

Dry Seasonal Conditions in Rural Victoria



Report: 92

7 September 2009



Crops in the northern country are beginning to show signs of moisture stress (Sept 2009)

Source: A Grills

Environmental Indicators

Weather

Rainfall

August rainfall was above average in the South West and in South Gippsland. Rainfall was below average in areas in the north of the state including the Mallee and regions along the Murray River. The remainder of the state received generally average rainfall.

Temperature

Both overnight and daytime temperatures averaged between half a degree and two degrees above the long term normals throughout the state during August.

Seasonal outlook

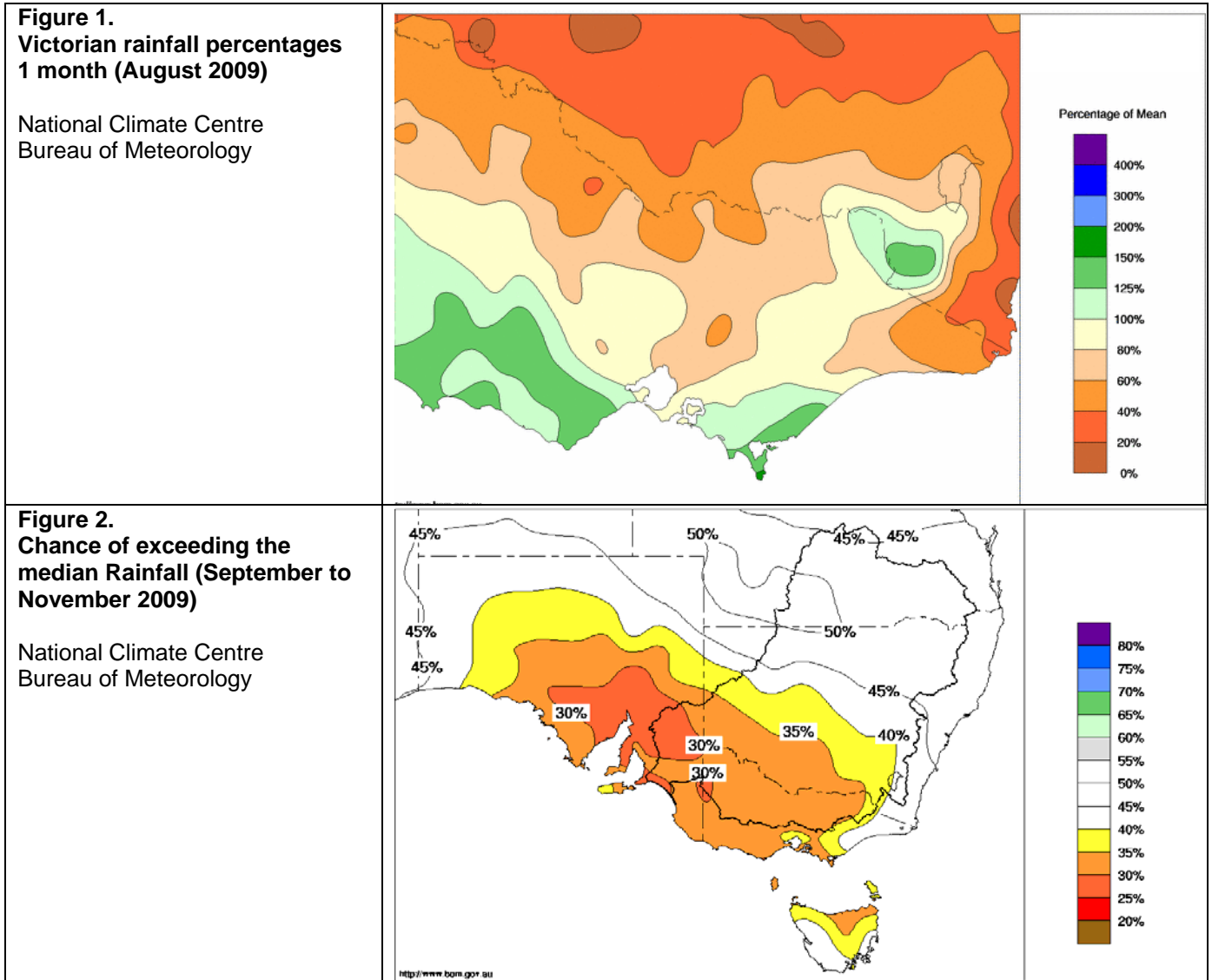
The Southern Oscillation Index for August was -5.0. The SOI is near neutral and does not show an El Niño trend. The sea surface remains significantly warmer than average across most of the tropical Pacific Ocean, exceeding El Niño thresholds from west of the date-line to the South American coast. Leading climate models continue to predict further development of the El Niño (i.e. warming of the Pacific), although not as emphatically as a month or two back. Therefore, the odds remain strongly in favour of 2009 being recognised as an El Niño year (Bureau of Meteorology 2 September).

