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Worst Locust Plague in Two Decades Threatens Australian Harvest
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By Wendy Pugh

June 11 (Bloomberg) -- The worst locust plague in more than two decades is threatening to strike Australia, the world's fourth-largest wheat exporter, after rainfall boosted egg-laying by the insects in major crop growing regions.

"There are hundreds of millions of dollars worth of crops and pastures that are potentially at risk," Chris Adriaansen, director at the Canberra-based Australian Plague Locust Commission said in an interview by phone. "Tens of millions of dollars" will be spent during the southern hemisphere spring to reduce the affects of the infestation, he said.

The forecast plague could cost Victoria's agriculture sector A\$2 billion (\$1.7 billion) if left untreated, the state government said today. Widespread egg-laying across south-eastern Australia has set the scene for the biggest hatching for at least 25 years, according to the commission, which describes locusts as the nation's most serious pest species.

"The advice of leading scientists indicates the scale of the coming spring's outbreak could be as bad as we experienced in 1973 and 1974 when locusts swarmed through much of Victoria," state premier John Brumby said today in a statement. "Prior to that, the last outbreak of this scale was in 1934, so we could be facing a once-in-a-lifetime locust plague with locusts swarming right across the state."

Locusts are expected to hatch from August to October in Victoria, New South Wales and South Australia states, according to the commission. The first-generation spring hatching alone could occur over a total area of 1.8 million hectares (4.4 million acres), the commission's Adriaansen said.

'Knock Down'

"Egg-laying has happened so it is a case of being prepared to try and knock down their numbers come September," Victorian Farmers Federation President Andrew Broad said by phone from Bridgewater. The VFF, NSW Farmers Association and South Australian Farmers Federation have asked the federal government for additional funding to help farmers fight the insects.

The Victorian government said it will spend A\$43.5 million to fight the locusts, which belong to the same order of insects as grasshoppers. Rabobank Groep NV in April raised its wheat-output forecast for Australia to 21.8 million metric tons, little changed from last harvest, after the rains.

Australian farmers have mostly completed planting of winter crops including wheat and canola, with final output depending on favorable weather through the remainder of the year. Aerial pesticide spraying and ground-level controls by agencies and growers is planned to curb

the spread of the locusts and reduce damage to crops and pastures, according to the commission

Damage Potential

Locusts can cause widespread and severe damage to pastures, cereal crops and forage crops, according to the Department of Agriculture, Fisheries and Forestry website. A swarm may contain millions of locusts covering several square kilometers and overnight migrations of as much as several 100 kilometers are not uncommon, it said.

The earliest record of an Australian swarm is from 1844. High density swarms, with more than 50 insects in a square meter, can eat 20 metric tons of vegetation a day, according to a South Australian primary industries website.

"If we get a massive hatching like they are expecting in spring then what the grasshoppers will do is go into the crops and start chewing the heads off the wheat," said Mark Hoskinson, who farms 2,500 hectares at Kikoira in New South Wales. Locusts decimated a crop sown by his grandfather after drought in the 1940s and this year's threat follows recovery from dry weather.

'Massive Hatching'

"We have experienced 10 years of drought and the last thing we need is a crop failure due to grasshoppers," said Hoskinson, also chairman of the NSW Farmers Association's grains committee. "We really need growers to be on the lookout."

Analysis showed every dollar spent by the commission on early intervention saved more than A\$20 of later damage, the commission's Adriaansen said.

To be sure, experience from past infestations suggested widespread crop damage from this year's outbreak would be limited, according to analysts including Commonwealth Bank of Australia agricultural commodities strategist Luke Mathews.

"It is something that bears watching but I don't think it is a significant factor in the minds of traders at the present stage," Mathews said. "Weather conditions first and foremost dictate the size of the Australian wheat crop and winter crop production in total."

Wheat production this harvest could drop below 20 million metric tons or rise or more than 23 million tons, depending on weather, Mathews said. The bank is forecasting a crop of 20 million to 21 million tons. Output last season was 21.66 million tons, the Australian Bureau of Agricultural and Resource Economics estimated in March.

Aerial Spraying

State agricultural departments are urging farmers to report and mark signs of infestations so that locust numbers can be reduced before they take flight. Some early-planted winter crops in eastern Australia were re-sown because of locust damage.

The plague locust commission, established in 1974 after a plague the previous year, organizes aerial spraying while locusts are at the nymph stage to curb swarming across eastern Australia and reduce damage from further insect generations over the following months. State and regional government agencies also work with farmers on ground-level action to protect local areas and individual properties.

The situation and prevention measures are being monitored by GrainCorp Ltd., eastern Australia's largest grain handler, spokesman David Ginns said.

"GrainCorp has confidence in the competence and effectiveness of the state and commonwealth authorities that have a lot of experience in dealing with locust situations of this type," he said.

Problem Recognized

Problems during planting had alerted authorities and farmers to the potential size of the spring hatching and increased the chance that damage would be contained, Rabobank Sydney-based agricultural commodities analyst Wayne Gordon said.

"The potential for that problem in the springtime has been recognized and we are fairly confident the authorities will get that under control as they have done in the past," he said by phone. Rabobank's wheat forecast for 21.8 million tons had potential "upside," depending on seasonal conditions, he said.

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