

FODDER INSIGHTS REPORT

Spring - Summer 2022

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A report for Dairy Australia from the Australian Fodder Industry Association

AFIA 
Australian Fodder Industry Association

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Summary

The fodder situation across Australia, in particular the east coast, has been critically impacted by a number of factors which will significantly decrease the available supply of fodder.

Early in the 2022 a reduction in hay and fodder supply was forecast for Spring 2022. The reduced supply forecast was based on a number of key factors such as:

- The cropping decisions of opportunistic hay producers who had switched to planting grain crops rather than hay and fodder production due to high international grain prices.
- The concerns being expressed about the rising costs of production (fuel, fertiliser, machinery parts and repairs).
- High demand for the carryover supplies from 2021 and 2022 due to the flooding events around north central NSW.
- The ongoing labour shortages, in particular in the transport sector would restrict production, limit the availability of and increase the price of fodder transport.

While the season started promisingly for most areas, the ongoing widespread rain across the east coast of Australia in recent months has resulted in delayed harvest schedules, waterlogged inaccessible paddocks, rain damaged crops and in many areas flooding. In addition to the on-farm impacts which have reduced the quality and quantity of hay and fodder, the flooding and high rainfall has damaged infrastructure, particularly roads. There are many key roads which remain closed, requiring long detours. This has been and will continue to increase the price, and impact the availability and timeliness, of fodder and feed transport.

Prices are expected to continue to rise due to the combination of demand, short supply and transport costs. Minimum expected prices for locally delivered hay for the next four to six months are:

- \$300 per tonne for mid-grade cereal hay
- \$400 per tonne for high- grade cereal hay
- \$600 per tonne for lucerne hay
- \$350 per tonne for vetch but little if any will be available
- \$350 per tonne of pitted corn silage delivered bulk
- \$200 per tonne for general pasture hay
- \$250 per tonne for varietal pasture hay
- \$150 per tonne for straw although little will be available unless contracted.

Impact on fodder – availability and quality expectations

It is estimated that this season's production of hay and fodder is down to around 30 to 40 per cent of average production levels. Vetch and other high protein hay varieties will be in particularly low supply. Chaff quality hay is also in extremely short supply.

Due to the flood and high rainfall events of 2022 much of the carryover hay from the 2020 and 2021 seasons, even the hay of lower quality grades is no longer available. It was either purchased by livestock farmers in flood impacted areas, purchased by government for donations into the areas declared disaster zones, or directly donated by farmers into areas in need throughout the year.

In-paddock dry feed quality is being reduced with each subsequent rainfall event, so demand is expected to be high. Many growers who would bale hay for both their own use and to provide excess for sale, may now be considering holding stocks on farm for their own use, rather than making them available to the market.

In addition to the reduction in quantity is a reduction in quality. Weather has impacted cutting, curing and baling schedules. Where paddocks were inaccessible, pastures and crops went past the optimal harvest period which downgraded the quality of the hay. Due to paddock access limitations some hay and silage was also harvested at higher than optimal moisture levels to fit around the weather predictions.

Very little high protein hay will be available this season. It is estimated that less than five per cent of the vetch hay crop was successfully baled. Due to the narrow harvest window of vetch hay the vast majority of the crop was lost. It was either severely impacted by rain after being cut and deemed unsuitable for baling or the paddocks were inaccessible, so the crops went past the point of harvest.

Cereal hay is expected to be down overall to around 30 per cent of average production across Australia. Less than one-third of cereal hay crops are being considered of good quality with very little of the highest-grade hay able to be produced due to unfavourable weather conditions during the cutting, curing and baling period.

Lucerne production is expected to be down to around 40 per cent of average production. In addition to disruption to hay cutting, curing and baling entire paddocks of lucerne have been lost from flooding or waterlogging from the excess rainfall. It is expected that the lucerne sector will take twelve months to return to full production so the supply shortages will continue well into 2023.

Fodder overview

 **Season doing okay**
Reasonable chance of enough fodder being produced with some available for open sale.

 **Flood affected**
Floods are significantly impacting crops, harvest schedules, transport.

 **Reduced fodder production**
Either due to water logging causing crop loss, impacting harvest and curing or significant quality downgrading.



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Picture: An overview of the 2022 fodder season (November 2022)

REGIONAL OVERVIEW

Atherton Tablelands

The ongoing lack of consecutive warm and dry days delayed the harvest cycles throughout the season. The quality of the available Rhodes grass hay has been reduced by both weather damage and delayed cutting. The high cost of fertiliser options has led to many farmers deciding not to invest in the production of additional pasture cuts. Urea prices have remained high currently averaging \$1,400 to \$1,600 per tonne, with blended fertilisers costing between \$1,600 to \$1,800 per tonne. Liquid fertiliser shuttles remain around \$5,500 to \$6,200 per shuttle which while cost effective remains a substantial initial outlay for growers who have had reduced income from the Winter crops.

Many producers across the region diversified into grain crops rather than hay production this season so there will not be additional hay cut across the region and straw is expected to only be cut and baled for contract.