Rainfall outlook

For south eastern Australia, the outlook for total rainfall for spring (September and November) shows a moderate to strong shift in the odds favouring drier conditions over most of SA, Victoria, Tasmania and south western NSW. For the September to November period the chance of exceeding median rainfall is below 40% across much of Victoria (Figure 2). The pattern of seasonal rainfall odds across SE Australia is a result of recent warm conditions in the Pacific Oceans (El Niño) (Bureau of Meteorology 26 August).

Temperature outlook

For southeast Australia, the outlook for temperatures over spring (September to November) shows warmer days and nights are favoured in most areas. The pattern of seasonal temperature odds across southeast Australia is a result of recent warm conditions in both the Pacific and Indian Oceans (Bureau of Meteorology 26 August).



Water storages

Goulburn-Murray Water (G-MW)

A seasonal allocation of 2% high-reliability water shares in the Murray system has been announced. All other systems remain with 0% allocation. Improvements in the Goulburn system also allowed full-season operation for delivery of carried over allocation and domestic and stock water requirements. It is anticipated that future improvements will allow the first allocations for the 2009/10 season on the Goulburn system on the 15 September. There is still concern about the status of the Broken, Campaspe, Loddon and Bullarook systems which have had only minor improvement in water availability (GMW 1 September).

Southern Rural Water (SRW)

The 2009/10 season allocation for customers in the Macalister Irrigation Area is currently 55% of high availability water shares (SRW 25 August). In the Werribee Irrigation District and Bacchus Marsh Irrigation District, the seasonal allocation is 2% high reliability water shares guaranteed to 30 Nov 2009 (SRW 25 August).

Table 2: Storage levels

Storage	Change in last month	Capacity 31/08/09	Storage	Change in last month	Capacity 31/08/09
Goulburn Basin	3%	22%	Thomson/ LaTrobe Basin	2%	29%
Broken Basin	0%	1%	Werribee Basin	0%	6%
Campaspe Basin	1%	7%	Glenelg/ Wimmera Basin	1%	9%
Loddon Basin	0%	18%	Maribyrnong	0%	4%
Upper Murray Basin	3%	24%	Barwon Storage	9%	38%
Ovens Basin	0%	88%			

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

Social Indicators

DPI Drought Hotline

The DPI / DSE Customer Service Centre received 57 drought related contacts for August 2009 compared to 166 last month. Enquiries were from Port Phillip (23), North East (10), North West (9), South West (8), Gippsland (5) and interstate (2). The major queries are listed below.

FAQ's used to answer customer enquiries	Total
Drought Apprenticeship Retention Bonus III	15
Drought Response initiatives	11
DVD: A Step Ahead	9
DVD: The Hard Yard	5
Interest Rate Subsidies	4
Water for Industry Initiative	2

Other queries made up the remainder of the calls

Drought financial assistance

As at 29 August 2009, Rural Finance reports that 13,534 applications for the **Exceptional Circumstances Interest Rate Subsidy** for primary producers have been processed with a 77% approval rate. The total value of the subsidies approved is \$415 million with an average of \$30, 593.

Victorian Government drought support

As at 31 August 2009, a total of \$1.6 million in **Drought Apprenticeship Retention Bonuses** (DARB III) have been paid to Victorian businesses to support 1415 apprentices in the 2008-09 financial years.

As at 29 August 2009, Rural Finance Corporation has paid out \$2.16 million in **On-Farm Productivity Improvement Grants** to 820 applicants on behalf of the Victorian government.

Community report

Rural Financial Counselling Service.

