

Dry Seasonal Conditions in Rural Victoria



Report: 90

8 July 2009



Dry conditions in East Gippsland have not allowed pastures to get in front of demand this winter. (June 2009). Source: P. Bergmeier

Environmental Indicators

Weather

Rainfall

Victoria has now experienced its third driest start to the year on record (Bureau of Meteorology Drought Statement, June 5). From January to May 2009, serious to severe rainfall deficiencies are evident over much of Victoria.

June rainfall was generally slightly above average north of the divide whereas south of the divide was generally below average.

Temperature

June day time temperatures were essentially average across the state. Night time temperatures in the north were generally 1-2 degrees above average where the rest of the state was average.

Seasonal outlook

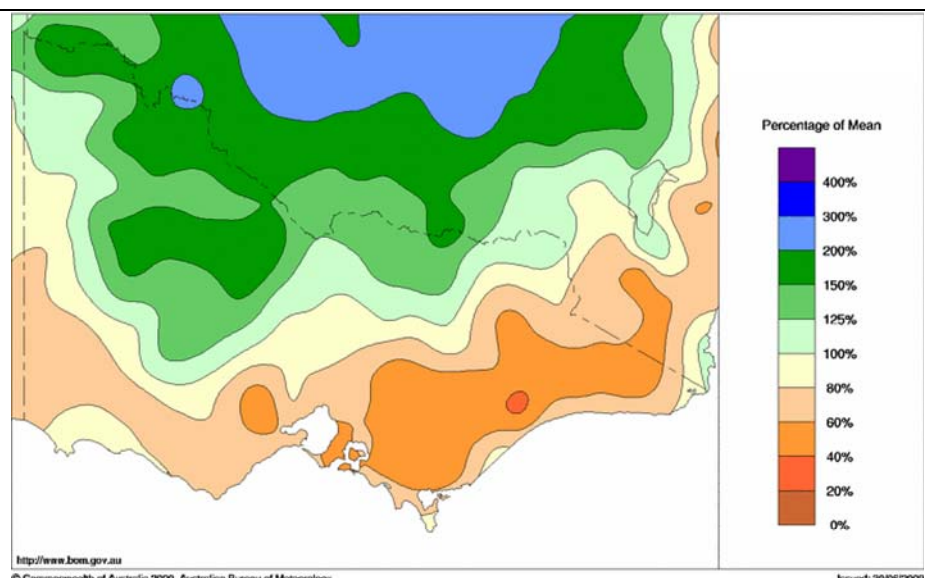
The Bureau of Meteorology's seasonal outlook for July to September indicates a moderate shift towards drier than normal seasonal conditions for the far southwest of Victoria (35-40% chance of exceeding median rainfall). There is a 40-50% chance of exceeding median rainfall for the rest of Victoria. The chances of above average maximum temperatures are between 50 to 60%.

The Southern Oscillation Index for June was -2.3.

Figure 1.
Victorian rainfall percentages
1 month (June 2009)

Percentage of monthly mean
(1961 – 1990 base period)

National Climate Centre
Bureau of Meteorology



Water storages

Murray-Darling Basin

This was the ninth consecutive autumn of below average rainfall for the Murray-Darling Basin (*Murray-Darling Basin Authority Drought Update, June 2009*). Inflows of 90 GL for May were well below the long term average of 390 GL. Inflows for June 2008 to May 2009 were the third driest in 118 years.

Goulburn-Murray Water (G-MW)

A record low of 578,000 ML of water was delivered in G-MW's irrigation areas in 2008-09 (June 5). This is barely a third of the average for the past 15 years. Over this time (including 12 years of drought) the deliveries have averaged 1,800,000 ML.

G-MW has announced the expected zero opening allocation for all systems (Jul 1). They are unable to confirm whether there will be sufficient water available to operate the channels by the usual opening date of August 15.

Storage	Change in last month	Capacity 29/06/09	Storage	Change in last month	Capacity 29/06/09
Goulburn Basin	1%	14%	Thomson/ LaTrobe Basin	-1%	24%
Broken Basin	0%	1%	Werribee Basin	0%	6%
Campaspe Basin	0%	7%	Glenelg/ Wimmera Basin	1%	5%
Loddon Basin	0%	18%	Maribyrnong	0%	3%
Upper Murray Basin	1%	16%	Barwon Storage	0%	24%
Ovens Basin	16%	57%			

Source: http://www.fishvictoria.com/pnews/water_levels.php

Social Indicators

DPI Drought Hotline

The DPI / DSE Customer Service Centre received 152 drought related contacts for June 2009 compared to 113 last month. Enquiries were from the North West (56), South West (22), North East (29), Port Phillip (28), Gippsland (7), interstate (8) and unknown (2). The major queries are listed below.