Growers will be looking for good Summer rainfall to support production of Summer crops such as corn, sugarcane, peanuts, sorghum and mung beans.

Hay shortages are beginning to be felt across the region. This situation will be exacerbated by the lack of Summer hay making. Many growers will not be producing hay as they have instead diversified their Summer plantings due to high input costs and the need for profitable crops to offset the high input costs.

Darling Downs

The region was hit with lower-than-average temperatures and heavy rainfall which caused crops to be between three to four weeks behind schedule. In some cases, this proved to be an advantage as the crops were still green, and were able to utilise the additional moisture, and were therefore less impacted by the additional rain in late Spring.

Lucerne crops in particular were three to four weeks behind their usual growth cycle so they were able to recover and have been cut for hay. The warm dry weather during later November into early December supported cutting, curing and baling of lucerne hay without any significant loss in quality.

By mid-December the grain harvest was completed across the region, three to four weeks later than usual. While some paddocks were not harvested due to extensive crop damage or inaccessibility many crops did provide good overall yields. Quality was lower than expected with protein levels down. A large percentage of the grain crop has been designated as feed quality. This will significantly reduce the profitability for grain and fodder growers.

Early Summer crops of millet are already being harvested in some parts of the region with weather conditions allowing the planned harvest schedule. It is expected many grain producers will also harvest and bale straw in order to have an additional product to sell. Their aim is to offset some of the high input costs and profit lost due to the grain quality downgrades. Growers are now looking at the Summer sowing schedule. There have been a large number of sorghum crops already planted as well as mung beans.

North Coast

Most of the region was impacted by the seven flood events that struck the area during 2022. The floods reduced the number of paddocks able to produce a viable hay or grain harvest and the quality of any grain able to be harvested. Around 20 per cent of grain crops have been abandoned in the region. The decision not to harvest was due to the high costs of harvest compared to the expected lack of return. The fodder and grain crops were not considered viable, in either yield or quality, due to impact of the repeated floods. Many crops failed to grow due to water logging or growers were prevented from undertaking crop maintenance which allowed diseases such as rust to flourish. The damage has also rendered the crops unsuitable for baling for straw.

Some lower lying severely water-logged paddocks with fodder crops have been turned over, to utilise the manure for soil health. Any expected feed value would not have outweighed the

costs of machinery damage from accessing the paddocks. It is hoped the input costs for the next crop can be mitigated by this strategy.

Where silage or hay has been cut with a high moisture content there is a risk of spoilage or combustion, growers are carefully monitoring the situation as any stored fodder is considered of value.

The hay and fodder market throughout the region has not yet recovered. There is still a need for hay to be brought in the area, and locally produced hay and fodder is not available for open sale.

Central West

The constant floods and high rainfall have severely impacted the area throughout 2022 and continue to do so. Many paddocks have been underwater to greater or lesser degrees. Quite a sizable portion of the crop harvest has been abandoned as it will not be viable, however, harvest did progress in areas less badly affected with growers attempting to salvage something from the season.

Soil health will require ongoing support and additional nutrient inputs to offset the impacts of water logging. Lucerne planting was delayed across the region along with many Summer crops. Growers have had to weigh up the needed investments in nutrients and other soil amelioration products against concerns following the predictions for a wet Summer which will reduce the likelihood of a successful harvest. There is some hope that short season Summer crops could take advantage of the high soil moisture profile, but only if drier conditions allow access for planting and maintenance.

There are some fairly serious issues with access to paddocks as well as the damage being caused to machinery as the harvest continues. Growers have needed to weigh up potential repair costs and potential soil structural damage against the return they can get from any grain harvested.

Many farming enterprises are still isolated from local services. Road access has been cut off due to the continuing flood waters and fodder is being delivered by helicopter, which is also being used to take stock off isolated land to higher ground.

Bega/Sapphire Coast

Following the high rainfall throughout Spring and Summer there is now plenty of water available for irrigating dryland pastures and some growers are considering planting short-term fodder crops. Some are also looking at planting lucerne for hay production on those dryland/irrigated paddocks to take advantage of the high levels of soil moisture. Given the national shortage of lucerne hay, growers are hoping to profit while alleviating the fodder shortfall. Corn for silage is also considered a viable Summer crop option for the region.

The silage season is proceeding pretty well, with average to above average quantities being cut and put into pits. The mix of consistent rain and sunny days has supported strong pasture growth for both grazing and cutting for silage. However, quite a lot of that fodder is being kept on farm by mixed farmers or delivered to close local farmers, mostly dairy, who have sought to purchase reserve stocks.

Hay is being cut across the region, but the production levels continue to be well down on average and there is concern the high moisture content of hay will need to be carefully monitored to prevent self-combustion. There are also some issues regarding the higher than usual slug and snail infestations which are raising concerns about toxin contamination.

Goulburn/Murray

Recent drier conditions have allowed for harvesting of both silage and hay, though some paddocks have had to be taken out of production due to flood and weather damage of crops and soil structure. Silage had replaced hay as the preferred fodder cut in the region to reduce the risks due to moisture levels and unpredictable weather. Some hay production is still being undertaken but it is significantly reduced from what was expected earlier in the year. Most of the Spring hay has been pre-sold off the paddock.