During July, 69 new clients accessed the Rural Financial Counselling Service. Regional reports highlight that whilst rainfall has lifted the hopes of farmers across the state there are still a number of emerging issues including;

- Dairy farmer concerns with low milk price and water allocations and their impact on cash flow.
- Broadacre cropping concerns with prices for wheat and new season's hay dropping
- Concern with water allocations for irrigation dependant farmers
- Farms being taken of the market due to lack of interest in the Wimmera

Economic Indicators

Production figures and forecasts

The Department of Primary Industries September crop predictions forecast that state grain production could range from four million to 12.5 million tonnes depending on spring rain. Chris Sounness from the Grains Team at DPI Horsham said that with average conditions for the rest of the growing season, the harvest could reach 10 million tonnes with an approximate value of \$2.5 billion. This includes a predicted yield of 4.9 million tonnes of wheat, 3.2 million tonnes of Barley and 0.4 million tonnes of Canola.

Commodity prices and movements

The world wheat market has continued its downward trend, on the back of increased supply estimates and falling demand, with the results that AWB has revised its price forecast for 2009/10 season wheat downward by \$25 a tonne, giving an estimated pool return (EPR) for benchmark grade APW wheat of \$265-275 a tonne (FOB, exc GST) (AWB 14 August).

AWB's \$15 a tonne premium early commitment contracts for AWB's 2009/10 season wheat pools opened on Monday, 17 August. Wheat grower support was so strong that the available tonnage was fully contracted and the offer closed a week ahead of the scheduled 4 September deadline (AWB 28 August).

Table 3: Commodity prices and movements

Commodity prices	Week ending 4 th Sept	Week ending 28 th August	July	Last Year
Wheat APW pool ¹	300	300	300	393
Malting barley ¹	185	205	245	N/A
Yearling steers (C3 180-220 kg) ²	346	341	359	351
Lambs (16-20 kg) ²	469	464	455	465
Old pasture hay (Bairnsdale \$/t) ²	150	150	150	100
Temporary water (Greater Goulburn \$/ML) ³	413	418	n/a	591

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

Conditions vary across the Mallee depending on rainfall and soil moisture. Showers during August have helped crop growth but more rainfall is needed during September. Reduction in yield potential is evident in areas that have not received good rainfall during August, particularly on heavier soils. There are still some crops with good growth and yield potential through the region. Early grape varieties are sprouting. Citrus harvest continues with good sales into USA and Japan. Almonds are expected to have a good season. There is still good pasture feed around and stores of hay and grain are good.

Wimmera

Annual rainfall deciles range from 1-5, while GSR deciles range from 3-8 for the Wimmera. Shallow soil moisture is good at this point in time. Crops are well positioned across the Wimmera. Most cereals are well into tillering and this is also the case for canola. Pulses are now out of the ground and will start to grow faster as the days get longer. Most growers are now into their spraying programs, waiting for the right conditions. Fodder reserves are good.

North Central

The June – August rains have wet the subsoil to a depth of about 40 cm. Cereal crops are now mostly a healthy green. There is moisture stress evident in the more northern areas such as Charlton, Boort, and Echuca. South of Bendigo crops are looking good. Good spring rains are still needed as subsoil moisture is limiting. Sheep are in medium to good condition on short green pasture. Lambing is almost complete with reports of slightly below average lambing percentages. Green paddock feed is short. Many cereal crops were grazed by sheep until early August. Both grain and hay supplies are good. The rains over the last three months have put some water into the

smaller farm dams in most paddocks across the region. Larger farm dams that supply a reticulated system around the farm are part filled but will supply water well into summer.

Northern Irrigation

Small amounts of rain have been maintaining crops in most parts of the region. Some areas particularly around Kerang are showing signs of stress. A good rain is needed very soon as moisture is almost exhausted. Many farmers with access to bores have begun irrigating. The yield potential on a number of crops in the northern country has lowered, especially those on heavy soils along the river. The 204 Canning peaches are in flower. Apricots and plums are in advanced bud swell and budburst stage. The availability of carry over should be welcome for use in spraying, frost control and for the crucial starting stages in apples and pears. There are visual signs of cows losing condition and in poorer condition than normal. Many pastures are still looking quite green but growth is beginning to slow as moisture is running out. Dairy farmers are hopeful that there will be adequate amounts of quality hay on the market this season but the finance required will be a barrier. Some farmers are concerned about the sale of permanent water out of their district and the implications this has for their future.

