

Dry Seasonal Conditions in Rural Victoria



Report: 91

7 August 2009



Stone fruit is beginning to flower at Swan Hill
Source: S. Lorimer

Environmental Indicators

Weather

Rainfall

Rainfall was average or just below average for much of Victoria during July. The South West and isolated areas of the Wimmera and North Central regions received above average rainfall.

Temperature

Both overnight and daytime temperatures during July averaged between half a degree and one degree above long-term normals throughout the state. The reason for the mostly warmer conditions (than usual) during the month relates to the almost complete absence of south-westerly or southerly synoptic types, which usually bring "cold outbreaks" to Victoria (Bureau of Meteorology).

Seasonal outlook

The Southern Oscillation Index for July was +2.05.

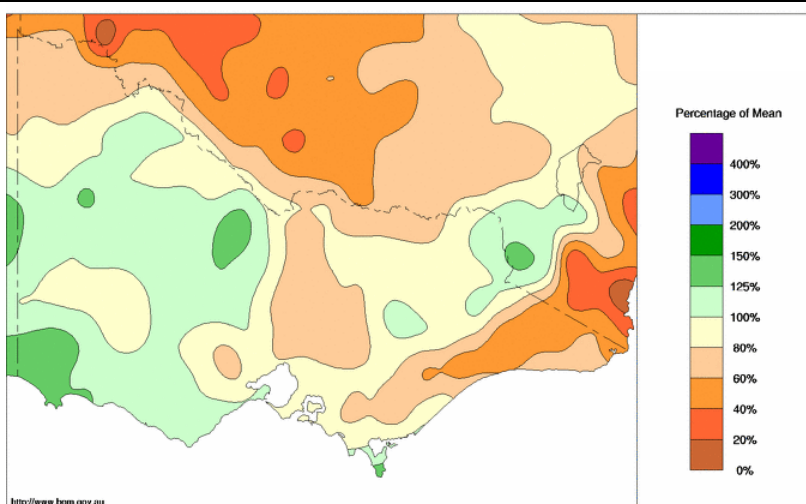
Seasonal model forecasts for Victoria over the next three months generally indicate tendencies to slightly drier conditions.

Atmospheric indicators are increasingly showing patterns typical of a developing El Niño event. These indicators are driven by warm conditions in the tropical Pacific Ocean. If these warm conditions persist, as forecast by leading climate models, 2009 will be considered an El Niño year (Bureau of Meteorology, 5 August).

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

Percentage of monthly mean
 (1961 – 1990 base period)

National Climate Centre
 Bureau of Meteorology



Water storages

Goulburn-Murray Water (G-MW)

The seasonal allocations for all regulated water systems in northern Victoria remain at zero (3 August). The channel networks are unlikely to be operational by 15 August and will open when sufficient resources are available. The next allocation announcement is due 17 August (G-MW).

The annual groundwater allocation for 2009/10 for the Katunga Water Supply Protection Area has been set at 70% of groundwater licence entitlement for the protection area.

Southern Rural Water (SRW)

The 2009/10 season allocation for customers in the Macalister Irrigation Area is currently 40% of high availability water shares (28 July). In the Werribee Irrigation District and Bacchus Marsh Irrigation District, the seasonal allocation is 2% high reliability water shares guaranteed to 30 Nov 2009 (28 July).

Table 2: Storage levels

Storage	Change in last month	Capacity 03/08/09	Storage	Change in last month	Capacity 03/07/09
Goulburn Basin	5%	18%	Thomson/ LaTrobe Basin	3%	27%
Broken Basin	0%	1%	Werribee Basin	0%	6%
Campaspe Basin	0%	7%	Gleng/ Wimmera Basin	3%	8%
Loddon Basin	0%	18%	Maribyrnong	1%	4%
Upper Murray Basin	5%	21%	Barwon Storage	5%	29%
Ovens Basin	31%	88%			

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

Irrigation in the Murray-Darling Basin – ABARE Report

Seven percent of irrigation farms made new investments in on-farm irrigation infrastructure during 2006-07. According to the latest report release by ABARE, these investments were made despite the effects of drought on overall farm profitability. The report *Irrigation in the Murray-Darling Basin: Investment in on-farm irrigation infrastructure 2006-07*, examines investment patterns of irrigated farms in the Murray-Darling Basin during 2006-07 and suggests the past investment in efficient technologies has enabled some irrigators to better cope with reduced water availability

Social Indicators

DPI Drought Hotline

The DPI / DSE Customer Service Centre received 166 drought related contacts for July 2009 compared to 152 last month. Enquiries were from the North West (56), South West (36), North East (30), Port Phillip (21), Gippsland (11), interstate (10) and unknown (2). The major queries are listed below.