As with most of the eastern states the soil profiles are very high and any Summer rains will impact the success of Summer hay and forage crops. Growers in the region are planting corn for silage as well as looking at other short-season fodder crops such as millet.

Summer plantings are going ahead as quickly as possible as growers in the region look to try and recoup losses incurred due to the Winter crop weather damage. Some of the damaged Winter crops have been used as green manure to support soil health, which has created good soil conditions for quick growing fodder crops.

Gippsland

Production levels in the region are around average but the fodder preference has shifted from hay to silage, with growers opting to cut their vulnerability to weather by using planned hay paddocks for silage production instead. There are also concerns in relation to the high moisture content of any hay produced in the east and centre of the region. There is a higher chance of contamination in fodder due to mould growth and pest infestation, such as slugs and snails.

In most parts of the region there is plentiful green feed for dairy and livestock herds with the ongoing mix of rains and sunshine boosting growth and providing quality feed. This is not the case in the west of the region where the higher rainfall has led to green drought conditions and a forecast fodder shortage.

The western parts of Gippsland are looking at a significantly reduced hay production total, and some growers have indicated they do not believe they will be able to produce any hay of

acceptable quality. Some are hoping they can produce pasture hay in early 2023 if Summer weather is favourable for growth and then harvest.

South West Victoria

The wet Spring and the ongoing colder than average conditions have kept pasture growth across the region suppressed, this has had an effect on both green feed availability as well as growth for silage cuts. The growers in the area were already concerned about the shortened season for both silage and hay. The continued conditions are further reducing the potential opportunities for additional fodder production.

A number of growers have reconsidered the viability of a harvest with lodging common and an overall decrease in quality predicted. Many downgraded or non-viable crops have been utilised for brown or green manure to create better soil conditions for the next sowing season in an attempt to reduce the need for additional fertiliser outlay.

There are some mixed farms in the region, predominantly dairy and fodder producers who are considering drying off herds early to reduce the need for high levels of purchased fodder. However, they will still need to source maintenance fodder.

Silage has been being cut in the region, though hay production is quite low. There is also concern regarding the slug and snail infestations in the pastures being incorporated into the silage and bales. Some crops, originally intended for human consumption, such as faba beans, have been hit with diseases brought on by the wet conditions. There is an expectation they will be downgraded to feed quality which will be another potential source of fodder.

North West Victoria

Sandy soils and location had helped much of the region avoid damage from water logging caused by the wet conditions during the Winter crop season. High yields were predicted for crops in the area; however the impact of water logging on heavier soils is yet to be quantified. Heavy rainfalls, hail and storms in late November caused significant damage to crops ready for harvest. Prior to the storms the area had been supplying reasonable to good quality cereal hay into South Australia and up into chaff mills in New South Wales.

Wet conditions and storms have flattened cereal, canola and pulse crops across the region. Lentils in particular are susceptible to wet conditions. Specialised header fronts have been sourced to lift damaged cereal crops however, grain quality has been impacted by the conditions. Some damaged crops will be raked and then baled for hay however, the quality is expected to be low as the crops were past the optimal point for hay harvest. In parts of the region some growers may be considering cutting straw on contract however, given current fertiliser prices, most will retain straw on paddocks to retain the nutrients for the 2023 crop.

South East South Australia

A promising season has now been downgraded to a below average production year.

Parts of the region had received enough rain during Winter to be considered an average to above average season. Rainfall was steady in many parts of the region so crops grew without being impacted by flooding or waterlogging. In other areas heavy rainfall created waterlogging which made reduced access to paddocks and restricted ability to apply crop protection products when needed.

The October cereal hay production window was disrupted by cold weather delaying crop growth, followed by intermittent rainfall during the hay making period. Cutting was delayed past the optimal harvest period so hay quality has been impacted. Other parts of the region ended up dry during the final crucial months of the Winter crop growth period followed by constant intermittent rain during the harvest and baling period. Some pasture paddocks planned for pasture hay did not receive enough rain for successful crop germination or growth.

Central and South West South Australia

A promising start to the season with the forecast for average to above average production. The crop growth was behind the usual timing by four weeks due to colder than average temperatures during Winter. The harvest was then impacted by hail and adverse weather impacts during mid-November. It is expected there has been a 40 per cent reduction in yield for lentils and around 20 per cent for the barley crops.

Grain harvest has been supported by clear dry weather with warm conditions. Grain has been able to be harvested at lower moisture contents which has improved quality. Given the considerable outlays on inputs this season growers are looking to maximise profitability.

Around 75 per cent of the hay crop was harvested by late October but humidity and intermittent rainfall delayed baling. Vetch and medic crops in particular held moisture at levels that made baling unsafe. Vetch hay will be in very short supply across the region.

