

Pipestone Feeders has grown to a 10,000 head operation

By **Dwayne Stone** for workweek

The bellowing of cattle and the occasional roar of a cattle-liner taking finished animals to market might just sound like cows in a feedlot to an outsider.

But to the livestock and grain producers near the Pipestone Feeders Ltd. feedlot, it's the sound of a more healthy local economy that helps create better commodity marketing options, jobs and the possibility to keep living in the place they call home.

In the five years since its incorporation, the feedlot has grown into a 10,000 head operation and provided area producers a significant market for barley and silage.

But Pipestone wasn't the result of an outside company swooping in from distant investment centers hoping to make a buck in and around Grenfell, Saskatchewan. Pipestone emerged more like a seed in the minds of an enthusiastic group of producers who believed that agriculture can have a future.

"There was a group of us that decided we were tired of sending our grain out west, and got tired of the jobs being out there, so we decided to do something here with it," says mixed-farmer and Pipestone shareholder Gary Cole.

In the late 90s, the original idea was to form an ethanol project, said Cole. Unfortunately, the group was a bit ahead of its time: running into problems, the group decided against the ethanol option.

"Ten years later, and look what's happening (with ethanol)," he said.

Nevertheless, the group started over with the idea of a feedlot. A share offering was organized and enough was raised to allow the group to proceed with construction of a 5,000 head operation. Despite a steep learning curve and occasional cash-flow issues, Pipestone was incorporated in 2002.

Today there are over 100 shareholders from the area. More recently, a new successful share offering was carried out and phase two was carried out in 2006: an expansion to a 10,000 head capacity.

"I talked to Sean (Pipestone's general manager) this morning, and we're right full. We've got as many cattle as we can hold," Cole said.

The for-profit venture eventually plans to move into phases three (15,000 head) and four (20,000 head).

"I think from a producer perspective, we've really found that the more you use it, the more benefits accrue to you," says Jack Hextall.

Because of economies of scale, Pipestone can feed, water and care for his cattle just as cheaply as he could on Hextall's farm, located 8 miles south of Grenfell.

Then when it comes time to send finished cattle to market, it's easier and cheaper to combine with other producer's cattle to fill a semi load and reach markets outside of the province in Alberta and Ontario, where a lot of cattle slaughter and processing facilities are.

"You increase the competition for your cattle," he said. In contrast, it would be difficult if not impossible for his 250 head herd to reach those markets.

Aside from the feeding and transportation advantages, Hextall also sells barley and silage - the main feed stock of the feedlot - though out the year. According to general

manager Sean Ewing, 10,000 head of cattle can chew through quite a lot of it. In the last six months, the feedlot used 6,000 metric tonnes of barley and around 7,500 metric tonnes of silage. Ewing estimated that 95 per cent of Pipestone's grain and 100 per cent of the silage is supplied by local producers.

"Whatever is available locally, we buy locally," he said.

And not just silage. The feedlot repairs tires in Grenfell and Windthorst. Mechanics repair equipment in Kipling. And a management and consulting team is located in Broadview. Tools and parts are mostly sourced through local dealers. As of last fall, Pipestone employed 10 people with full-time jobs and three or four more with part-time work, Ewing said.

Full-time jobs created by projects like Pipestone are a boost to surrounding villages, said Grenfell's town administrator, Leslie McGhie. "People with full-time jobs buy houses or pay rent. They spend money on gas and groceries. When you're a 1,000 people and four families move in with four (kids to a) family, it is a big deal," she said.

People that settle will have children, which helps the schools stay open. Service groups, so important to the life of small communities, will have members, hockey rinks will get used and summer BBQs will happen at regional parks.

Having a solid agricultural economy, to state the obvious, helps small communities have life. But as prairie agriculture continues to evolve - biodiesel and ethanol being two recent buzzwords - Gary Cole thinks that producers will have to get more involved in the economy.

"Because if they don't, big companies are going to control these things, and that cuts down any control you have over where they buy their product," Cole said, adding that the only way to keep people around and money around is if producers do it.

"If you wait for someone else to come in and build it (...) it probably won't happen."



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