



Tasmanian farmer confidence stages strong recovery

Results at a glance:

- *Tasmanian farmer confidence makes a strong recovery to hit a 15-month high*
- *Farmers start to reap benefits of wet winter/spring, although conditions continue to hamper crop plantings*
- *Commodity prices also behind upswing in sentiment, with dairy farmers hopeful of improved milk prices*

Tasmanian farmer confidence has staged a strong recovery from the three-year lows recorded last quarter, off the back of an improved commodity price outlook and better seasonal conditions.

The latest Rabobank Rural Confidence Survey has found the majority of the state's farmers are now expecting improved, or at least stable, conditions in the year ahead, with rural confidence now at its highest level this year.

Rabobank regional manager for Southern Victoria & Tasmania Hamish McAlpin said after a challenging winter, which saw much of the north of the state affected by flooding, farmers were now reaping the benefits of rain on pasture growth and water storages as the weather starts to warm up. Wet conditions were, however, continuing to hamper planting of spring sown crops.

The quarterly survey, completed last month, reported 87 per cent of surveyed farmers now expected conditions to either improve over the coming year, or remain stable. Of which, 38 per cent expected conditions to improve – up from 26 per cent in the previous survey.

Those expecting conditions to worsen stood at just 11 per cent, down from 30 per cent previously.

Mr McAlpin said the impacts of one of the state's wettest winters on record was starting to flow into benefits for those in the dairy and livestock sectors, however wet conditions were continuing to create challenges for farmers intending to plant spring crops.

"With the paddocks so sodden and waterlogged, it is really difficult for farmers to access their paddocks, which has not only delayed sowing, but also created disease concerns for winter crops," he said.

"The same can be said for hay and silage production with some areas limited by the inability to get on to wet paddocks and, as a consequence, the hay season will be shorter-than-normal"

Mr McAlpin said the return of wet conditions had positively impacted the dairy sector contributing to some of the lift in sector sentiment, with net confidence among the state's dairy producers lifting from a negative reading of -50 per cent to a positive 33 per cent this quarter.



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“Seasonal conditions have aided yields for hay and silage on-farm, which has reduced the reliance to buy-in fodder,” he said, “while expectations of a bumper harvest around the country are set to keep a lid on purchased feed costs.”

While the favourable climatic outlook is providing some margin relief for dairy producers, Mr McAlpin said farmers were also starting to see the recovery in global dairy markets.

“The recent rally in global markets may be too late to have a material impact on farmer margins this season, however the 2017/18 season is shaping up well for dairy and should see a return to profitability on-farm,” he said.

“And this should go some way to curb the drop in local milk supply, where production has been falling over recent months.”

The expectation of improved milk prices, combined with the ongoing strength of beef and sheep markets, saw commodity prices emerge as the biggest factor driving improved rural confidence. A total of 84 per cent of Tasmanian farmers with a positive view of the year ahead cited market outlook as reason for their optimism – up from 46 per cent in the previous survey.

Seasonal conditions were also behind the upswing in confidence, nominated by 69 per cent of Tasmanian farmers with a positive outlook, up from 48 per cent previously.

The improved sentiment among the state’s rural sector flowed into strong investment intentions, with all surveyed producers looking to increase or retain their level of investment – up from 90 per cent last quarter.

Of the 18 per cent intending to increase investment, building livestock numbers was the key priority, while improvements to on-farm infrastructure (including water infrastructure) and investing in emerging technologies remained an important focus for the state’s farmers.

Mr McAlpin said the ongoing investment in water and irrigation infrastructure, as irrigation schemes continued to come on-board, was flowing into improved on-farm productivity.

“This investment by both government and landholders has allowed farmers to diversify into more high-value crops and intensified livestock production systems,” he said.

This quarter the survey also questioned farmers about their education and training needs, finding 33 per cent of Tasmanian producers were looking to upskill over the coming year – up significantly from 17 per cent in 2015.

Of those looking to pursue training or further education, the majority were interested in improving their on-farm management skills (78 per cent), application of business planning and management tools (53 per cent), better understanding emerging technologies (37 per cent) and strategic financial management (32 per cent).

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 1000 primary producers



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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 Rabobank Rural Confidence Survey has been conducted since 2000 by an independent research organisation.

The next results are scheduled for release in March 2017.

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