Most of the available and accessible hay has been cut across the Yorke Peninsula with growers taking advantage of drier days to rake and bale where possible. The quality is lower than expected due to the growing conditions, late harvest and delayed baling, but growers are happy to have been able to salvage some of the crop. Around 30 per cent of the hay crop is expected to be of reasonable quality. It is expected there will be very little export quality hay which will put pressure on the export industry.

A few farmers have cut and stored some silage on farm but others are waiting to determine if a Summer crop will be a viable option given the price of fertiliser.

South West and Central Western Australia

A good season for hay and silage production with forecasts the State will produce the predicted amount of fodder, and actually over produce silage. It should be noted however that plantings were lower than in previous years due to the move towards higher return crops for some growers such as cereals and oilseeds when the planting choices were being made.

Western Australia also has a significant export market for hay so while there is a good season predicted, a large proportion will not be available for local consumption. Some growers have suggested investigating options such as containers to transport hay over to the eastern states. However, at current fuel/transport prices it is expected that oaten hay would cost buyers around \$550 per tonne.

There is fairly robust pasture growth supplying good quality green feed for the livestock and dairy herds as well as pushing along additional cuts for fodder. This is leading to the opinion that there may be a surplus this year once contracts are fulfilled.

In the central wheat belt growers had a bumper season for grain. With both high yields and good quality. Few reports of any crop downgraded to feed quality where it was not already planned. Some hail damaged crops may slip into feed quality level but overall, most wheat and barley will be milling and malting quality.

North West Tasmania

Adverse weather conditions during late November have caused the loss of some pasture crops planned for silage and hay production. Additionally, there has been a sizeable amount of water damage to pasture paddocks which will require soil structure rehabilitation before they can be productive again.

Recent conditions have improved the outlook for fodder supplies with silage and some limited hay cutting and baling being undertaken. However, the overall production levels for the region are still far below average, and below what was predicted at the completion of the Autumn planting schedule. On the other hand, the plentiful rains have allowed for some good pasture growth for grazing and the green feed on offer is of high quality. This has reduced the immediate need for supplementary feeding for most livestock producers.

The south of the State has been able to supplement needs and cover some of the hay and silage shortfall. The southern areas have reported a good season for both silage and hay production as well as green feed available for the herds in the south. This has allowed additional fodder stocks to be transported to the north west for the herds there.

Biosecurity considerations

The high rainfall for most hay and cropping production areas during 2022 has led to a range of biosecurity considerations.

General crop health

Crop health was impacted by water logging and the high soil water profiles leaching nutrients. Mitigation activities have been restricted due to fertiliser costs and paddock access issues.

There has been a significant increase in fertiliser costs which has contributed to profitability concerns for hay and grain producers. Fertiliser production is highly energy intensive so the increased cost of gas and electricity broadly across many continents and countries is impacting production. Raw materials have also increased in price and decreased in availability. The Ukraine is the world's largest supplier of many core fertiliser ingredients such as potash and urea. There have been significant international supply chain disruptions from the Russian invasion of Ukraine. Russia exports a considerable amount of the world's fertiliser, so current trade sanctions are restricting supply of key agricultural inputs. There has also been general supply chain disruption both internationally and domestically due to the COVID impact on labour availability, high fuel costs for transport, and considerable damage to roads and other infrastructure.

Paddock access, in many areas, was restricted due to ongoing water logging from either (or both) high rainfall and flooding. The restricted ability for growers to access paddocks in a timely manner led to difficulties ameliorating nutrient deficiencies and supporting the overall health of crops which could have recovered from the water logging with nutrient support. Paddock access restrictions also hindered growers taken timely action to manage rust and other fungal disease and undertaking control activities for pests such as slugs and snails.

Emergency plant pest responses

The supply chain disruptions and labour issues have put added pressure on Australian plant pest surveillance activities and significantly added to the costs for hay and fodder growers.

There are still biosecurity emergency orders in place for Varroa mite which restrict the movement of hives in New South Wales. This has reduced the availability of pollination activities.

Fall armyworm has been detected in several regions, with updates available on the website of State Departments of Agriculture. Fall armyworm will impact corn, sorghum, sugar and other Summer crops. Control options will need to be applied at least three times during the season.

The additional costs for biosecurity measures will put pressure on growers already facing reduced profitability due to fuel and input costs.

There have also been a number of other plant pests under active management whose management has been hampered by lack of cost effective available control options, paddock access, labour availability and general supply chain disruptions.

Rust and fungal diseases

Crop rotation and variety choice will be key to successfully managing the range of fungal diseases that flourished due to the wet conditions across many regions during 2022. There is some concern that there will be a high level of background disease requiring management during Summer in order to reduce the impact on the 2023 growing season. The ongoing wet conditions allowed diseases to flourish in crops across much of the country while making paddock access difficult. Supply chain disruptions to the supply of management pesticides have increased the costs of disease management.

Weed pests

There are some biosecurity concerns in relation to the flood waters carrying seeds and pests from further upstream into areas which would not normally be affected by them. Growers and livestock farmers are warned to be on the lookout for any unusual weeds appearing in pastures or fields.

