



## **Tassie farmers lead nation when it comes to investment appetite**

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

- *Confidence amongst Tasmania's farmers remains strong, but comes off recent high due to dry autumn – particularly in the south*
- *Beef, sheep and wool prices underpin positivity – while dairy prices are also set to improve*
- *43 per cent of state's farmers looking to increase investment – the highest investment appetite in the country*

**Tasmanian rural confidence has eased slightly, but remains at robust levels, with the state's farmers reporting the strongest investment appetite in the nation, the latest Rabobank Rural Confidence Survey has found.**

**While a relatively dry autumn – particularly in the south of the state – has seen sentiment retract from recent highs, longer-term confidence looks to have remained healthy, with 43 per cent of the state's farmers planning to increase investment in their farm businesses in the coming 12 months – the strongest investment appetite in the country.**

Rabobank regional manager for Tasmania Hamish McAlpin said the latest quarterly survey found much of the planned investment is pegged for on-farm infrastructure (such as fences, yards, silos and haysheds), while new plant and machinery as well as rebuilding stock numbers is also high on the agenda.

"We are also seeing greater activity in the rural property market, with the survey showing a quarter of those looking to increase investment are considering property purchase," he said.

"And we are seeing farmers start to look further afield when it comes to purchasing additional blocks of land, rather than just looking at the place next door, which is leading to increased interest in properties for sale."

The survey – completed last month – found while the majority of Tasmanian farmers expect conditions in the agricultural economy to remain stable over the coming 12 months (at 60 per cent), the percentage expecting conditions to improve edged lower to 29 per cent (from 39 per cent in the previous survey). That said, just seven per cent expect conditions to worsen – a similar reading to last quarter.

Mr McAlpin said the drier seasonal conditions had "put a bit of a dent in confidence", with the south of the state remaining dry, while the north had received a late-autumn break.

"With the benefit of any rainfall we receive over the next few months limited by the cold, it is now too late for decent pasture and crop growth – so it is the price outlook for beef, sheep and wool, but increasingly dairy, that is largely underpinning the positivity prevailing across the state," he said.



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This was reflected in the survey results, with 77 per cent of those farmers expecting conditions to improve citing commodity prices as reason for their optimism.

This flowed into strong gross farm income expectations for the 2017/18 financial year, with 38 per cent expecting their gross farm incomes to increase and a further 52 per cent expecting little change compared with the past 12 months.

“The grazing sector is currently enjoying its ‘place in the sun’, with the sector buoyed by historically high prices for beef, lamb and mutton as well as wool, albeit wool prices have retracted from their April peak,” Mr McAlpin said.

There were some concerns however, he said, among lamb producers about the state’s processing capacity, with one of the main processing plants remaining closed.

In the dairy sector, the survey found the majority of producers were optimistic about their prospects for the coming 12 months.

“While many are entering winter with decent fodder reserves, it is the expectation of higher farmgate milk prices next season that is driving renewed confidence in the sector,” Mr McAlpin said. “That said, on-farm cashflow will remain tight for a few months yet.

“Fonterra has recently come out with an early forecast farmgate price range of 5.70 to 6.10kg/MS (including the 40 cent bonus) for the 2017/18 season, while Murray Goulburn is forecasting a range of 5.20 to 5.40/kgMS.”

For poppies, the price outlook is less upbeat, Mr McAlpin said.

“Growers who have scaled back poppy plantings have been looking to plant vegetables, cereals or fodder crops for livestock production,” he said.

This quarter, Rabobank’s survey also questioned farmers about their uptake and use of sensor technology, such as drones, moisture probes, yield mapping, EID (electronic identification) and auto drafting.

Mr McAlpin said the survey found the uptake of sensor technologies was low among Tasmanian farmers at 11 per cent – and below the national average of a 23 per cent adoption rate.

“We’ve seen greater rates of technology uptake in large-scale businesses – grain production on the mainland is a good example of this – but for many the cost is outweighing the benefits of adopting these new technologies,” he said. “And until farmers can see tangible benefits of this technology on their productivity and profitability, the uptake will be limited.”

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



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The next results are scheduled for release in September 2017.

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