FAQ's used to answer customer enquiries	Total
On-Farm Productivity Improvement Grants	63
Drought Apprenticeship Retention Bonus II	30
Municipal Rates Subsidy	18
Exceptional Circumstances	12
Other queries made up the remainder of the calls	

Drought financial assistance

Rural Finance Corporation reports that 13,142 applications for the **Exceptional Circumstances Interest Rate Subsidy** have been approved with a 77% approval rate. The total value of the subsidies approved is \$400 million with an average of \$30,320.

Victorian Government drought support

The Victorian Auditor-General has concluded that the rebate for fixed water charges and the municipal rate subsidies did not have clear objectives or outcomes. DPI administered the municipal rate subsidy well, but the DSE did not administer the water rebate as well.

For the 12 months to June, a total of \$12.7 million in **Municipal Rate Subsidies** was paid to EC relief payment recipients across 56 Shire and Rural City Councils. Councils have been paid \$445,000 to administer the delivery of this additional drought assistance on behalf of the state government.

To date a total of \$1.06 million in **Drought Apprenticeship Retention Bonuses** (DARB III) have been paid to Victorian businesses to support 1,415 apprentices in the 2008-09 financial year.

To date the Rural Finance Corporation have paid out \$1.6 million in **On-Farm Productivity Improvement Grants** to 610 applicants on behalf of the state government.

Economic Indicators

Production figures and forecasts

Crops

Rain in late May and early June has led to optimistic forecasts for winter crop production if the rain continues (*ABARE Australian Crop Report, June 2009*). The area sown to winter crops in Victoria is forecast by ABARE to fall by 2% in 2009-10, to around 3.1 million hectares. Assuming average yields, total production in 2009-10 is forecast to be around 5.2 million tonnes (up 2 million tonnes on 2008-09). The area sown to wheat is forecast by ABARE to be down 5%, barley area down 2% and canola area up 20%. Assuming favourable growing conditions wheat could yield 2.6 million tonnes (up from 1.5 last year), barley 1.6 million tonnes (up from 0.87), and canola 334,000 tonnes (up from 251,000 t).

Preliminary data from the DPI Grains team would suggest that the area sown to wheat and barley is up by 2-4% and the area sown to canola is down by 12%.

Beef cattle

In southern Australia, severely dry conditions in 2006-07 restricted beef cattle production and numbers were down 4% (*ABARE Australian beef: Financial performance of beef farms, 2006-07 to 2008-09, June 2009*). In 2007-08 numbers increased by around 1.1% despite continued dry conditions, though many small scale beef farms, particularly in Victoria and Tasmania, sharply decreased the size of their herd in response to the dry conditions. While many smaller farms are expected to continue to reduce numbers in 2008-09, improvements in some areas mean overall beef cattle numbers on southern Australian farms are projected to increase by more than 6% in 2008-09.

Lambs

Dry seasonal conditions in 2007-08 meant there was increased turn-off of sheep and lambs (*ABARE Australian lamb: financial performance of slaughter lamb producing farms, 2006-07 to 2008-09, June 2009*). Combined with higher prices this meant a 34% increase in average farm cash income for slaughter lamb producers, however many producers missed out on the good prices as dry conditions forced them to turn-off unfinished lambs onto an already flooded market. Improved conditions in 2008-09 are expected to result in improved income though many plans to hold stock to increase numbers.

Commodity prices and movements

Cattle prices have improved over recent weeks and the EYCI is now at its year high of 335.75 c/kg. Sheep and lamb prices have eased a little from recent highs.

AWB's opening pool prices for 209-10 are \$310-320/t.

Commodity prices	Week ending 3 rd July	Week ending 27 th June	May	Last Year
Wheat APW pool ¹	300	300	300	393
Malting barley ¹	260	255	260	n/a
Yearling steers (C3 180-220 kg) ²	353	356	342	361
Old pasture hay (Bairnsdale \$/t) ²	150	140	130	130
Temporary water (Greater Goulburn \$/ML) ³	n/a	n/a	400.00	550.00

Grains are Portland cash price (except for APW pool)

Stock prices are ¢/kg cwt

Sources: ¹ Weekly Times

² Stock and Land

³ www.watermove.com.au

Regional Reports

Mallee

Another reasonable month of rain with farms on track for an average year for most of the Mallee. Weed spraying is well underway. Some crops are being top dressed. There is plenty of feed about with some farmers buying in more stock.

