



## **Good times on the land in Tasmania fuelling investment plans among state's farmers**

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

- *Tasmanian farmers most positive in the nation, despite drop-off in sentiment*
- *Two in five Tas farmers intend to 'up' on-farm investment, outstripping other states*
- *Concerns about dry weather in south, but north of state benefitting from "magnificent winter"*

**Tasmanian farmers continue to be the most optimistic in the nation, despite rural sentiment in the state easing off from the highs recorded in the middle of the year, the latest Rabobank Rural Confidence Survey has found.**

**While large areas of eastern mainland Australia struggle with challenging drought conditions, Tasmania's agricultural sector has benefited from comparatively favourable seasonal conditions (particularly in the north of the state), coupled with generally strong commodity prices.**

**The latest survey, released today, found while a smaller proportion of Tasmanian respondents now expect conditions in the agricultural economy to improve in the next 12 months – nearly two-thirds surveyed anticipate similar conditions to last year, which delivered strong returns for many in Tasmania's ag sector.**

**Rabobank branch manager Tasmania Kathryn Brown said a run of good years in the state's agricultural sector had also given farmers the liquidity and confidence to invest in their farming businesses, with two out of five surveyed farmers looking to increase their investment in the coming year – well outstripping the national average.**

Completed last month, the survey found while the state's overall rural confidence remained at buoyant levels, sentiment had waned somewhat from last quarter's highs.

While 60 per cent of surveyed farmers in Tasmania reported a steady outlook on the year ahead, expecting agricultural economic conditions to remain stable for another 12 months, the proportion anticipating an improvement was down on the previous quarter – 20 per cent, from 34 per cent previously. And an increased number had a pessimistic outlook (18 per cent, up from seven per cent).

Ms Brown said the easing in rural sentiment, from last quarter's 18-month high, was driven by the state's dairy sector – with a decline in the number of dairy farmers with an optimistic outlook – 38 per cent, down from 60 per cent in the June quarter.

"There are increasing concerns among dairy farmers – and those with sheep and cattle – around the escalating cost of feed, with wheat prices jumping by 20 per cent in recent weeks," she said. "And with harvest still some time away, and half of our feed sourced from the mainland, prices are expected to rise further as fodder becomes harder to source."



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**Media Release  
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Ms Brown said the rising cost of production was placing pressure on dairy margins, at a time when there was some uncertainty whether the milk price step-ups would eventuate.

“We have seen prices soften on the Global Dairy Trade auction,” she said, “however, if we continue to see an escalation of hot and dry weather in some key dairy export regions, there is a chance that commodity prices will rally – and this would be welcome in the current cost price environment.”

Across sectors, the market outlook continued to underpin confidence levels among the state’s farmers – with commodity prices cited by 88 per cent as reason for their optimistic outlook, up from 81 per cent previously.

“The wool market continues to trade above AUc 2000/kg,” Ms Brown said, “while lambs are fetching up to \$8 a kilogram – prices unheard of previously.”

The positive commodity outlook had flowed into still strong income expectations among the state’s farmers for the coming 12 months, with 31 per cent expecting improved gross farm incomes (albeit down from 44 per cent last quarter), while 54 per cent were anticipating a similar financial result to last year.

Ms Brown said despite the overall positive sentiment in the state’s rural sector, there were some concerns about dry conditions – in areas south of Ross. All surveyed farmers with a pessimistic outlook nominated seasonal concerns as reason for their more cautious outlook.

“The south of the state has been dry for some time and many are feeding their stock as they head into lambing,” she said. “But those who have irrigation are feeling more positive, while the price for wool is also providing the confidence to buy in feed, with no talk of further destocking at this stage.”

In the north of the state it was a different story, Ms Brown said, with the north coast enjoying a “magnificent winter”.

“Rains were above average over winter and, with relatively moderate temperatures, there has been grass growth, while the dams are all pretty much full,” she said.

With the potato planting window now open, Ms Brown said growers were feeling reasonably confident, while poppy plantings were expected to be slightly down in 2018/19.

“In the past couple of years we have seen a consolidation in the poppy sector as some farmers have been opting to grow an irrigated wheat crop or fodder for their livestock instead,” she said.

Signifying longer-term confidence in the ag sector, the survey found Tasmania’s farmers had ramped up their investment plans for the coming 12 months, with 40 per cent looking to increase their investment – nearly double the 24 per cent last quarter. While the remaining 60 per cent were intending to maintain investment at current levels.



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“It is really good business practice to invest while times are good,” Ms Brown said, “and we are seeing a lot of new sheep and cattle yards go up around the place, while many are continuing to expand their irrigation by putting in more pivots.”

This was reflected in the survey, with 57 per cent of those looking to increase investment focussing on farm infrastructure and 54 per cent at irrigation and water infrastructure.

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 are scheduled for release in December 2018.

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