, years and set some benchmarks so your actions have results. You can go even further than that – this is something we should have done years ago on our farm – take a little coin (\$) and set up a retreat for your farm. Put all these people in one room and do a SWOT analysis of your farm. That is to identify your strengths, weaknesses, opportunities and threats to you farm and its direction. Let's face it, we would sooner spend \$700.00 on 3.8 litres of a super weed killer than investing in some pizza and pop and gleaming ideas from people that could return you serious value. Think they won't participate, just ask, you may be surprised at the response. You are empowering them to provide you with advice and one word of advice – Respect their opinion and swallow hard cause some of it's gonna hurt! There are professionals out there that you can hire to help facilitate your strategic planning, and they would be neutral, provide some structure to the event and provide you with a hard copy report of the results.

What are we going to do on our farm? Well, that is a good question; we have a well established operation that has a lot of flexibility. We will look at our strategic position and develop a production and marketing plan based on our geographic location. Can-Oat Milling is only 60 km from the farm, oats is easy to grow, yields well, cost effective but takes a lot of bin space! We can target canola production and have delivery options to Clavet, Saskatoon, North Battleford, Unity or the crushing plant at Lloydminster. Canola is a good dollar returning crop but only part of our rotation picture. With the construction of ethanol plants, CPS wheat will be a very viable crop on our farm in future years. Demand should be steady and forward contracts will lock in returns that, with good yields will pencil into profits. With acres moving towards energy production edible pulse crop production should return a strong premium, as long as you have good quality. Pease have always been a part of our rotation.

My wife's cow herd should benefit from an abundance of high protein by products from grain used for energy. More local feeding and finishing of beef cattle will support a local market for cow calf operators.

Look at your farm this way, there are geographic opportunities for you also and if there are not, maybe you and some of your neighbors can create some.

There are periods in our lives when opportunities come along that we hope will reinvigorate the ag sector. I feel the advent of energy agriculture is a very crucial turning point for all of us here and now. I was asked by SSCA if I have any concerns about growing crops for a purpose other than food. Let me answer it this way. At 47 and according to today's farm demographics, I am

considered a younger farmer. We need the advent of Energy Agriculture to fuel a new hope in returning profitability to agriculture. We need young people to see a future in being engaged in primary production, opportunities for growth, quality of life and a return on investment.

You don't need to make vast changes to your farm right now if everything is working, just recognize opportunities for investment in or changes to what the market demands! Always remember these three things: 1- The consumer is always right even if they are wrong, 2- The environment will always keep us, as farmers, humble and, 3- Sharp pencils and sharp minds make money.

Thank you to all of you for allowing me to provide you with my insight and opinion. And good luck in all your endeavors.