Wimmera

Conditions have been good for crop and pasture growth. The majority of crops have now been sown. There is good surface moisture, but sub-soil moisture is still minimal at depth. Growers are cautious, as a result of the last few dry springs, but are ready to act with regard to cropping inputs.

North Central

By the end of June 99% of the crop was sown. Crop and pasture growth has been slow due to the dry conditions through May and cool to cold conditions in June. Sheep are in medium to good condition on very short green pasture and about half are still on supplementary feed. Both grain and hay supplies are good. The farming community remains concerned about their long term survival.

Northern Irrigation

Rainfall has been patchy. Currently there is adequate moisture for pasture and crop growth but subsoil moisture is lacking. Spring rainfall or irrigation will be needed for crops to reach potential. Opening milk prices have caused uncertainty about the future for dairy farmers, with many having to make tough decisions about what strategy to take to survive the 09-10 season or if and how best to exit the industry. GM-W preliminary estimates are that farmers have recorded their lowest ever levels of water use this season due to the low allocation and the ability to carryover water.

North East

Rain across the NE has been very patchy with some cropping areas receiving average falls. All crops have now emerged and are growing well, with very few frosts for the month. Vineyards are currently dormant and do not require water. Paddock feed varies from adequate in some areas to minimal in others. Significant hand feeding continues. Fodder reserves are low in many regions. Farmers are nervous about the lack of sub-soil moisture and the potential for another failed spring.

East Gippsland

Dry conditions continue. The limited rainfall over the past month has resulted very limited growth of pasture and crops. The sowing of winter crops is completed however they are struggling to germinate with the lack of moisture. Growth of some fodder crops has been restricted by recent frosts. More rain is needed to keep water levels up in storages for stock to get through winter.

West and South Gippsland

Early June was cold combined with good rain. Soil moisture is still only enough to allow for pasture growth with little runoff going into dams. Pastures in general are growing much better due to the milder weather. On farm hay

reserves are quite low. Water storages are still low and will need good rains over the next few months to avoid problems in late spring and summer. There is some concern about milk price.

Port Phillip

Vegetable production levels are normal for this time of year. Soil moisture levels are low and farmers of perennial crops will be relying on good rainfall between now and spring when budburst occurs, Perennial fruit crops such as stone, pome fruits, wine grapes, and berry crops are in a dormant period at this stage and do not require water,

South West

June rainfall at Hamilton was close to average whilst dairying areas to the south have had below average rainfall. Sowing is nearing completion. Good rains in the Portland potato growing area have provided good soil moisture. There is reasonable to average pasture growth around Hamilton and the northern areas and good growth rates in the south. Pasture growth has slowed with colder, wetter conditions and lower soil temperatures. Supplementary feeding has been reduced. Run-off around Hamilton and the northern areas is still limited. There is caution amongst dairy farmers leading up to the announcement of the opening milk price.

DPI response

Drought related activities held this month

Mallee

- 11 Jun - Swan Hill Rural City Council drought team meeting.

Wimmera

- 17 Jun Birchip Ladies Agronomy Group seasonal conditions update. 20 attended.
- 25 Jun - Seasonal conditions update Sheep Hills. 25 attended.
- Jun - Farming with Pipes information session at Natimuk. 15 attended.
- Jun - Farming with Pipes information session at Noradjuha. 12 attended.

North Central

- 5 Jun - City of Greater Bendigo drought committee meeting. 14 attended.
- 11 Jun - Regional Managers Forum, Sustainable Development Subcommittee climate change seminar and workshop for local government and other agencies staff.
- 26 Jun - Central Goldfields Shire drought photo exhibition and social occasion. 40 attended.

