

NØK CONFERENCE ICELAND 2010

Torill Nina Midtkandal

My name is Torill Midtkandal and I am honoured to have been asked to tell about the margins on my own farm. It means that I am a farmer and have been a farmer for 18 years. Together with Johan and our two boys, Knut-Olav and Kjell-Martin, I live on the Øvreeide farm in the municipality Stryn in Sogn og Fjordane county on the west coast of Norway. It was from this county the Vikings came and settled Iceland. If we go back far enough, I may have relatives here?

The farm lies at the head of Nordfjord in beautiful surroundings, and perhaps some of you that participated in the NØK conference in Loen 6 years ago, visited our farm.

We have milk production on our farm and we cooperate with two other farms. But since our family have the daily responsibility we consider it as a family farm with two permanent week-end helpers. The amount of milk we are allowed to produce is 255 000 litres and we have about 70 acres of fields. Being on the west coast, this is a fairly easy farm to run, because the area is quite flat. Topography is often very challenging for western farms.

When we started as farmers in 1992, we had jobs outside the farm, both my husband and me. We both have agricultural education, and farming has always been a big part of our identity. The first few years we worked outside the farm as well, while we built our house, and got the farm unit running well. The prices of agricultural products were quite good the first few years, and everything the farm generated in money, we ploughed back into the farm.

Then around 1995 we had a political change, and the prices fell. In particular, meat prices were halved. We were in the middle of a process planning to rebuild the barn, which would lead to very large costs. This became a difficult period. We were really in doubt whether it was viable to invest in agriculture and whether there was political will for still having farmers in Norway.

As you certainly are familiar to, agricultural production in Norway is more politically driven than in the other Nordic countries. Comparing Norway to Denmark for instance, a Norwegian farm is like a protected company. We are not so driven by the market, and we have relatively large transfers from the state. This is quite necessary for us if there shall be agriculture throughout the whole country and to compensate for living in a high cost country. We can't compete to prices in the EU neither in input or product prices. If we should be market-based, we would import all our food. Now we import about 50% of the calorie needs of the Norwegian population. Until we succeed in modifying the population genetically to be able to digest oil, we are actually dependent of traditional food. In order to have a food safety to our own population, it is therefore important to maintain a certain agricultural production.

Believing we still need to have food, we decided to gain new goals. We quit our jobs and we became 100% farmers. We should be proficient in our work, and we should have full focus on the farm. This was in sharp contrast to our surroundings where farmers quit in great pace. Since 1999 the number of dairy farms has declined by 48%?

One more important thing: I stopped reading Bondebladet! (Magazine of the Norwegian Farmers' Union) That was important to avoid to become influenced by the pessimism that prevailed in agriculture.

We implemented a rebuilt barn in 2001. This was new times for us, and we harvested the fruits of what we had gained of knowledge and go-ahead spirit. We managed to keep building costs low by using a lot of individual effort and force, and the dept did not particularly influence our private economy.

Although we had no plans of increasing our production, several inquiries from other farmers who wanted to go into coordination and purchase of production quota, we more than doubled the milk production during the next five years.

But increased demand for efficiency year by year, was and still is the trend and we constantly need to produce more to gain the same income.

In 1993 we had an income of 374 000 NOK from a production of 115 000 litres.

In 2003 the income was 458 000 NOK from a production of 131 000 litres.

In 2009 the income was 554 000 NOK at a production of 217 000 litres.

If we look in general the incomes from agriculture in Norway the last 20 years has doubled, yet the costs tripled and the debt increased fivefold. In the period 2006 -2009 has the debt increased by 15% to 8 billion. The income development in Norwegian agriculture has been negative for several years, and the average income for Norwegian farmers are today about 204 000 (compensation for both work and capital). It is easy to understand why many give up and quit farming. Compare to an industrial income which is approximately 418 000 NOK, it is quite low.

How should we handle this situation? What impact has this development for the recruitment to the farming profession?

We have quite clearly a challenge to get young people to go into agriculture and the fact that we do not have enough workers in other industries in Norway, although the financial crisis has slowed a little on development. Agriculture accounted for in 2009 only 2.3% of total employment. The young people find better paid jobs and particularly in the oil industry the wages are difficult to compete with.

But how do We think in such a perspective?

Although we are in our prime () we feel that the strength is beginning to fade. We have, as been told, been farmers, carpenters, electricians, accounting guide, contractors, architects and so on... for 18 years and the spirit is beginning to fade a bit. It is not so easy to just turn up the shirt sleeves and initiate new projects anymore. But sometimes I think back to one of the lectures held by one of the Swedish Nøk members at the conference in Kusamo in 2006. He said he suddenly found himself in the middle of a 50-year crisis. The best that he could do to get out of it was to build a new barn!

In many ways we feel the same. We are now in a situation where we are expanding through the walls of the barn. The working situation isn't satisfying and we realized that we have to do something. As a result of this, the drawings of a barn for a production of about 400,000 li-

tres is all most finished, with a budget of about 6 million NOK.

Drawing and planning is a detailed process. We are doing most of the planning ourselves, both when it comes to drawing and cost calculation, and we need time in a maturing process to find out what we really want. What we find scaring now, is the enormous cost development in the construction industry. We have seen many barns that have been built in recent years, which cost between 10 and 12 million NOK. There is an enormous amount of capital tied up in Norwegian agriculture which can become difficult to handle if the framework conditions are sharpened by either increased import or changed political governance.

To make the best possible defence for as well as unstable politicians and Arla who is ready to get over our borders!, We have the utmost priority to keep costs down. Build easily and without too much fancy stuff.

Our goals are:

Not to reduce current income, the increased production is to pay the investment.

Have an easier work and everyday life, because we are going to install a robot.

To have an operational unite that is timely and proactive.

Utilize existing buildings to a maximum so we do not have expenses with non productive buildings.

To have a repayment period which make the farm robust and attractive for generations to come.

We are so fortunate that we have a boy who at the time aim for an agricultural education, but only time will show. It should at least be the will to be a farmer that drives him and not the obligation.

As said before, we are strongly tied to our identity as farmers. I'm not in any doubt that both Johan and I easily could handle many different professions, and farmers are often preferred labour because of high work ethics and capacity.

“But when the spring sun shines on the hills”, I could not imagine any better profession. Feeling close to nature, through changing seasons and the varied working day determined by nature is a gift that few people can experience. And I think that there is room and opportunities for those of us who have a desire to stay put.

The trick is to manage to be “small” enough so we do not end as administrators for underpaid working immigrants.

We will earn our living by honest work, but there must also be room for great lazy days where we can charge our batteries by the pool at the Øvreeide farm!

Thank you!