FAQ's used to answer customer enquiries	Total
DVD: A Step Ahead	83
DVD: The Hard Yard	27
Drought Apprenticeship Retention Bonus III	20
Municipal Rates Subsidy	7
Exceptional Circumstances	4
Rural Financial Counselling	3
On-Farm Productivity Improvement Grants	5

Other queries made up the remainder of the calls

Drought financial assistance

As at 1 August 2009, Rural Finance reports that 13,403 applications for the **Exceptional Circumstances Interest Rate Subsidy** for primary producers have been approved with a 77% approval rate. The total value of the subsidies approved is \$409 million with an average of \$30,461.

Victorian Government drought support

As at the 31 July 2009, a total of \$1.2 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 the 31 July 2009, Rural Finance Corporation has paid out \$1.9 million in **On-Farm Productivity Improvement Grants** to 737 applicants on behalf of the state government.

Community report

Rural Financial Counselling Service.

In the reporting period from July 2008-June 2009, rural financial counsellors have assisted 3,870 clients; this is a reduction of some 400 clients from 2007/08. Of this year's clients, 1,337 (34.5%) were new. A particular area of focus in 2008/09 has been in the dairying and horticulture industries as they undergo adjustment driven by ongoing drought pressures and lower commodity prices. The impact of the bushfires has seen increasing clients demand in these areas as well, particularly for the North Central and Gippsland Services.

Economic Indicators

Production figures and forecasts

The Australian Oilseeds Federation's July crop report estimates that 219,000 hectares of canola is planted in Victoria with an estimated production of 318,000 tonnes.

Commodity prices and movements

AWB has revised its price forecast for 2009/10 season wheat downward by \$5 a tonne, giving an estimated pool return (EPR) for benchmark grade APW wheat of \$305-315 a tonne (FOB, exl GST)(AWB 17/07).

Grain and hay prices are under downward pressure at the moment. Generally prices for cattle and sheep remain reasonably steady whilst lamb prices have dropped.

Table 3: Commodity prices and movements

Commodity prices	Week ending 7 th Aug	Week ending 31 st July	June	Last Year
Wheat APW pool ¹	300	300	300	393
Malting barley ¹	235	245	255	n/a
Yearling steers (C3 180-220 kg) ²	361	359	353	365
Lambs (16-20 kg) ²	438	455	489	406
Old pasture hay (Bairnsdale \$/t) ²	150	150	140	120
Temporary water (Greater Goulburn \$/ML) ³	n/a	n/a	400	619

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

Things are still looking good in the Mallee and should remain that way for the next 2-3 weeks. Follow up rain will be needed towards the end of August. Citrus harvest is in full swing with good export out-turns in the USA. Stone fruit in Swan Hill is beginning to flower. There is excellent pasture feed around. A reasonable amount of stored hay and grain is coming out of the Mallee.

Wimmera

Shallow soil moisture is good at this point in time and crops are positioned very well right across the Wimmera. Fodder and feed are in good supply. Lamb prices have gone down in the last two weeks which is a normal trend for this time. Everyone is hoping for a kind spring so that crop potential can become reality.

North Central

Crop growth was normal by the end of July after a slow start, due to dry conditions. The rain in June and July has wet the subsoil to a depth of about 40 cm. Once the weather warms in mid-August, crop growth will respond quickly and further follow up rain will be needed. Sheep are in medium to good condition on short green pasture and supplementary feed has ceased on nearly all farms. 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. The farming community remains concerned about long term survival.

Northern Irrigation

Rainfall has been adequate for pasture and crop growth. As the days get longer, a decent rainfall event is needed. Crops are looking good. Soil moisture is reasonable at the moment but more rainfall is needed to improve moisture reserve for the upcoming warmer days. Paddock feed is quite good where pastures have been managed well. Low chill stone fruit varieties and early apricots are flowering. Frost may be an issue where soil moisture is limiting and access to irrigation is limited. There is a general concern amongst all farmers with the lack of rain and prediction of an El Niño. Dairy farmers are in the position of having to work out what strategies to employ to minimise losses and what trigger points to use to implement these plans, if necessary.

North East

Rainfall continues to be patchy. The upper North East has fared better than southern areas. Enough rainfall has fallen to maintain surface soil moisture, though moisture to depth is marginal. Good rain is still needed again in many areas. Generally all crops are growing well. Pasture growth has been very good throughout the North East over June and July. Fodder reserves remain adequate. A large percentage of dams are yet to fill across the North East. Grain growers are cautiously optimistic; the current situation is good, but with the lack of sub-soil moisture, good spring rain will be essential.

