

# The year that was...

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*"Never get so busy making a living that you forget to make a life."*

1999 was a wonderful year for those who invested in shares, particularly high-risk equity shares (even Vicgrain). It also was the year to invest in residential property, particularly in prime locations like the inner city and the beach. There seems to have been a huge surge of confidence in the future of the Australian economy and investing in the future.

The irony, particularly for us, is that all commodity prices, including metals, have been depressed worldwide. Agricultural commodities were no exception. This has been exemplified by the fact that the Australian dollar has hovered around the 65 US cent mark.

One cannot say that all agriculture enterprises are in the doldrums. Wine, horticulture, rice and horse industries have continued to boom over the last few years (not forgetting crayfish). On the other hand, the only dryland producers who have flourished over the last few years have been those blessed with a series of above average seasons in areas such as WA and central SA. We, in this part of the world, certainly cannot claim to be so fortunate. Almost all who read this manual have had at least two poor years during the last four. For many, 1999 was a crunch year. It had to be reasonable or else financial security was at risk.

In summary, most farmers had a reasonable year, but there are some that, incredibly, missed out again. The areas most affected were in the eastern and northern Mallee and east and west of Horsham.

## SO WHAT DID HAPPEN?

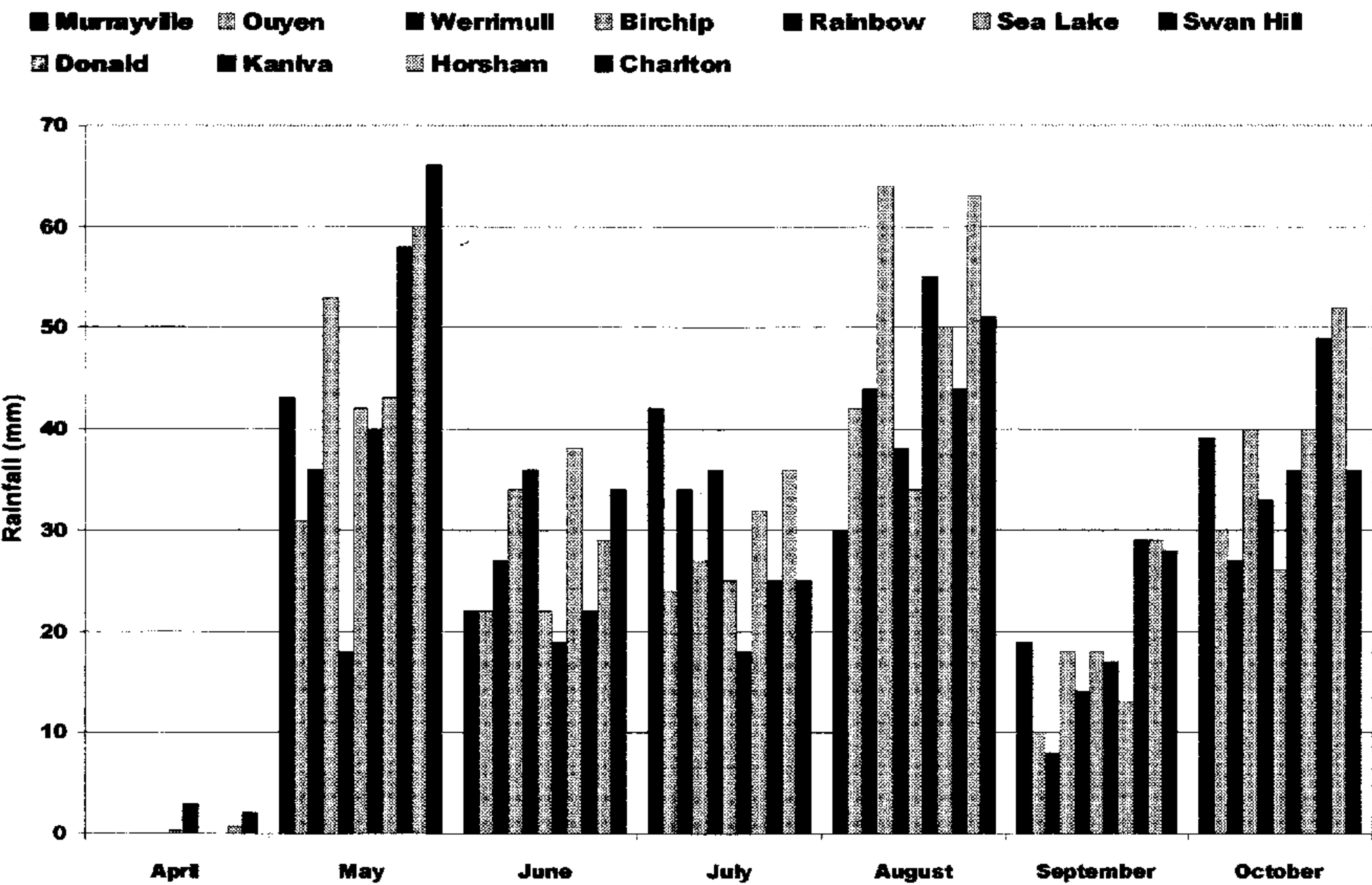
After the disastrous year of 1998, during which most Victorian farmers suffered either drought or frost damage, 1999 was a welcome relief. Subsoil moisture at the beginning of 1999 was close to zero for all apart from those who had gone for long fallow. The exception was a strip of farming land from north of Swan Hill to Pyramid Hill that received up to 200mm in one rain in November 1998. This area was set up for a wonderful season with high moisture levels and huge releases of nitrogen in the subsoil.

