



## **WA farmer confidence highest in the nation**

*Results at a glance:*

- *Western Australian farmers are the most confident in the nation*
- *Favourable seasonal conditions driving confidence*
- *Investment intentions improved*

**Western Australian farmers are the most confident in the nation, buoyed by prospects of excellent grain production this year and improved returns for livestock and wool, according to the latest quarterly Rabobank Rural Confidence Survey.**

The survey – completed a month ago – found 40 per cent of WA farmers surveyed expected the agricultural economy to improve in the next 12 months, up from 26 per cent in the previous quarter. A total of 40 per cent of those surveyed expected conditions to stay the same, while 15 per cent expected them to worsen (significantly down from the 25 per cent with that view last survey).

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

Rabobank state manager for Western Australia Crawford Taylor said the high farmer confidence comes after favourable spring growing conditions across most of the state.

Of those WA producers expecting conditions to improve, 51 per cent cited favourable seasonal conditions as a major contributing factor, down slightly from the previous quarter (57 per cent).

“Recent wet weather events, however, across parts of the WA wheatbelt have impacted grain quality – for some farmers quite significantly,” Mr Taylor said.

“The situation is still evolving, but this has the potential to hurt returns, although high yields should assist in offsetting the storm damage.”

Regarding the performance of their own enterprise over the next 12 months, 52 per cent expected an improvement, up from 44 per cent in the previous quarter, while 39 per cent expect their business performance will remain stable and eight per cent expect it may worsen.

“This is a good indicator that improved conditions for agriculture were transferring through to the farmgate,” Mr Taylor said.

“Despite the improved levels of confidence, WA producers remain cautious, with 37 per cent of those surveyed intending to reduce debt and improve farm equity.”



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Mr Taylor said this is predominantly due to continued concerns about overseas financial markets – particularly the debt crisis in Europe – and the negative perceptions of government policies towards agriculture.

“Interestingly, larger producers are more focused on debt reduction with 47 per cent with incomes above \$1 million indicating their near-term strategy is to reduce debt over the next 12 months,” Mr Taylor said.

“This is likely to have flow-on effects for the rural property market which is expected to remain subdued post-harvest and into early part of 2012.”

Investment intentions improved with 93 per cent expecting to increase or maintain their level of investment in their farm business in the next 12 months, up from 84 per cent last quarter.

Mr Taylor said this was a good indicator that producers are still focused on improving farm productivity “even during a period when they remain vigilant about the broader global economy during the next 12 months”.

Respondents were asked about their views on foreign investment in agriculture. In WA, 46 per cent of farmers viewed foreign investment in Australian agriculture as a threat and only 21 per cent viewed it as an opportunity.

“This response was expected, however access to capital for farm businesses is likely to diversify away from traditional means as farm businesses continue to grow and consolidate,” Mr Taylor said.

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.

<ends>

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