North East

Rain fall was timely but modest and has not allowed significant run off in the region during August. The upper Murray received good falls in late August. Soil moisture levels are low in many areas. The warm and windy weather has lead to rapid crop maturity and in some cases senescence in an area around Cobram, Yarroweyah, Strathmerton and Yalca. Areas around Yarrowonga, Devenish, Katamatite, Numurkah, Nathalia and Picola have some minor leaf tipping due to moisture stress. Higher rainfall areas still look excellent. Paddock feed varies greatly depending on species, management and location. Pasture growth during August has been relatively high due to a lack of water logging. On-farm fodder reserves are largely depleted. On-farm water quantity still varies greatly across the Ovens Catchment. Generally farm dams in the upland areas east of the Hume Highway are 50% to 100% capacity. However dams in the Riverine Plains west of the Hume Highway are at 0 to 50% capacity. Some of these dams have yet to receive any surface runoff in 2009.

East Gippsland

Conditions are dry across East Gippsland. There has been a decrease in the total area sown to vegetable crops this year due to the uncertainty of the season. Pasture cover is very low and not all areas possess green feed. Supplementary feeding continues. Hay is being transported into the district each day as on farm fodder reserves are very low. Water storages are below the long term averages.

West and South Gippsland

Conditions have been warmer than normal with good falls of rain throughout August. This has created good conditions for pasture growth and just recently some water runoff to dams. Fodder crops continue to grow well with average to above average rainfall. Paddock feed levels are much better than normal at this time of year. Only paddocks with low fertility and poor management remain with low growth. Fodder reserves are gradually dwindling but in general many still have some on hand. Some runoff is beginning to happen in most of West and South Gippsland. Dams are still not full but the situation has improved. The Yarram area is still waiting for significant runoff to fill dams.

Port Phillip

Almost average rainfall fell in the region during August. The areas around Bacchus Marsh and Werribee received approximately 30mms, with better falls towards the Mornington Peninsula. Soil moisture levels are good but need further rain. Orchard fruit are beginning to flower. Vegetable growers are facing low water allocations in the Werribee and Bacchus Marsh areas reducing the area planted. August rainfall has helped with soil moisture and sowing of crops.

South West

Rainfall for August was above average with some heavy falls in the second half of the month. South of the region particularly in the dairy areas it's very wet. There is some evidence of water logging occurring around the region but otherwise crops growing as expected with no major issues. Pasture availability in the west and north of the region is adequate. In some areas it is particularly good. All pastures are green and expected to grow well after this month's rainfall. To the south of the region, from Warrnambool across to Colac and south of the Highway it is very wet. Pasture growth has slowed dramatically. Continued spring rainfall is needed to ensure good hay and silage yields. In most areas of the region, runoff from this month's rainfall has been able to fill dams to overflowing. Continued rainfall in the spring months is still necessary.

DPI response

Drought related activities held this month

Mallee

- 12 Aug- Ultima - District VFF - Seasonal climate update. 47 attended (40 Farmers, 5 Elders, 2 VFF Staff).

Wimmera

- 11 August - DPI Policy Unit - 10 Staff
- 19 August - Crop Tech Consultancy Group. 18 attended (16 Farmers, 2 Consultants)
- 7 Aug - Woorak - Seasonal climate update. 18 attended (15 Farmers, 1 DPI, 1 VFF, 1 Agribusiness).
- 7 Aug - Natimuk - Seasonal climate update. 14 attended (10 Farmers, 2 DPI, 2 Agribusiness)
- 10 Aug - Nhill VFF - Seasonal climate update.
- 11 Aug - Rupanyup VFF - Seasonal climate update. 40 attended.
- 13 Aug - Horsham East - Seasonal climate update.
- 14 Aug - Brim - Seasonal climate update.

North Central

- 13-14 Aug - Sustainable Farm Families workshop at Maryborough. 19 attended.
- 7 August - City of Greater Bendigo drought review and planning meeting, 12 attended.

Northern Irrigation

- Aug - Focus Farm Activity – Numurkah. 30 attended.

North East

- 13 Aug - Longwood - Persistent perennial pastures demonstration site field day
- August - Tungamah VFF - Seasonal Climate Update. 45 attended.
- 31 Aug - Seymour - Information session with local bankers, accountants and financial planners. 13 attended.

Gippsland

- Aug - Normal dairy discussion groups covering “seasonal issues”. 8 attended.
- 28 July - Ellinbank - Service provider update breakfast.
- 29 July - Leongatha - Service provider update breakfast.
- 14 Aug - Dairy drought planning teleconference.

South West

- 10-11 Aug - Sustainable Farm Families workshop at Birregurra. 20 attended.
- 13-14 Aug - Sustainable Farm Families workshop at Marcus Hill. 26 attended.
- 19-20 Aug - Sustainable Farm Families workshop at Linton.