There is also concern weeds and other pests may now have entered flood impacted areas carried in the large amounts of hay, of varying qualities, which was transported in to support livestock farmers. Local hay and fodder producers are critical to reducing the risk of pest and disease migration as well as reducing the freight costs for users.

Invertebrate pests

The wet conditions have increased the prevalence of slugs and snails across many regions. Control options have been limited due to paddock accessibility. Careful management is required to limit the potential for pests to lead to the contamination of fodder.

Mouse numbers

Some concerns are being raised about the higher-than-normal mouse numbers across the parts of Western Australia. Other regions are also reporting some background numbers with the potential for numbers to increase during Summer given the availability of food in paddocks from fallen crops. Ongoing monitoring and surveillance will be needed to provide a clear picture of the numbers and control requirements in the lead up to sowing in 2023.

Flood damage impact across the areas

In many areas across Australia, rural roads and bridges were considered to be in poor to very poor condition. The increased rain during 2022 exacerbated the damage to roads and road infrastructure in many areas and has undermined the domestic transport of agricultural products. Road damage and damage to infrastructure has been costly and considerable delays are expected for the replacement of any buildings or on farm infrastructure. It is also estimated that buildings and sheds will now cost between 20-35 per cent more than this time last year, due to supply constraints and labour availability.

The flood damage has been widespread and is ongoing. Some areas are expected to be impacted by floods and high-water levels until February 2023.

In addition to riverine flooding the ground water rises have exacerbated the soil impacts of high rainfall, leading to nutrient loss and accessibility issues for farmers.

Atherton Tablelands

No flood damage across the Atherton Tablelands and although there has been good rainfall in some parts of the region further west are considered drier than average.

Summary of fodder impact: While not impacted by flood hay shortages are expected as Summer progresses and into 2023 due to input prices reducing Summer crop plantings.

Darling Downs

Flooding and large amounts of rain had impacted the area significantly throughout the season. However, two to three weeks of clear skies and warm temperatures have supported the ability of farmers to harvest grain and fodder crops.

Crop schedules have been delayed and some Summer planting impacted. Soil health will need to be supported.

Road closures continue to impact harvest by restricting fuel deliveries to farm and grain and fodder transport off farm.

Summary of fodder impact: Currently reduced medium to high quality hay availability, some quantities of lower quality weather damaged hay but potential for additional hay to become available in Autumn if Summer crops and pastures are successful.

North Coast

Flooding has substantially impacted the region seven times this year with other localised water logging and inundation interspersed amongst the officially declared flooding.

Most roads in the region that had been flood affected are no longer underwater, however, the repair work has kept many local and regional roads closed or traffic access has been reduced as repair work slowly progresses. This is causing delays to the transport of fodder around and out of the area. It is also causing difficulties and delaying the deliveries of fuel and other inputs on to farms. This situation is expected to continue into 2023 as many roads will need substantial repair and, in some cases, complete replacement.

Summary of fodder impact: The hay and fodder market throughout the region has not yet recovered. There is still a need for hay to be brought in the area, and locally produced hay and fodder is not available for open sale as growers seek to replenish their own on-farm supplies. Potential for some Summer crops to produce excess feed which may become available on the local market.

Central West

During November the area received 80 to 120mm of rain which caused riverine as well as groundwater flooding. Flooding has substantially impacted the area with floodwaters expected to continue to impact the area until January 2023.

Many roads are still closed in sections including major roads such as the Newell and Cobb Highways. The road closures are preventing fuel supplies getting in as well as any machinery or parts needed for repairs to damaged machinery. Local and rural roads which are no longer flooded are still impassable or access has been severely reduced due to the damaged caused by the receding waters. This is leaving many farmers completely isolated and unable to access inputs or sell product off farm.

The timing and slow pace of the repair work will continue to impact local transport on and off farm. The repairs are expected to continue well into 2023.

Summary of fodder impact: Considerable damage to production capacity across the region. Some growers will be able to invest in a Summer crop to replenish on-farm fodder supplies however, this may not produce the quantities required to reinvigorate the local fodder market. Some silage is being produced but there are concerns about moisture content impacting management and quality.

Bega/Sapphire Coast

Most roads in the region are now free of water however the rains and floods have caused landslips which have closed some access roads. Repair work is being undertaken for both major and minor roads which are further increasing delays and transport costs. Roadworks are expected to continue for months with the costs associated with delays being factored into future farming decisions.

Summary of fodder impact: The silage season is proceeding pretty well, with average to above average quantities being cut and put into pits. However, quite a lot of fodder remains on-farm

or only being delivered to close local farmers. Hay is being cut across the region, but the production levels continue to be well down on average and there is concern the high moisture content of hay will need to be carefully monitored to prevent self-combustion. There are also some issues regarding the higher than usual slug and snail infestations which are raising concerns about toxin contamination.

Goulburn/Murray

Many of the roads in the area continue to be severely impacted by the floods. Some are still partially or fully submerged but the majority have been left damaged by the water washing away either part of the roads or causing land slips. Repairs are ongoing but as with other parts of the eastern states this is expected to continue for months with long term impacts for transport both in delays and increased costs. Reports of 30-50 per cent increases in freight costs, compared to six months ago, have been quoted. This will impact the costs that growers have to pass on to end users.

