



Queensland rural sector's resilience shows through as farmer confidence rebounds

Results at a glance:

- *Queensland agricultural sentiment has climbed into positive territory, with state's farmers registering the biggest rise in confidence in the nation this quarter*
- *Rain events in state's south have seen confidence in Darling Downs improve significantly*
- *93 per cent of Qld farmers surveyed reported their businesses were either somewhat or very prepared for drought conditions*

Queensland farmer confidence has taken a positive turn over the past quarter, with promising spring rainfall in southern parts of the state fuelling a more optimistic outlook in the rural sector, the latest Rabobank Rural Confidence Survey has shown.

Queensland reported the biggest increase in rural confidence levels in the country in the national survey, which was completed in November.

Rabobank regional manager for North Queensland and Northern Territory Trent McIndoe said drought conditions which had negatively impacted confidence in parts of the Darling Downs and south west Queensland had begun to ease during spring with some significant rain, particularly in October. "And as soil moisture profiles and pastures have begun to grow, so too has positive sentiment," he said.

Mr McIndoe said the catastrophic bushfires that have been raging across parts of Queensland in recent days, along with extreme heatwave conditions, would undoubtedly have knocked farmer confidence since the survey was in the field.

"While the fires have not been located in major agricultural areas, it is still too early to see the full impacts and the recent extreme conditions will be weighing on the state's agricultural sector," he said.

The final Rural Confidence Survey for the year found that after a year in negative territory – with more Queensland farmers having a negative than positive outlook on their prospects – the state's primary producers were overall more optimistic.

Queensland farmers reported the strongest jump in confidence across the country in the survey, with 29 per cent of producers indicating a positive outlook on the agricultural economy in the next 12 months, up from just 11 per cent with that view last quarter. The proportion expecting agricultural economic conditions to deteriorate had declined to 28 per cent, from 55 per cent previously. And a total of 38 per cent of survey respondents expected similar conditions to the previous 12 months.

Mr McIndoe said the rebound in sentiment was testament to the underlying positive outlook that producers have about Queensland's agricultural industries.



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“While it’s impossible to make a business drought-proof, Queensland producers have had more than their share of serious droughts and they have learned to operate in quite a challenging environment,” he said.

“While the rain that fell, particularly in October, has definitely lifted the spirits for producers who received it, it hasn’t had a huge impact on all the areas that need it, and we still have more than half the state drought declared.

“For some of our primary producers, particularly in the north-west of the state, they have been in drought for so long it has almost had to become their operating model.”

The readiness of farmers to handle challenging dry conditions was also examined this quarter with the survey asking producers about their level of drought ‘preparedness’.

Of the Queensland respondents surveyed, 43 per cent indicated their farm businesses were very prepared to manage a drought while 50 per cent said they were somewhat prepared and only six per cent felt unprepared.

More than half – 56 per cent – believed their ability to prepare for drought was better now than five years ago.

While overall Queensland rural confidence had risen to positive levels, there was some disparity seen across the commodities.

The state’s grains industry indicated a much-improved outlook on the year ahead with 46 per cent of Queensland growers surveyed expecting better conditions for the agricultural economy, a substantial increase from only seven per cent last quarter, and a further 44 per cent expecting stable conditions.

In cotton, the result was similar, with 48 per cent anticipating improving conditions (up from nine per cent) and 16 per cent a similar year to last.

Mr McIndoe said the rainfall received in October had not, however, had much of an impact in the northern part of the state and both the Central Coast and Highlands, as well as North Queensland, retained a more negative outlook, despite an improvement on last quarter.

“The top half of the state has not really seen much in the way of rain and, particularly in North Queensland, we are seeing the impact of lower cattle prices and a hike in feed costs for beef producers and the ongoing suppressed global prices in sugar,” he said.

This concern in the top half of the state is reflected in producers’ cash flow projections with 53 per cent of North Queensland producers expecting their income to decrease in the coming 12 months, a result more than 20 per cent higher than the other Queensland regions.

Across the commodities, Queensland grain growers were the most upbeat about their prospects, with 59 per cent expecting a stronger financial result in the coming 12 months.



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Mr McIndoe said despite concerns over next year's income, Queensland farmers across the board still rated the viability of their farms much higher than in previous droughts, with 92 per cent of those surveyed assessing their businesses as viable.

"We have seen a lot of farm businesses that have managed to survive, despite some of them being in more than five consecutive years of drought," he said.

"Awareness in agriculture of options, possibilities and management strategies during dry times are continuing to improve and producers in a way have become conditioned for the vagaries of the season and have structured their businesses accordingly."

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. The next results re scheduled for release in March 2019.

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