

CHEAPER TO LET STOCK DIE THAN SHIP TO MARKET AS PRICES CRASH

# Drought stalks the land again

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RURAL REPORTER

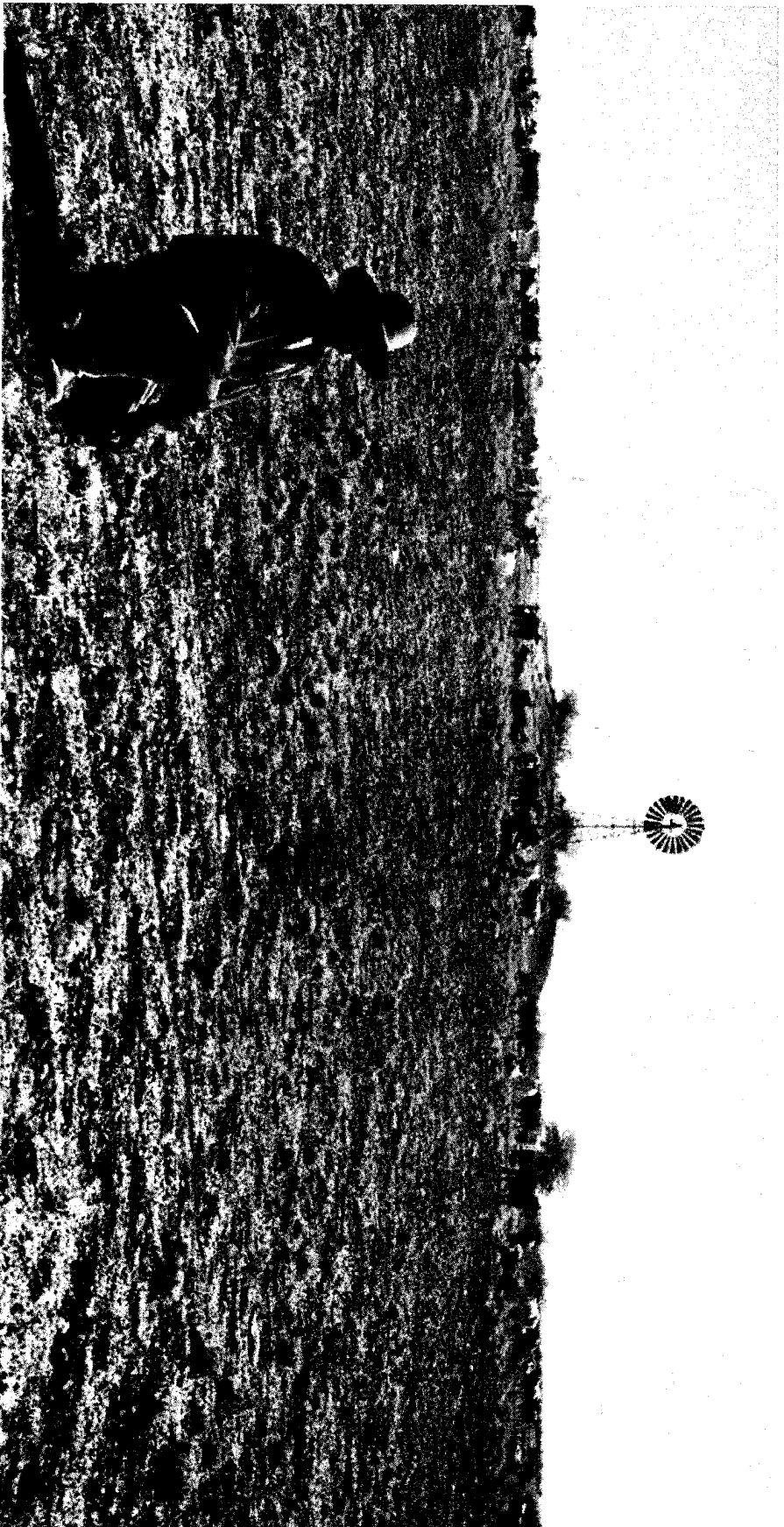
WEARILY mustering cattle on his parched 120,000ha outback property in far western Queensland, Boulia cattleman Rick Britton admits he has no idea if there is any point to his efforts.

Cattle prices crashed this week across northern Australia, as desperate graziers rushed to destock their properties as grass runs out and the land dries up following the wet season that never was.

With no green feed left in Queensland, no pastures available to agist stock nearer the recently flooded east coast, little of the live export market to Indonesia left and meatworks overloaded, beef producers like Britton have no option but to send their cattle to the saleyards.

But stock with visible bony ribs sold for \$20 a head on Wednesday at the Longreach cattle sale. It was the lowest meat price recorded, equivalent to just 10c a kilogram, since the 1974 beef crash.