Summary of fodder impact: Summer plantings may produce some saleable hay and silage.

Gippsland

Roads have been impacted by flood conditions and are in need of repair. Additionally, this area has seen a number of quite damaging storms which have brought down trees and damaged infrastructure which has closed some local roads, or reduced traffic flow. While most of the region no longer has water over roads the damage to unsealed roads is substantial.

Summary of fodder impact: Western Gippsland will not be producing any hay that will be made available for sale this season, some (limited) silage has been made.

South West Victoria

Road closures continue to cause issues in the region, causing delays to deliveries both on- and off-farm and adding to the transport costs being quoted. Quotes of 30-40 per cent in additional transport charges are being reported, part of this is due to road issues but there is also the ongoing higher cost of diesel.

Summary of fodder impact: The area is making silage and some hay. Most of this will not be available to the market as quite a bit of it is being used on-farm, so there is little surplus.

North West Victoria

While most parts of the region initially avoided the flooding events and high rainfall that had devastated other parts of Victoria, late Spring brought hail, heavy rainfall and storms. There was some localised riverine flooding and considerable damage to roads, including freight routes into New South Wales and South Australia.

Summary of fodder impact: Considerable rain and storm damage has delayed the harvest of grain and production of hay and has reduced the yield and quality of hay crops across the region.

South East South Australia

The overall condition of roads has been reported as very poor. Considerable damage to trucks and machinery has been reported which is hampering fodder and grain deliveries. The season is not considered to have been a profitable one for many producers. The additional impact from flooding on major transport routes will reduce the ability of growers who have produced good quality hay from accessing customers in New South Wales and Southern Queensland.

Flooding is starting to reach South Australia, with the full impact yet to be realised.

Summary of fodder impact: Hay baling is now being impacted by flooding. Reduced yield and quality is now expected from across the region. Supply shortages are widespread with import of hay into the area being expected.

Central South Australia

Flooding is starting to reach South Australia, with the full impact yet to be realised.

Summary of fodder impact: Hay cutting continues throughout the region as well as limited barley and cereal straw production taking place. Hay baling is being delayed due to higher moisture content. A reduction in quality and yield is expected.

South West South Australia

Growing evidence of significant road damage. The deterioration of poor-quality roads has been accelerated by the high rainfall undermining the sub structures and shoulders of the roads during the year.

Summary of fodder impact: Hay cutting continues throughout the region as well as limited barley and cereal straw production taking place. Transport costs may be the limiting factor for access to the hay and straw being produced in this region.

South West Western Australia

Western Australia has not been impacted by major flooding events this season, but there are still ongoing issues with some of the major roads such as the Muir, South Western and Albany Highways being closed or with reduced traffic. The biggest issue with the roads is congestion in relation to the grain harvest and the receival centres and ports causing backlogs and queues for trucks attempting to deliver. This is causing a domino effect with the same trucks not being able to head back on farm for the next pickup causing delays to harvest. Additionally, the cost of diesel is of concern with the price still being higher than usual and adding to transport costs.

Summary of fodder impact: Harvest continues. A strong supply of hay and silage is expected throughout the region. However, transport costs may hinder the ability of the region to support the eastern states.

Central South Western Australia

Other than general concerns about the impact of successive heavy grain harvests on the general road infrastructure, most of the hay and fodder areas have not been impacted by the damage caused in by excessive rainfall in other states.

Summary of fodder impact: Harvest continues. A strong supply of cereal and pasture (both varietal and general) hay and silage is expected throughout the region. However, transport costs may hinder the ability of the region to support the eastern states.

North West Tasmania

Most roads are now free of flooding however, road works are ongoing to repair the road surfaces. Many sections of roads will have to be replaced as the underlying road structures have been washed out or complete sections of the roads have been destroyed. It is expected repair work will continue for the next few months and cause some delays in the movement of deliveries and supplies on to and off farms during harvest.

Summary of fodder impact: Hay cutting has been ongoing with good quality and yield however the recent rain band through the area has delayed the drying of the harvest. Silage and hay cutting, curing and baling in southern Tasmania has been supported by clearer weather.



Photo: Slugs in silage in south west Victoria.

Transport – availability/cost implications

Across most areas there will be significant impact on transport. Flood damage, route access restrictions, a shortage of truck drivers, reduced ability to service and repair vehicles and fuel costs are all exacerbating overall transport costs. These issues are considered to be ongoing with little expectation of relief in the coming six to twelve months without significant Government (Federal, State and Local) investment in road repairs and replacement, as well as coordinated action on supply chain restrictions to labour and spare parts.

Estimates for deliveries are between 25-40 per cent higher than the same time in 2021. Fodder users should expect minimum costs of around \$7.50 per km (plus GST) for a 40-tonne load for deliveries with an additional premium of 25-50 cents per kilometre being quoted for local deliveries as they are not seen as economical.