Success stories

Focus Farm Activity – Northern Irrigation Region

Currently the major problem in the Northern Irrigation Region is uncertainty due to lower than average rainfall, water allocations and milk price. The Focus Farm Activity involves three group visits to the same farm at critical times of the season. The group looks to assist with rapidly moving from high to lower input systems to adjust to the 40% milk price drop announced at the beginning of the year. The main focus is on developing an understanding of each individual business situation and then working as a group to help make the best decisions for each business. Attendance and feedback from the first day near Numurkah was very good.

Local workshops planned

Mallee

- 7-8 Sept - Sustainable Farm Families workshop at Edenhope
- 22 Sept – Mildura – ‘Water Information’ session followed by ‘Where to From Here’ drought support session. 9am Workingman’s Club Mildura. RSVP DPI Mildura 50514500.

Gippsland

- 3 Sept – Bairnsdale - Beefing up Performance,
- 15 Sept – Marlo – EverGraze Supporting Site Field Day

South West

- 10-11 Sept - Sustainable Farm Families workshop at Clarkes Hill

Media releases

6 August 2009 – Despite good winter rains, southern Basin still in the grip of record drought (MDBA) Despite some good rain in June and July and a small increase in water flowing into the Murray system, the outlook for the southern part of the Murray-Darling Basin for the 2009-10 water year remains poor. In the latest Murray-Darling Basin Authority drought update released today Chief Executive Mr Rob Freeman says Murray System inflows for July were about 330 GL.

7 August 2009 – Long-term rainfall deficiencies persist; some relief to short-term deficits over parts of southern Australia (BOM) Parts of southern Australia recorded above average rainfall during July 2009, particularly near the coast. Elsewhere, rainfall was generally below the long-term mean, with large areas of Queensland experiencing very much below average rainfall. Average to above average July rainfall over Western Victoria and southeast SA has relieved most of the short-term deficits that existed in the 6-month period ending June 2009. However, longer-term deficits remain in these regions.

26 August 2009 – Water scarcity started 15 years ago (CSIRO) New analysis shows that the water scarcity being experienced in southeast Australia started up to 15 years ago. While the results from the work by senior CSIRO researcher, Dr Albert van Dijk, may not surprise many people, it provides scientific evidence of the shift. The finding follows the first ever national and comprehensive analysis of 30 years of on-ground and satellite observations of Australia's water resources.

Media headlines

Weather

- **Heavens hold the key to a potential bumper harvest – Anxious wait** Warrnambool Standard 20/08 – The Victorian grain season is delicately poised between a potential bumper crop and a below-average yield.
- **Water usage falls but dam little left** Herald Sun 28/08 – Melbourne has slashed its total water usage to the same levels used by the city in 1983 when the population was 1.5 million people smaller.
- **El Nino tipped as 'weak to moderate'** Australian Financial Review 20/08 – An El Nino building up in the Pacific looks like being only a mild version of the phenomenon.
- **It's not drought, it's climate change, say scientists** The Age 30/09 – Scientists studying Victoria's crippling drought have, for the first time, proved the link between rising levels of greenhouse gases and the state's dramatic decline in rainfall.

Farming and agriculture

- **Milking the latest research** Herald Sun 12/08 – A new \$128 million national dairy research centre will be set up in Melbourne. The Dairy Futures Co-Operatives Centre in Bundoora will examine how to improve farm practices and will give local farmers the ability to compete with Europe and the United States.
- **Beef to bounce back** Weekly Times 12/08 – Cattle prices are improving, but don't expect an immediate return to the rates of the past five years. That's the message from Meat and Livestock Australia in its mid-year projections released this week.
- **Dairy – recovery is on the way** Stock and Land 13/08 – The recovery in the dairy market is on its way but remains at the mercy of extreme volatility at international and domestic levels.
- **Free-range revolution rattles cage industry** Herald Sun 14/09 – Battery hens may become a thing of the past with a supermarket giant signalling a shift to free range eggs.
- **Dairy cattle on death row** Herald Sun 17/08 – Many Victorian dairy farmers may have to send their cows to slaughter because they can no longer afford to feed them.
- **Lamb numbers add up** Weekly Times 19/08 – Sheep numbers, not only in Australia but overseas, is the key factor behind the upbeat outlook for lamb painted by Meat and Livestock Australia in its latest industry forecast.
- **Grape wrath as pests spread** Weekly Times 19/08 – Growers have been swamped by pests pouring in from mothballed vineyards.
- **Debt-hit dairy farmers forced to consider quitting** The Australian 24/08 – Falling milk prices and increased production costs because of the drought have forced dairy farmers across the country's southeast to make the tough decision of whether to stick around in the hope of better times.
- **Tassie soaking delays crops and stalls fishing** ABC Rural 28/08 – Parts of Tasmania will record their wettest August on record this year. And while no one would be silly enough to complain about it, it is putting crop planting behind and reducing the catch for fishermen.
- **Farm production to rise to \$8.3bn, Prices fall in grains, dairy and wine** The Age 29/08 – Australian farm production will rise in volume and value in 2009-10 but commodity prices will be a mixed bag, according to the latest NAB agribusiness commodities wrap.
- **At last – a milk price rise for farmers** ABC Rural 28/08 – Australia's largest milk processor has announced the first price rise to farmers this season. Murray Goulburn will pay an extra 1 cent per litre.

