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**Media Release**  
**September 3, 2018**

## **WA farmer confidence rebounds thanks to positive crop outlook and strong commodity prices**

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

- *WA farmers are now among the most positive in the country*
- *WA grain growers drive the result, buoyed by price outlook*
- *Large increase in farmers expecting incomes to increase, fuelling expansion and on-farm investment*

**Good seasonal conditions and booming commodity prices have driven a major recovery in farmer confidence among Western Australian farmers, with the latest quarterly Rabobank Rural Confidence Survey revealing they are among the most upbeat in the country.**

**And an expectation of better seasonal conditions and improved farm incomes over the next 12 months is also fuelling demand for rural property and expected to increase on-farm infrastructure spending, further demonstrating longer-term confidence in the state's farm sector.**

WA farmers have defied the national trend with the improved sentiment. All other states recorded a significant drop in confidence, except for Tasmania where rural sentiment eased but remained at healthy levels.

Rabobank regional manager for Western Australia Crawford Taylor said WA farmers were upbeat about improved farm incomes, with close to half of those surveyed expecting increased incomes over the next 12 months.

The results underscore a healthy WA farm sector, with 97 per cent of farmers surveyed rating their farms as viable and one third of producers intending to increase investment looking at additional property purchase.

In a breakdown of the results, WA farmer confidence posted a recovery to neutral levels following the previous quarter's drop, with respondents equally split on whether conditions would deteriorate or improve.

Confidence about an improvement in conditions has more than doubled since last quarter, with 30 per cent expecting conditions to improve compared with 14 per cent last quarter.

The state's grain growers are driving this quarter's surge – with WA grain producers by far the most positive farmers in the nation – with 54 per cent expecting overall business conditions to improve, significantly up from 12 per cent last quarter.

A further 15 per cent of grain growers expect conditions in the coming year to remain the same, while 31 per cent (similar to last quarter's 33 per cent) expect conditions will deteriorate.

Confidence also improved among beef producers, albeit the vast majority (at 80 per cent) expect a similar year to the last. While in the sheep sector, grazier sentiment



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dipped with 35 per cent expecting conditions to deteriorate, as concerns were raised around government intervention in the live export market.

Mr Taylor said across commodities, prices were the main driver of improved sentiment with 83 per cent of those WA farmers expecting conditions to improve pointing to improved returns, up from 56 per cent last quarter.

Grain growers have been particularly buoyed by the recent surge in prices, nominated by 83 per cent as reason business conditions were likely to improve.

Mr Taylor said while commodity prices were a significant factor underlying confidence, seasonal conditions were now feeding into current optimism, improving significantly since last quarter.

“We have a combination of improving commodity prices in grain because of the east coast drought and dryness in other parts of the world which is fuelling domestic WA prices,” Mr Taylor said.

“But there are improving prospects for the season, pretty much right across the agricultural regions of Western Australia, which we’d probably rate at 85 per cent good to excellent.

“In WA we’re potentially looking at one of those years when seasons and prices across all commodities are going to play in the favour of farmers. Significantly boosted incomes are potentially the result of all of this.”

By region, the survey has found confidence to be well up in the Central and Northern Wheat Belt zones with 40 per cent and 42 per cent respectively expecting conditions to improve over the coming 12 months. While confidence remained comparatively subdued in the South West corner of the state.

It’s why almost half (48 per cent) of all WA farmers surveyed expect farm incomes to increase over the coming 12 months (up from 25 per cent of those surveyed last quarter) while 33 per cent expect similar incomes to last year.

Grain growers have the strongest confidence for their own gross incomes, with 59 per cent of surveyed WA grain growers forecasting farm incomes to improve in the coming year. Almost half of the sheep farmers surveyed expect higher farm returns in the coming year.

“But we’ve got to temper that enthusiasm a little,” Mr Taylor cautioned, “as we have another two months of growing season which is really going to determine the outcome, but you could say it’s looking good.”

Accordingly, investment intentions match the positive sentiment flowing from improved farm income expectations, with 32 per cent of the state’s farmers looking to increase business investment over the coming 12 months, up sharply from 18 per cent.

The survey found that of those farmers intending to increase investment, just over half will invest in on-farm infrastructure, and 48 per cent in new machinery or equipment. One third of those planning to increase investment say they are looking at additional



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property acquisitions. The current national average considering property purchase is 14 per cent.

Mr Taylor said the health of the agricultural sector in WA is strong, with 97 per cent of farmers surveyed reporting viability – among grain growers that figure is now 100 per cent.

“In the past four to five years we’ve seen a considerable improvement in the equity position of farmers across Western Australia and that could be boosted again from the 2018 production season,” he said.

But while property acquisition was currently an attractive option being explored by many farmers, Mr Taylor said the bulk of the investment was still inside the farm gate. He said investment in digital technology was “a real watching brief for Western Australian producers”.

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 and is a comprehensive monitor of outlook and sentiment in Australian rural industries.

As 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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