Grain delivery prices are currently around 19 cents per tonne per kilometre. A 35 per cent increase on the price six months ago.

Fuel prices

Fuel prices across rural Australia have decreased a little. In rural Queensland the price has come back from a high of \$2.39 per litre of diesel to around \$2.30 per litre. This is still more than 50 per cent higher than the price last year.

Across the rest of the cropping regions diesel has been a major cost burden on farmers throughout both the sowing and harvesting periods. The removal of the fuel excise for six months during the year did not significantly decrease the cost of diesel for farmers. Additionally, the price of diesel is an ongoing issue in Tasmania with the State generally paying more than the mainland.

Hay and fodder transport will be delayed and current fuel prices will mean higher costs and in many cases the need for hay producers to impose a fuel levy on fodder deliveries. Due to the costs of fuel it is expected that there will be a 25 to 50 per cent increase overall in transport costs, with no sign of mitigating factors.

Damage to vehicles

The roads are causing additional wear and tear damage to trucks and other machinery. Repairs to equipment are being delayed by the shortage of spare parts for older equipment, the availability of service support, and the road damage is restricting delivery schedules.

Labour

There is a shortage of truck drivers and labour in general for agriculture across the country.

Impact of any government responses to the floods

There has been concern expressed about the unintended impacts of some government policies on hay and fodder production.

Fuel excise and fuel costs

The removal of the fuel excise actually increased the price of diesel for farmers as the price rose, but farmers were unable to claim the fuel tax credits they usually receive to offset their non-road use of the fuel.

Local market impact from fodder donations

Government-arranged fodder donations into flood impacted areas had/may have a number of impacts:

- In some cases donations artificially competed against remaining locally produced hay, reducing the price those hay growers were able to get for their hay. This resulted in growers having to continue to store the hay in the hope of achieving a fair and reasonable return.
- The fodder donations could interrupt the transparent fodder demand signals to local producers and those within a reasonable distance, reducing the market signals to growers who may have chosen to prioritise the production of fodder if there was an opportunity to be price competitive and receive a fair return on investment.
- There was often a lack of coordination between local and state government. In some badly affected areas those offering assistance spoke with the local government representatives rather than the local farmers. This led to a misconception that farmers were not in need of support or assistance.
- In some instances, Government initiatives led to a large quantity of poor-quality hay being brought into the area. In addition to being of poor nutritional value, the hay also had the potential to carry pests and weed diseases, resulting in biosecurity management concerns and expenses for livestock farmers already trying to manage significant damage to pastures and herds.

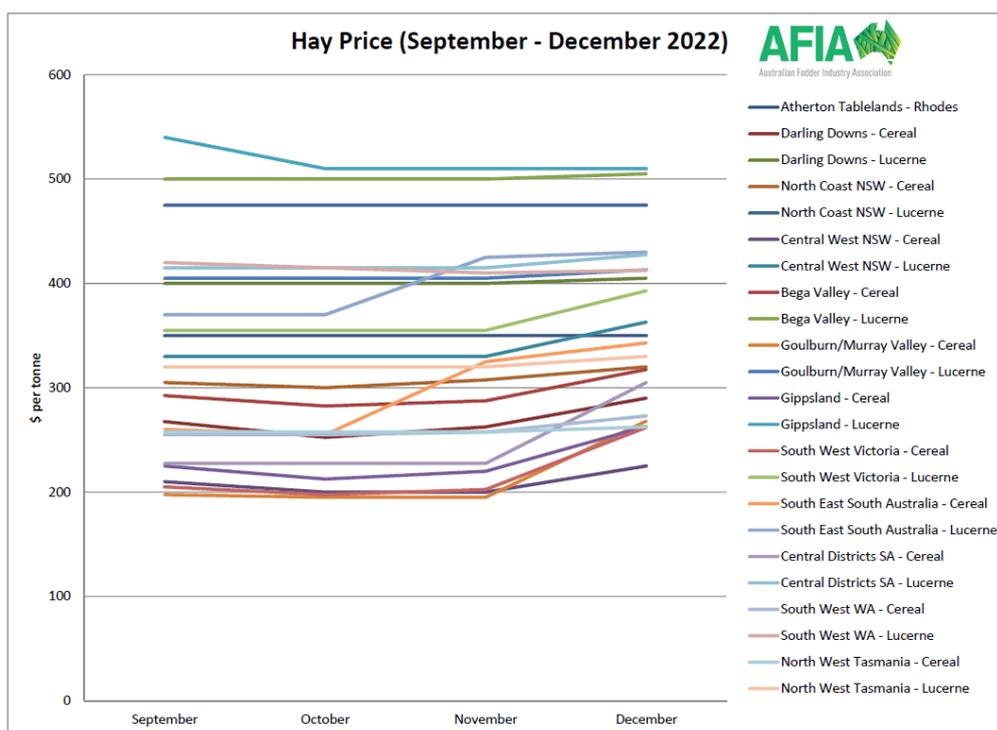
Impact on fodder prices – now and into the future

The price range indicated is for feeds of varying quality with the price range generally indicative of quality of feed. It is expected these prices will be a minimum for the next six months until any Summer fodder crops have been harvested and enter the market.