Northern Irrigation

- 4 Jun - Grazing cereal workshop at Tongala. 25 attended
- 5 Jun - Grazing cereal workshop at Leitchville. 25 attended

North East

- 10-11 Jun - Sustainable Farm Families workshop at Beechworth. 9 attended.
- 29 June – Climate drivers and rainfall pattern presentation to Wilby Whole Farm Planning group. 13 attended
- 15 Jun - Completion of 2009 Stock Containment Area project. Funding of 23 landholders to construct 39 stock containment areas within NECMA
- 1 Jun – Grazing Cereal workshop at Invergordon

Gippsland

- 9 Jun - NRAC tour of Latrobe City and Macalister Irrigation District EC areas.
- 12 Jun - More Beef From Pastures at Ensay. 35 attended.
- 23 - 24 Jun - Sustainable Farm Families workshop at Yarram. 19 attended.

South West

- 10 - 11 Jun - Sustainable Farm Families workshop at Camperdown. 17 attended.
- 15 - 17 Jun - 'Making the most of it' workshops run by the WestVic Dairy Extension Committee. To provide information and support to dairy farmers managing milk price uncertainty and poor seasons. Mt Gambier, Mepunga, Colac, Princetown. 280 attended overall.

Local workshops planned

Mallee

- 1 - 2 Jul - Sustainable Farm Families workshop at Birchip.

- 16 - 29 Jul - Sunraysia Table Grape Growers study tour to Israel to see the latest in drip irrigation technology and technological adaptations. 13 growers plus a consultant, irrigation company representative and DPI staff will be participating.
- Two x One-on-One farm business management sessions

Wimmera

- 22 - 23 Jul - Sustainable Farm Families workshop at Willaura.
- 22 - 23 Jul - Sustainable Farm Families workshop at Minyip.
- 23 Jul - Farming in a drier climate at the AgFutures Forum at Warracknabeal.

North East

- 23 - 24 Jul - Sustainable Farm Families workshop at Seymour.
- 29 - 30 Jul - Sustainable Farm Families workshop at Euroa.

Gippsland

- 8 Jul - Sustainable Farm Families at Bairnsdale.
- 20-21 Jul - All About Soil Carbon with Christine Jones at Bairnsdale/Tambo Crossing.
- 24 Jul - Drought forum for accountants and financial planners.

Port Phillip

- Thursday 16th July 2009 - 3rd Biennial Berry Expo Mt Evelyn

Media and Communication

Media releases

4 Jun 2009 - New Commonwealth/Victorian agreement on water. (Prime Minister) The Australian and Victorian Governments have agreed on landmark reforms to return more water to the environment in conjunction with Victoria's irrigation modernisation program. The new agreement will enable the Australian Government to acquire 300 billion litres over the next five years from 2008/09, over and above those purchases already permitted under Victoria's four per cent annual cap from irrigation districts.

Media headlines

Weather

- **Long-term forecasts useless** Weekly Times 10/06 - The Federal Government has admitted long-term weather forecasts are too inaccurate for farmers to use. And it says a big boost in funding will be needed if they're to be made more reliable.
- **El Nino blow** Weekly Times 17/06 - Australian farmers have been warned that a powerful drought-inducing El Nino is on its way.
- **Farmers to weather a new year** Weekly Times 01/07 - South East Australian farmers once again find themselves in a new financial year without an end in sight to the drought.
- **Good, bad and ugly** Weekly Times 01/07 - Widespread rain in Western Victoria has heralded one of the best starts to winter-cropping programs in years.

Farming and agriculture

- **Victoria drives increase in winter grain crop** The Age 17/06 - Good autumn and early winter rains are likely to increase this year's winter grain crop, but the prospect of below-average rainfall for the rest of the year has cast a shadow over the forecast.
- **Winter's crop of contented farmers** Australian 17/06 - Australian farmers can expect their best winter crop in four years, with grains production for the season likely to rise by 5 per cent on 2008- 09 levels.

Water

- **Water woes flow** Shepparton News 08/06 - Goulburn-Murray Water has recorded a record-low season, with early estimates putting the total amount of water delivered at just 578,000 ML.
- **New water deal** Country News Insert 08/06 - The Federal Government has discarded plans to randomly buy water from northern Victorian irrigators and has agreed to targeted buy-backs of water for the environment, under a new Commonwealth/Victorian water agreement.
- **Trading's up and down ride** Stock & Land 18/06 - Australia's irrigation maps are being redrawn by water trading but no one knows which areas are set to win or lose.

Drought financial assistance

- **Drought scheme queries** Australian Financial Review 11/06 - The Victorian Auditor-General found the state government spent \$176 million in drought relief without knowing whether it achieved its stated goals.

Compiled & edited by Katherine Hollaway and Angie Grills, and proofed by Drought Operations & Response Managers.