



Queensland flood update – an agricultural perspective

Region covered

Record December rainfall throughout much of central and coastal Queensland has resulted in widespread and devastating flooding. Most regions observed 200% to 500% their normal monthly rainfall, an outcome directly linked to the well-established La Nina weather system.

Flooding is reported to cover ~1 million square kilometres with a natural disaster declared in 41 of Queensland's 73 municipalities. In many areas the flooding is the worst on record, in others it is the worst in 100 years.

Agricultural commodities in affected regions

The flooding is affecting prime agricultural regions of Queensland with a loss of property, infrastructure and production.

Grain, oilseed, cotton and beef producing areas in inland Queensland have been adversely affected, with severe flooding observed in key localities including Dalby and Emerald. Fruit and vegetable production plus some sugarcane areas have been impacted closer to the coast.

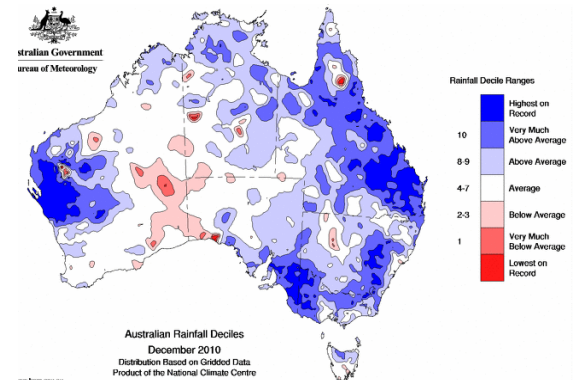
The evolving nature of this flood situation implies that quantifying the extent of agricultural damage is inherently difficult. However, a qualitative assessment on individual agricultural commodities is provided below:

- **Winter wheat, barley and chickpeas** – Minimal impact to 2010/11 output as the crop was already largely harvested. Some stored grain may be damaged, however such reports are limited. Grain exports are likely to be negatively impacted because of logistics disruptions. Yet from a national perspective, the impact should be relatively minor considering Qld contributes only 5-10% to Australian wheat output.
- **Summer cotton and sorghum** – Significant impact. The Darling Downs and Emerald are key cotton and sorghum producing localities in Queensland. Furthermore, Queensland contributes up to 70% of Australia's sorghum area and up to 40% of national cotton output. With the crop currently in the vegetative stage, a significant negative impact is expected. There are various anecdotal reports of complete crop failure due to water-logging. While crop failures have occurred, the impact on yields in many areas is unclear as crops may recover if they are inundated only temporarily.

Nonetheless, the year on year impact on cotton production may be less apparent this season because of a 270% - 320% increase in the national cotton area this season because of high prices and (somewhat ironically) ample planting moisture back in spring. Anecdotal reports suggest Australian cotton output may still break the 2001 record of 3.5 million bales, but will now fall short of Cotton Australia's early December estimate of 4.4 million bales.

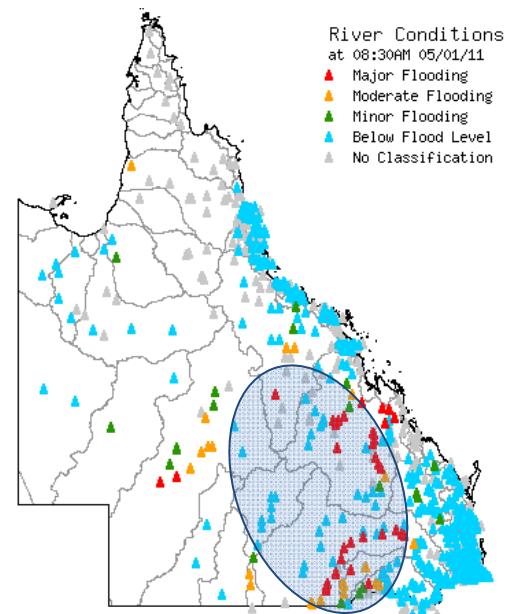
- **Beef and other livestock** Mixed impact. There has likely been some losses of livestock in the Downs and Fitzroy regions, however reports of such losses have been limited.

Figure 1: Australian rainfall deciles, December



Source: Australian Bureau of Meteorology

Figure 2: Qld river conditions, as at 5th Jan 2011



Source: Australian Bureau of Meteorology



The most significant impact for the beef industry is through the loss of pasture, the associated need to supplementary feed livestock, and a disruption to the movement of both fodder and animals. Abattoirs will be negatively affected. As the floodwater subsides strong pasture growth should ensure a recovery in the Queensland beef industry.

- **Fruit and vegetables** A significant impact to specific horticultural products is expected, resulting in a short term lift in retail prices. Melons are expected to be one of the hardest hit with reports of substantial production losses around Chinchilla (Darling Downs). According to media reports, other horticultural products significantly impacted include Yeppoon pineapples, table grapes, citrus and salad vegetables. But in contrast to Cyclone Larry, banana production should be relatively unaffected by the current event.
- **Sugarcane** – Minor impact. Above average December rainfall along the tropical Queensland coast contributed to the disappointing late season Australian cane crush, however this disappointment was largely not because of flooding. Whilst the past fortnight has brought some floods to cane regions around Bundaberg and Mackay, damage to young 2011/12 cane growth is not expected to be brutal, and the most severe floods have been outside major producing regions. For example, Rockhampton is not a cane producing region
- **Other** –Significant damage is expected to agricultural infrastructure (i.e. fences), machinery, and buildings.

Longer run implications

Whilst immediately devastating for many producers, the current dark clouds come with a longer run, silver lining. Most notable is the soil moisture recharge which will help underpin the 2011/12 northern NSW and Queensland winter crop planting program (to commence in Autumn). The moisture will also contribute to pasture growth for the northern livestock industry in the first half of 2011. Finally, overflowing irrigation storages will underpin the 2011/12 summer cropping campaign. Abundant irrigation water availability, combined with current futures pricing, suggests a potentially huge national cotton crop in 12 months time.

It is hard to believe that in December 2009, just one year ago, eastern Australian was still battling the 10 year drought...



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