East Gippsland

The prolonged dry spell is creating concern for farmers as water sources are getting low. Runoff is needed to prepare for the coming months. There has been little pasture and crop growth so supplementary feeding is required. Dryland fodder crops will be struggling to make it to harvest as any feed that is available from these crops at the moment is being offered to livestock due to pasture shortages. Parts of East Gippsland are extremely dry with little or no green feed. Most farms have exhausted their fodder reserves and are buying in small amounts. Producers are hopeful that conditions change soon.

West and South Gippsland

Conditions have been generally much warmer than normal over the last month, with rainfall almost average but variable across the region. There is still some worry about the dryness of the soil and the possibility of a failed spring if this trend continues. Runoff is still not occurring in many districts and stream and ground water flows are low for this time of year. Fodder crops are growing well where they have been sown. Where sufficient rain has fallen over the last month and good grazing practices have been used, growth of pastures has been quite good. Home grown fodder reserves on some farms have held on due to better than expected pasture growth rates. Most silage is gone but there is still some hay available on these farms. There is increased movement of hay into the drier areas of Gippsland where reserves are lower.

Port Phillip

Generally good rainfall has been received during July. Soil moisture levels are good but need further rain. Orchard and berry fruit in the Yarra Valley are in dormancy and are not requiring water. High winds have meant some drying out of soils in this area. Some growers are concerned about the level of chill to date. Vegetable growers are facing low water allocations in the Werribee and Bacchus Marsh areas which will influence planting decisions. Most strawberry growers have finished planting and production should begin in mid-September. These growers are mainly concerned about water availability and cost for the coming season.

South West

This July was the wettest for 13 years in the Hamilton district. Crops around the region are now 99% sown. Currently crops are growing as expected with no major issues. Crop success will ultimately depend on spring rainfall. The soil profile is well charged having enough moisture present now to hold through for a few months. There has been reasonable feed across the region. Most of the good home grown forage has been consumed. Due to the impact of the milk price, there has been a general reluctance to purchase additional hay, even with the softening of the prices. Areas to the north of Hamilton still need significant rain to allow runoff to fill dams.

DPI response

Drought related activities held this month

Mallee

- 1 - 2 Jul - Sustainable Farm Families workshop at Birchip. 8 attended.
- 16 - 29 Jul - Sunraysia Table Grape Growers study tour to Israel for the latest in drip irrigation technology and technological adaptations. A group of 13 growers plus a consultant, irrigation company representative and DPI staff participated.
- Two x One-on-One farm business management sessions.

Wimmera

- 22 - 23 Jul - Sustainable Farm Families workshop at Willaura. 24 attended.
- 22 - 23 Jul - Sustainable Farm Families workshop at Minyip. 11 attended.
- 23 Jul - Farming in a drier climate at the AgFutures Forum at Warracknabeal. 26 attended.
- 30 July – Climate update at Nhill GRDC Farmers Update. 100 attended.

North East

- 23 - 24 Jul - Sustainable Farm Families workshop at Seymour. 6 attended.
- 29 - 30 Jul - Sustainable Farm Families workshop at Euroa. 23 attended.
- 23 Jul - Climate update at Riverine Plains GRDC Farmers Update at Mulwala. 120 attended

Gippsland

- 14 Jul - AgFutures climate change and carbon trading talk at Omeo. 25 attended.
- 20-21 Jul - All About Soil Carbon with Christine Jones at Bairnsdale/Tambo Crossing. 150 attended.
- 28 Jul - DPI/GippsDairy service provider update, Ellinbank. 25 attended.

- 28 Jul - DPI/GippsDairy service provider update, Leongatha. 13 attended.

Port Phillip

- 16th Jul -Third Biennial Berry Expo Mt Evelyn. 80 attended.

South West

- Making the most of seminars – a number across the region, focusing on how to manage the milk price drop and seasonal conditions – a video of one of the sessions is available at the DEC website.

Local workshops planned

Mallee

- Possible workshops about the opportunities and costs of cutting hay if weather remains dry.
- 5 - 6 Aug - Sustainable Farm Families workshop at Quambatook.
- 12 Aug- Ultima - District VFF - Seasonal climate update.

Wimmera

- 7 Aug - Woorak - Seasonal climate update.
- 7 Aug - Natimuk - Seasonal climate update.
- 10 Aug - Nhill VFF - Seasonal climate update.
- 13 Aug - Rupanyup VFF - Seasonal climate update.
- 13 Aug - Horsham East - Seasonal climate update.
- 14 Aug - Brim - Seasonal climate update.