- **\$620-million forecast** Wimmera Mail Times 02/09 – The Department of Primary Industries' August crop predictions forecast a maximum 12.5 million tonne Victorian grain harvest.
- **Anthrax outbreak** Shepparton News 03/09 – Two years after the most recent Goulburn Valley outbreak, a young dairy heifer has died from anthrax on a farm in the Stanhope-Tatura area.
- **Farmers making decisions** Northern Times 01/09 – A Dairy Australia survey has confirmed that half the dairy farmers in the Lower Murray Darling Basin are expecting to make a decision regarding continuing in the dairy industry before the end of the year.
- **Committee to visit Hamilton properties** Warrnambool Standard 03/09 – The House of Representatives Primary Industries and Resources Committee will inspect a number of properties around Hamilton tomorrow as part of its inquiry into Australian farming and climate change.

Water

- **Water trading wash up – Northern trades dry up** Weekly Times 12/08 – Water trading applications from at least 132 Murray Valley and Torrumbarry irrigators to sell 33.889 megalitres have been rejected under Victoria's 4 per cent cap on trade.
- **Pipeline plan rejected** The Age 13/08 – Opposition MPs in the upper house yesterday voted against aspects of the State Government's bulk water entitlements legislation, potentially preventing Melbourne from accessing water through the north-south pipeline.
- **Water trading ban lifted** Wimmera Mail Times 14/08 – GWMWater has lifted a water trading moratorium within the Wimmera Irrigation Area.
- **Murray farm sale a water-rights test** The Age 19/08 – A historic irrigation farm once owned by fallen tycoon John Elliot is being sold in what will be a test case for government plans to save the Murray.
- **Irrigators get water destined for Melbourne, Tide Turns** Weekly Times 19/08 – Water savings earmarked for Melbourne as part of the Foodbowl Modernisation plan will have to be handed to irrigators this season.
- **Warning on water** Sunraysia Daily 22/08 – Former directors of the First Mildura Irrigation Trust warned yesterday that there would be no further investment in irrigation in Sunraysia until security of water supply could be assured.
- **Half to start season** Country News 17/08 – The allocation for the Campaspe groundwater supply protection area has started at 50 per cent for this season.
- **Water question key to rural land values** Australian Financial Review 18/08 – The freedom to sell water separately from land has become a vital determinant of rural property values around Australia.
- **Water pipeline laid** Herald Sun 27/08 – Melbourne's water crisis could be eased by February with the last piece of the controversial \$750 million north-south pipeline laid yesterday.
- **Caps off to Greens on water** Weekly Times 02/09 – The Victorian Greens have cleared the way for the removal of the state's 10 per cent cap on the volume of water entitlement irrigators can separate from their land or sell to 'non water users'.

Drought financial assistance

- **Help for farmers and small businesses** Warrnambool Standard 20/08 – Exceptional Circumstances assistance for south-west Victoria was recently extended until March 31, 2010 which means farmers and small business operators can claim drought assistance now.
- **Shake-up in farmers' aid** Australian Financial Review 28/08 – Farmers could claim help for all sorts of hardship, not just drought, under big reforms to the 17-year-old exceptional circumstances regime being completed by the federal government.
- **Drought aid row flares** Bendigo Advertiser 05/09 – The State Government has hit back at claims that drought support for farmers is under threat. Agriculture minister Joe Helper said the opposition was guilty of scaremongering about drought assistance.

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