



## **North Queensland farmer confidence on the rise**

### **Results at a glance:**

- *North Queensland farmer confidence level has risen to positive territory*
- *Favourable season and commodity prices the main drivers*
- *Foreign investment in Australian agriculture viewed as a 'threat'*

**North Queensland farmer confidence has increased into positive territory this quarter with more farmers expecting conditions to improve than worsen, according to the latest quarterly Rabobank Rural Confidence Survey.**

The survey – completed a month ago – found 25 per cent of North Queensland primary producers expected conditions to improve in the next 12 months, up from 15 per cent in the previous quarter. A total of 52 per cent expected conditions to stay the same and 19 per cent expected the agricultural economy to worsen.

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 1200 farmers across a wide range of commodities and geographical areas throughout Australia on a quarterly basis.

The latest survey showed that of those North Queensland farmers who expected conditions to improve, favourable seasonal conditions were nominated as a major driver of optimism by 55 per cent, as were rising commodity prices (also cited by 55 per cent).

Rabobank regional manager North Queensland & Northern Territory Trent McIndoe said the return of confidence levels back into positive territory wasn't a surprise, however the rise had come from a low base.

"Northern cattle producers are certainly feeling a little more upbeat having had a good season and there's another good wet forecast, so they're more comfortable knowing there's likely to be some good rain about again. Prices are also finishing strong as the year comes to a close," Mr McIndoe said.

"On the other hand, it's the farmers along the coast still recovering from the cyclone earlier in the year who are probably a little more wary, especially knowing another above-average wet season is expected."

Following on from last survey, of those respondents who expect conditions to worsen, 50 per cent nominated government intervention and policies as a concern, as well as uncertainties around overseas markets and economies, cited by 32 per cent.

"The general world economic situation and global market uncertainty is playing on people's minds, but overall there is strong demand for food globally which is reassuring for primary producers and this should continue to flow through to commodity prices which are historically at higher averages," Mr McIndoe said.



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## Media Release

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“There’s still an overhang from the live cattle export suspension to Indonesia which came about at the time the previous quarter’s survey was taken, but things seem to be moving forward with government and industry working on improving the situation. We are now seeing record prices being offered due to a shortening in supply which is very encouraging, as well as the strong demand from our trading partners.”

The survey also showed 48 per cent of North Queensland farmers view foreign investment in Australian agriculture as a ‘threat’ and only 22 per cent view foreign investment in agriculture as an opportunity.

“There is significant concern, particularly in the southern areas, around the activity within the mining and resources sector on prime agricultural land, which explains some of these results regarding foreign investment,” Mr McIndoe said.

In terms of farmers’ perception of their own enterprise, 52 per cent expect performance to improve in the next 12 months, up from 30 per cent in the previous quarter. While 35 per cent expect business performance will remain stable and 10 per cent expect it will worsen.

North Queensland farmers’ investment intentions have improved – with 89 per cent intending to increase or maintain their level of investment in their farm business in the next 12 months, up from 73 per cent in the previous quarter.

Forty per cent of NQ respondents reported better gross farm incomes in the third quarter compared the same period last year, while 38 per cent reported a lower income.

In terms of income expectations for the next 12 months, 54 per cent expected their gross farm incomes to increase (up from 27 per cent in the previous quarter), while 36 per cent expected no change and nine per cent expected a decrease.

The most robust study of its type in Australia, the Rabobank Rural Confidence Survey has been conducted since 2000 by an independent research organisation.

The next results are scheduled for release in March 2012.

***Rabobank Australia is a part of the international Rabobank Group, the world’s leading specialist in food and agribusiness banking. Rabobank has more than 110 years’ experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 48 countries, servicing the needs of about 10 million clients worldwide through a network of approximately 1600 offices and branches. Rabobank Australia is one of the country’s leading rural lenders and a significant provider of business and corporate banking and financial services to the Australian food and agribusiness sector. The bank has 61 branches throughout Australia.***

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