Britton knows the 300 weaners he mustered to sell on Tuesday in Roma — alongside 8000 others heading south — will probably bring less than the \$60 cost of fighting each from Boulia to the saleyards.



Outback Queensland cattle farmer Rick Britton fears he will be paid less than the cost of freight for 300 weaners he has mustered to sell next week

ANN BRITTON

"But like everyone, I've run out of options; we've got nothing left and no choices left about where my cattle can go," he said yesterday.

"I've never seen prices this bad; the worry now is that people will leave the cattle to die instead of sending them to markets at a loss. If it gets to choice between the cattle and feeding your family, you can't blame anyone for not wanting to send their family broke," he said yesterday.

The spectre of another big drought is now casting its shadow across northern and southern Australia, only three years after the millennium drought broke.

A dry summer has left the region in drought and an estimated one million cattle from the Northern Territory and Queensland looking for a home or a meatworks.

One third of Queensland was declared in drought this week, the first such declarations since 2011.

In southern Australia, little sign of autumn and winter rain has left graziers putting sheep and cattle on the stock routes in the Riverina. The Bureau of Meteorology has forecast a drier than usual winter and spring.

About one sixth of NSW is considered in drought, while 65 per cent of the state is experiencing very dry conditions.

Grain growers from the West Australian wheatbelt to Victoria's Wimmera are praying for rain to bring their crops up and many have shelved plans to grow canola.

Victorian and southern NSW farmers are selling sheep in droves. About 40,000 head were auctioned at Wagga Wagga on Thursday. A further 28,000 head are for sale in Bendigo on Monday and 35,000 in Ballarat a day later.

Veteran Deniliquin livestock agent, Elders' Jason Andrews, said it was impossible to sell sheep in far western NSW from Broken Hill to Cobarr.

Cattle prices were also not much better than in western Queensland: in Deniliquin this week a mob of poor-quality cattle sold for just \$48 head.

"It's very tough; I'd go so far as to say that in the past 12 months, since the last big rain in February 2012, that we've had less rain than during the big drought," Mr Andrews said.

But in the north beef producers were in dire straits even before the unwanted low Longreach cattle prices of this week.

Land values have also slumped and northern and western Queensland stations — like their excess cattle — are virtually impossible to sell.

A northwest graziers' crisis summit will be held on Tuesday in the lower Gulf town of Richmond. Organisers claim the industry was in peril of "ceasing to exist".

Local organisers expect 1000 local cattlemen and sheep graziers to attend as well as federal Agri-

culture Minister Joe Ludwig and local independent MP Bob Katter — a sign they say of the frightening depth of a combined drought and debt crisis.

Senator Ludwig yesterday said the \$420 million farm finance package announced a week ago was to assist farmers and graziers "doing it tough" right now.

Under the new scheme, which depends on the agreement of the states, low interest concessional loans of up to \$650,000 over 20 years will be made available to farmers deemed viable in the long term, without the previous need for formal drought declarations.

Australia's rural sector is now weighed down with \$66 billion of combined debt.

While rural lenders say they are not being tougher or enforcing farm sales or debt foreclosures quicker, falling land values have tipped over the edge the debt-to-equity ratios of many farm businesses.

Bankers are now starting to call in debts, especially in the north, triggering a new round of station sales and mortgage auctions.

Three of Australia's biggest cattle companies, Macquarie Agricultural Fund's Paraway Pastoral, the stock-exchange listed Australian Agricultural Company and North Australian Pastoral Company have already written down the value of their vast portfolios by a combined \$80m.

AACO announced yesterday that fast-falling cattle prices had forced a \$43m writedown of the value of its 600,000-head herd.

The Cattle Council of Australia yesterday warned that this week's disastrous \$20-a-head sale prices had created a critical situation.

"These prices are indicative of the critical conditions our northern producers are experiencing; unseasonably dry conditions, suppressed market conditions and the continued fallout from the live trade suspension," CCA president

Andrew Ogilvie said. "I fear that the situation will continue to get worse."

A survey by rural bankers Rabobank this week reflected widespread fears of approaching drought. It showed 37 per cent of farmers had lost confidence in the future and expect the next year ahead to be tougher than the past 12 months. About one third expect to suffer a fall in income in 2013-14.

But Senator Ludwig yesterday urged farmers to be more optimistic. "We should talk farming up; sometimes you talk to farmers and they are like it's all a bit pessimistic," he said.

"I recognise there is a range of circumstances around Australia that are very challenging and the Bureau of Meteorology has been talking about dry conditions, but no one, not even the bureau, can predict rain 12 months out.

"So who knows what will happen, we have to accept we live in a very unpredictable climate."