February produced some high intensity storms, which gave some farmers up to 100mm of rain in a very short time. These lucky farmers, along with those who received the November rain, were going to be thankful later on in the year for their good fortune. The problem for most farmers over the summer was control of the summer weeds that germinated after the November rains. By the time harvest was finished, heliotrope was well advanced. Many decided to have a holiday before getting down to the work of controlling these weeds. Those who bit the bullet and stayed were well paid for their efforts.

Prospects for commodity prices were mixed. At this time last year, wheat prices were reasonable, about \$150/t on farm. Feed barley, on the other hand, was hardly worth the effort at less than \$100/t. The price of malt barley was, as usual, just below the wheat price. Red lentils were making \$520/t, field peas around \$250/t and desi chickpeas close to \$400/t. Canola was priced well above \$300/t on farm. The price of lamb was encouraging at around \$2.20/kg carcass weight but veal was making just \$2.00/kg. We thought that wool prices could not possibly fall any lower.

Good rains for most areas continued into March. Farmers were able to sow pastures, including oats, and make the necessary preparations for their cropping program. A feeling of optimism was present at the beginning of April. It seemed that a genuinely good year was in the making. But, as we know, crops live and die about three times during a season. Our first death was about to occur even before the crops were planted. No significant rain fell for the next eight weeks.

**Figure 1.** Growing Season Rainfall (GSR) at selected sites in NW Victoria, 1999



It is fascinating to observe farmers during a dry May. There is a certain amount of apprehensive as to whom will sow first and which crop will they sow. Once one begins, it is not long before the “rush” begins. Substantial amounts of canola and wheat were sown dry or partly dry during the second half of May. Usually, this pays handsome dividends, but on this occasion it did not produce any better yields.

The “old” farmers often say that the difference between a good and a bad season is one or two well-timed rains. The first of these definitely fell on May 30. General rains in excess of 25mm gave everybody the green light to sow crops flat out. June weather was mild, allowing sowing to be completed. The amounts of rain that fell were substantial. July was similar to June. The lack of subsoil moisture did not present a problem.