North Central

- 13-14 Aug - Sustainable Farm Families workshop at Maryborough.

North East

- 13 Aug - Persistent perennial pastures demonstration site field day, Longwood.

Gippsland

- Normal dairy discussion groups covering “seasonal issues”.

Port Phillip

- DPI facilitated water session for the Mornington Peninsula Vignerons Association in conjunction with Melbourne Water, South East Water and Southern Rural Water.

South West

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

Media and Communication

Media releases

6 JULY 2009 – Very dry first half of the year for parts of southeast Australia (Bureau of Meteorology)

Whilst much of southern and eastern Australia recorded average or above average rainfall during **June 2009**, a substantial area of south eastern Australia, including southern and eastern Victoria, saw a continuation of dry conditions. Victoria has now experienced its fourth driest January to June on record.

7 AUG 2009 – Government accepts advice on Victorian EC application (Hon. Tony Burke MP)

The Rudd Government has received advice from the National Rural Advisory Council (NRAC) on its assessment of the Exceptional Circumstances (EC) application for the Latrobe and Macalister Irrigation District in Victoria. “The government has accepted NRAC’s advice not to declare full EC for the Latrobe and Macalister Irrigation District area,” Mr Burke said. Interim drought assistance will end on 21 August 2009.

Media headlines

Weather

- **El Nino hits home** Weekly Times 15/07 El Nino is back. Just as farmers enjoy their best seasonal break in years, they're being warned of a return to dry conditions in coming months.
- **State faces 'worst –ever' fire season** The Age 29/7 – Victoria faces a fire season of unprecedented danger, with the state's fire officials expecting conditions to be worse than last summer when more than 170 lives were lost to bushfires.

Farming and agriculture

- **Fodder growers on tenterhooks** Weekly Times 08/07 – Fodder producers are worried that low opening prices for milk could translate into reduced demand for their product.
- **Herds pay dearly for cheap milk** Australian Financial Review 14/07 – The dairy herd is shrinking as farmers send cows to slaughter in response to low milk prices and dire water shortages, which experts say could force a new round of industry restructuring this year.
- **Farm confidence up** ABC Rural News 28/07 – The latest Westpac Agribusiness Index shows a rising confidence among the nation's farmers and increased preparation to hand over the family farm to the next generation.
- **Our citrus in demand – Growers having good season** Sunraysia Daily 25/07 – Sunraysia's citrus growers are having another good season, with strong demand for premium and large-sized navels that are again of excellent eating quality.
- **Agriculture production rises to \$43.3bn** Australian Financial Review 29/07 – Australia's agricultural production increased by 20 per cent to \$43.3 billion in 2007-08, figures show. Most of the increase in the value of production was due to improved crop conditions, the Australian Bureau of Statistics said.
- **Business time for season** Stock and Land 06/08 – The Victorian season enters its most critical quarter as the quintessential mixed bag- with conditions ranging from critically dry in a 100 kilometre radius from Port Phillip and East Gippsland to sodden through south-West Victoria.

Water

- **Darling water trading ban** Sunraysia Daily 02/07 – Temporary trade of water from the Lower Darling River to the Murray Valley will not be allowed in 2009-2010
- **Trading limit reached** Northern Times 07/07 – The Robinvale, Merbein and Red Cliffs districts have recently joined local areas as having reached their four per cent water trading cap for the season.
- **Water cap criteria set** Riverine Herald 08/07 – Criteria exempting 60,000 mega litres of Federal Government water purchases from Victoria's 4 per cent water trading cap has been set by the Northern Victoria Irrigation Renewal Project (NVIRP) and Goulburn-Murray Water (GMW)
- **Productivity Commission examines new ways to buy water** ABC Rural News 27/07 – A Productivity Commission study will look at different ways that the Federal Government can purchase water entitlements in the Murray Darling Basin.
- **Water trades reach 10% limit** Countrynews 03/08 – Water trading limits have already been reached in some irrigation areas, with Goulburn-Murray Water still to process about half of the applications it has received.
- **Trading halted, as authority drops a water bomb** Weekly Times 05/08 – Debit ridden irrigators have been denied the right to sell their water as the state's largest water corporation imposes trading halts across northern Victoria.

Drought financial assistance

- **Policy change for Centrelink drought payments – A gift horse for farmers** Border Mail 11/07 – An inconsistency between Centrelink policy and the law that prevented hundreds of farmers accessing drought relief payments has been lifted.

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