The price range is also for locally delivered product but does not take into account any fuel levies applied for delivery or additional delivery charges for short distance or long-haul transport. It is expected these prices will increase:

- as harvest finishes and allows yield and quality to be quantified and products priced accordingly, and
- as demand increases as stock relying on dry paddock feed require supplementary feeding.

The Australian Fodder Industry Association (AFIA) recommends feed testing and viewing of fodder before purchase to be sure of the quality of the feed. Wet conditions over the past months have also increased the risk of mycotoxins – products of mould or fungal metabolism which generally occur in silage as a result of aerobic spoilage and also in hay when it has not been cured at recommended levels. Feed testing is critical to manage such potential impacts.



Picture: Hay Price Overview (September-December 2022)

PRICES BY REGION (as at 16 December 2022)

QUEENSLAND	
<p>Atherton Tablelands Silage: N/A Rhodes grass hay: \$300 to \$400 per tonne</p> <p><i>Please note: Hay in the Atherton Tablelands is traditionally priced at \$/bale, so it is important to check bale weights for conversion</i></p>	<p>Darling Downs Silage: N/A Cereal hay: \$275 to \$305/t Lucerne hay: \$380 to \$430/t Straw: \$95 to \$150/t Pasture hay: \$240 to \$270/t</p>
NEW SOUTH WALES	
<p>North Coast Silage price: \$320 to \$350 Cereal hay: \$295 to \$345/t Lucerne hay: \$400 to \$550/t Straw: \$115 to \$220/t Pasture hay: \$235 to \$290/t</p>	<p>Central West Silage price: \$370 to \$400 Cereal hay: \$210 to \$240/t Lucerne hay: \$340 to \$465/t Straw: \$95 to \$110/t Pasture hay: \$210 to \$250/t</p>
<p>Bega/Sapphire Coast Silage price: \$280 to \$305 Cereal hay: \$305 to \$330/t Lucerne hay: \$490 to \$520/t Straw: \$180 to \$210/t Pasture hay: \$330 to \$380/t</p>	
VICTORIA	
<p>Goulburn/Murray Silage price: \$250 to \$290 Cereal hay: \$245 to \$290/t Lucerne hay: \$400 to \$425/t Straw: \$100 to \$130/t Pasture hay: \$230 to \$270/t</p>	<p>Gippsland Silage price: \$190 to \$210 Cereal hay: \$240 to \$285/t Lucerne hay: \$500 to \$520/t Straw: \$80 to \$110/t Pasture hay: \$160 to \$205/t</p>
<p>South West Victoria Silage price: \$230 to \$260 Cereal hay: \$240 to \$285/t Lucerne hay: \$375 to \$410/t Straw: \$90 to \$110/t Pasture hay: \$190 to \$220/t</p>	<p>North West Victoria Silage price: \$240 to \$260/t (not a lot produced) Cereal hay: \$325 to \$380/t Chaff quality: \$500/t Lucerne hay: \$360 to \$440/t Straw: \$90 to \$110/t Pasture hay: \$180 to \$220/t</p>

SOUTH AUSTRALIA	
<p>South East South Australia Silage Price: \$240 to \$270/t Cereal hay: \$320 to \$365/t Lucerne hay: \$410 to \$450/t Straw: \$120 to \$140/t Pasture hay: \$305 to \$345/t</p>	<p>Central South Australia Silage Price: \$240 to \$260/t Cereal hay: \$280 to \$330/t Lucerne hay: \$405 to \$450/t Straw: \$140 to \$165/t</p>
<p>South West South Australia Silage price: \$250 to \$270/t Cereal hay: \$300 to \$330/t Lucerne hay: \$415 to \$450/t Straw: \$140 to \$165/t</p>	
WESTERN AUSTRALIA	
<p>South West Western Australia Silage price: \$280 to \$310/t Cereal hay: \$250 to \$300/t Lucerne hay: \$355 to \$470/t Straw: \$105 to \$115/t Pasture hay: \$180 to \$205/t</p>	<p>Central South Western Australia Silage price: \$280 to \$300/t Cereal hay: \$240 to \$300/t Lucerne hay: \$365 to \$470/t Straw: \$105 to \$115/t Pasture hay: \$180 to \$205/t</p>
TASMANIA	
<p>North West Tasmania Silage price: \$210 to \$280/t Cereal hay: \$240 to \$285/t Lucerne hay: \$310 to \$350/t Straw: \$140 to \$200/t Pasture hay: \$195 to \$245/t</p>	

It is difficult at the current time to provide a price forecast due to the fact that growers are still considering Summer crop options; however, as per the Summary (Page three) this is the price range buyers are likely to see over the coming four to six months.

The Australian Fodder Industry Association (AFIA) is the independent, national peak body for Australia's fodder industry.

Since its establishment in 1996, our network of members, sponsors, supporters and engaged participants has worked for over 25 years to help the fodder industry grow

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