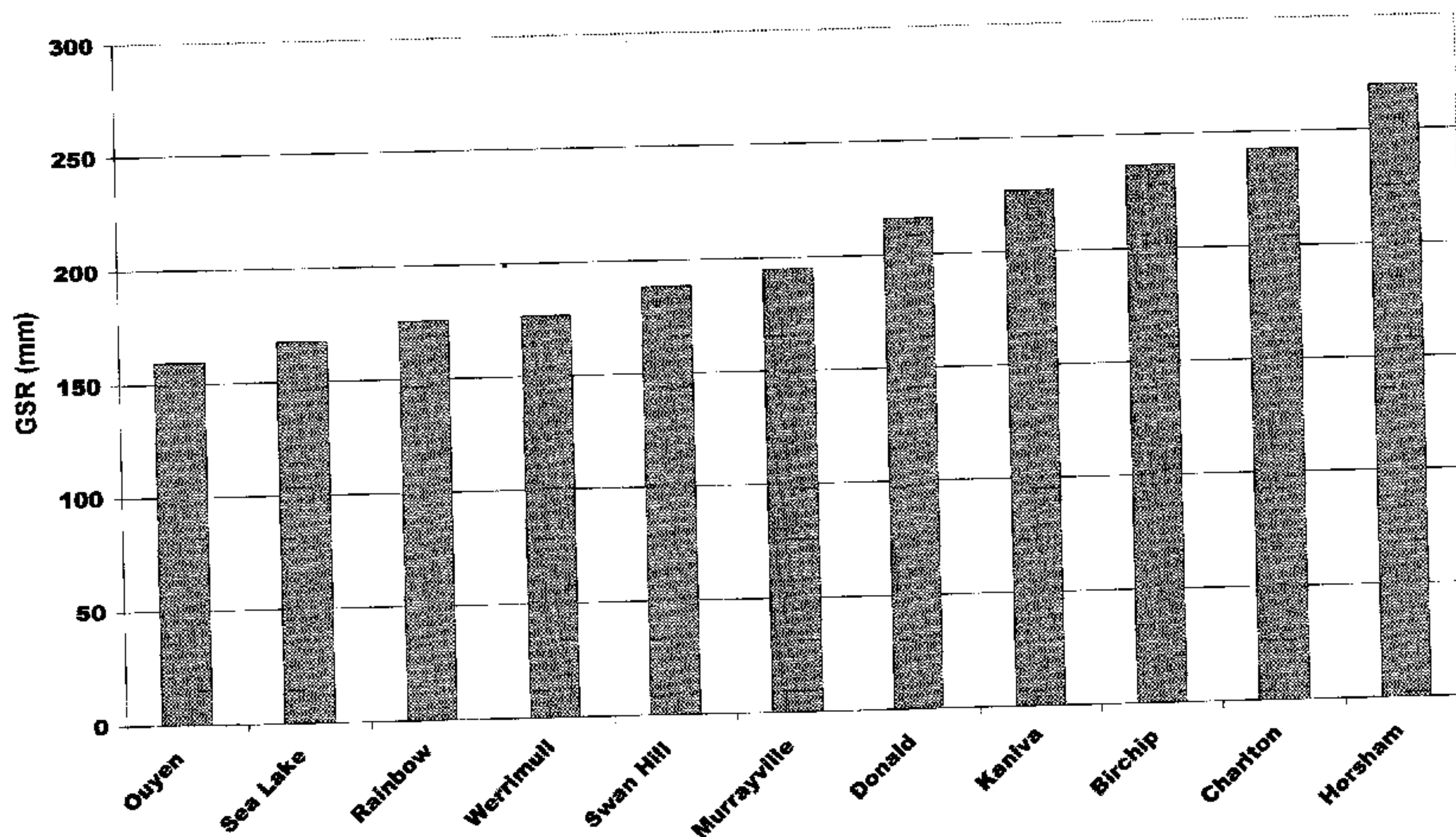
August was near perfect. Lots of rain, few frosts, and good weather for spraying crops with feed for livestock in abundance. For many, crops had as much potential as they had seen in years. All crops were showing little if any disease and their rich green colour proved rich reserves of soil nitrogen from previous years.

Between the September 4 and October 9 virtually no rain fell. The rain that was forecast for the day of the BCG field did not eventuate. That rain would have made all the difference. Temperatures soared in late September and crops received a severe set back. For some in the Wimmera and Northern Mallee the damage was permanent. The lack of sub-soil moisture in most crops provided sufficient explanation.

For many, the rain on October 10 was the most important rain they had received for years. Without that rain, crops would have been terrible. With the rain and the following cool, frost-free October, crops were good to excellent. The benefit could not have been better demonstrated with nearly five million tonnes of grain produced, the second highest result ever for Victoria.



Figure 2. GSR totals at selected sites in NW Victoria, 1999



Considering the size of the harvest and comparing it with years like 1983, delivery was for the most part efficient. Some problems existed in those places where farmers had to wait for contractors to arrive after the delayed harvest in NSW. Those waiting for lentils to be harvested paid a significant penalty.

Prices for most commodities were as irritating as described earlier with most grain and livestock prices less than desirable.

In summary, most farmers had a better than average year yield-wise, and a poor to average year profit-wise, due to the lower prices. There were, however, some farmers in the western and southern Mallee who had their best production year ever, when only 30 kilometres south the year was mediocre.

1999 vindicated the old saying that "every dog has his day". Let's hope the year 2000 is the one when all those who read this summary have their day. Besides, it's about time the share and property investors looked enviously to the bush for investment and profit opportunities!