



Rabobank

Media Release

March 16, 2020

Tasmanian farmers positive about strong 2020 in latest Rural Confidence Survey

Results at a glance:

- *Tasmanian farm business sentiment has dramatically improved*
- *Farm confidence is soaring, fuelling farm investment intentions for the year ahead*
- *Seasonal conditions and strong commodity prices are driving sentiment*

The “stars are aligning” for Tasmanian farmers, with growing confidence about the year ahead thanks to improving seasonal conditions and sky-rocketing commodity prices, as revealed in results from the latest Rabobank Rural Confidence Survey.

Most Tasmanian farmers are looking to the year ahead with optimism, with the survey finding 40 per cent of farmers now expecting business conditions to improve in 2020, compared with 14 per cent of those surveyed late last year.

Seasonal conditions were the predominant factor driving the positive sentiment among the state’s farmers, cited by 61 per cent as the reason for their optimistic outlook.

With prices across all Tasmanian agricultural commodities at strong-to-record levels, farmers are also more upbeat about the outlook for their own gross farm incomes this year.

It’s a big turnaround in sentiment for the state’s farmers, who last year reported a much-less optimistic outlook after a dry start to spring drove Tasmania’s rural sentiment to a seven-year low.

Rabobank branch manager Tasmania, Kathryn Brown, said seasonal conditions reflected a “tale of two states” with rainfall still well-below average in south-east Tasmania and throughout the east coast and Midlands region. Meanwhile in the state’s north west, farmers were experiencing “the best season they can remember.”

Ms Brown said the strong prices across commodities were helping ease any weather-related constraints and giving those farmers who hadn’t received enough rain last year the confidence to ride out the difficult season.

The results of the latest survey have revealed confidence up across the board in Tasmania, but especially among beef and dairy producers, who hold the most bullish outlook for the year ahead.

Half of all beef producers surveyed now expect conditions to improve, well up on the 14 per cent with the same outlook at the end of last year.

Meanwhile, half the state’s dairy farmers also expect conditions to improve, up on 30 per cent from the previous survey.



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Income expectations were relatively stable compared with last quarter's survey, with 37 per cent of farmers expecting a higher income this year (the same as the previous survey) while 41 per cent were expecting a similar result to last year (was 35 per cent). Those expecting a weaker financial performance stood at 23 per cent, down slightly from 28 per cent.

Dairy farmers were particularly positive about incomes for the coming year with 80 per cent expecting an improvement in gross farm incomes.

Ms Brown said expansion plans were a high priority for many dairy farmers – a view supported by the survey results which found expansionary intentions were highest among dairy farmers. The survey found 40 per cent of the state's dairy farmers plan to increase investment while a further 60 per cent intend to maintain investment at current levels.

Across the board, 30 per cent of Tasmanian farmers said they intend to increase their business investment and a further 59 per cent said they will maintain investment levels.

Ms Brown said irrigation investment and water infrastructure projects have been a major focus for the state's farmers across all commodity sectors over the past five years.

"These investments are particularly prevalent in areas where there has previously been little or no irrigation, and it's a trend which we expect will continue during 2020," she said.

"These schemes reflect the confidence Tasmanian farmers have in agriculture in this state."

But the investments farmers are making are also lifting the value of agricultural enterprises across the state, Ms Brown said.

"Farms coming onto the market are selling well and they are selling quickly because agriculture here has been so profitable in recent years," she said.

This survey, the Rural Confidence Survey gauged the views of Tasmanian farmers on climate change and whether it is having an impact on their businesses.

The results in Tasmania were higher than the national average with 73 per cent expecting climate change will have an impact on their farm business between now and 2030 (compared with 67 per cent nationally). Of those Tasmanian farmers expecting some impact from climate change, more than a quarter (29 per cent) expect it to be "major".

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 June 2020.

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