



## ***Tasmanian farmer confidence surges higher***

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

- *Rural confidence surges back to near-record highs seen earlier in the year*
- *Nearly half the state's farmers looking to increase on-farm investment – the highest investment intentions in the country*
- *57 per cent of farmers report improving productivity in past five years*

Tasmanian farmer confidence has surged back to near 14-year highs, with 97 per cent of the state's farmers expecting agricultural conditions to improve or remain stable, according to the latest Rabobank Rural Confidence Survey.

This positive outlook has flowed through into strong investment intentions, with nearly half of Tasmania's farmers looking to increase their on-farm investment.

The survey – completed last month – found 54 per cent of farmers expected conditions in the agricultural economy to improve in the next 12 months (up from 34 per cent with that view last quarter), while 43 per cent expected conditions to remain stable.

Rabobank state manager for Tasmania Greg Bott said there was a general mood of optimism sweeping across the agricultural sector in much of the state.

“There are many reasons for optimism for farmers at the moment – with stronger commodity prices, lower interest rates and a weaker currency,” he said.

“The low interest rate environment has really taken some of the cost pressure off, with interest repayments one of the biggest expenses for many farming businesses.

“The season has also been favourable, with no extreme dry or wet weather events although farmers will be hoping to consolidate on their current position with a good spring.”

Mr Bott said commodity markets remained the biggest driver of confidence, with around two-thirds (67 per cent) of farmers who expected conditions to improve citing prices as cause for their positive sentiment.

“Beef prices continue to hit new heights, while lamb prices have remained strong and we saw a strong lift in wool prices a month or so ago,” he said.

“Dairy prices have also held up well so far given the slump in global prices, with opening farmgate prices at around AUD5.60/kg MS. That said, there is downside risk to the full-year price given the prevailing sentiment in global markets.”

Prices for most vegetable crops are also higher than what has been seen in previous years, Mr Bott said, while poppy returns weren't as adversely affected by fungal disease as initially thought.



“Reports suggest poppy production could be down by around 10 per cent across the state, with those crops planted early the most adversely affected,” he said.

Seasonal conditions emerged as a more dominant driver of confidence this quarter, nominated by 40 per cent of respondents who had an optimistic outlook (up from 32 per cent last survey). The lower dollar declined in importance, cited by 22 per cent (down from 40 per cent).

In line with overall confidence levels, Tasmanian producers were also very upbeat in their outlook for their own farm businesses, with the majority expecting business performance to either improve (42 per cent, up from 29 per cent) or remain stable (45 per cent).

This view was largely driven by gross farm incomes, with 66 per cent of Tasmanian respondents reporting higher gross farm incomes for April to June 2015, compared with the same period last year.

Higher incomes also flowed into improved investment intentions, with Tasmanian farmers having the strongest investment intentions in the country.

“Nearly half of the state’s farmers – 46 per cent – are expecting to increase their level of investment over the coming year. This compares to 26 per cent with that intention last quarter, and is one of the highest reading since the survey began 14 years ago,” Mr Bott said.

“Dairy farmers are particularly expansionary in their outlook, with 67 per cent looking to increase investment on the back of two years of good prices here.”

Mr Bott said a number of factors were playing in farmers’ favour at present, with some groups working to position Tasmania’s fresh produce at the premium end of the market.

This survey, farmers were also questioned about farm productivity, with 57 per cent of the state’s producers reporting having increased productivity over the past five years, while a further 35 per cent had maintained productivity levels.

Tasmanian farmers reported a number of measures being adopted to boost efficiency and improve productivity levels in their farm businesses. These included on-farm investment, accessing the latest information and research, improving access to global markets and adopting new technology and genetics.

“Education is also a key factor in increasing on-farm productivity, and we have seen a focus on tertiary education here in Tasmania with an increase in the offering of agricultural-related courses and enrolments,” Mr Bott said.

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 1000 primary producers across a wide range of commodities and geographical areas throughout Australia on a quarterly basis. The most robust study of its type in Australia, the survey has been conducted since 2000 by an independent research organisation.

The next results are scheduled for release in December 2015.



**Rabobank**

**Media Release**  
**August 24, 2015**

<ends>

***Rabobank Australia is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 115 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 40 countries, servicing the needs of approximately 8.8 million clients worldwide through a network of close to 1000 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.***

To arrange an interview with Rabobank state manager Tasmania Greg Bott or for more information on Rabobank's Rural Confidence Survey, please contact:

Denise Shaw  
Head of Media Relations  
Rabobank Australia & New Zealand  
Phone: 02 8115 2744 or 0439 603 525  
Email: [denise.shaw@rabobank.com](mailto:denise.shaw@rabobank.com)

Jess Webb  
Media Relations Manager  
Rabobank Australia & New Zealand  
Phone: 07 3115 1832 or 0418 216 103  
Email: [jess.webb@rabobank.com](mailto:jess.webb@rabobank.com)