



Tas farmer spirits stay high despite challenges of wet spring

Results at a glance:

- *90 per cent of state's farmers expecting stable or improved business conditions over year ahead*
- *Beef sector confidence remains particularly strong*
- *Lift in on-farm investment plans signalling long-term industry confidence*

The booming beef market has helped keep spirits high among Tasmania's farm sector, the latest Rabobank Rural Confidence Survey has found.

Despite rural sentiment easing slightly this quarter – with ongoing wet weather throughout winter and spring presenting a number of challenges for the sector – overall confidence levels are still very strong, with 90 per cent of the state's farmers expecting business conditions to remain as they are, or improve further, over the year ahead.

Sentiment is particularly strong among beef producers – where strong demand and limited supply continue to fuel tight market conditions and historically-high prices – while many in the sheep and dairy sector are expecting business conditions to remain stable.

Released today, the latest survey reveals more than one third of Tasmanian farmers believe the coming 12 months will be even better than the current strong conditions.

The strong longer-term outlook for the sector is also very evident, with the survey, completed last month, revealing an increase in the number of Tasmanian farmers planning to invest more in their farm businesses in the coming year.

Rabobank area manager for Tasmania, Stuart Whatling said very wet weather in most areas of the state had thrown up some challenges for producers in all sectors, but had not been enough to significantly impact the generally buoyant outlook.

"Tasmanian farmers are absolutely very positive about the current conditions, especially due to commodity and land prices. It's really been a phenomenal ride," he said.

"Although in most areas, I'd say generally there has now been too much rain, which is causing all sorts of delays and impacts. Farmers are working hard to manage the impacts of wet weather, from altering cropping programs to delayed silaging and shearing, whilst a number enjoyed an October and November without the need for irrigating."

The survey found 37 per cent of the state's farmers are expecting business conditions to improve over the coming year (from 39 per cent with that view in the previous quarter)



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December 14, 2021

while 10 per cent are forecasting conditions to deteriorate (compared with none in quarter three). The majority – at 52 per cent – are expecting a continuation of current conditions.

As has been the case all year, commodity prices continue to underpin the optimistic outlook among Tasmania’s farmers and – despite ongoing above-average rainfall through the middle of the year – good seasonal conditions were also reported as a positive factor influencing confidence.

Sentiment was strongest among the state’s beef producers, with commodity prices continuing to drive optimism. Just under three quarters of beef producers surveyed expect the current excellent business conditions to improve even further.

The number of dairy farmers expecting prospects to improve has eased, with the majority expecting current good conditions to continue.

The bulk of sheep producers surveyed also forecast little change to current business conditions.

Mr Whatling said while returns were currently very good across most sectors, climbing farm input costs – particularly for fertiliser and diesel – were having an impact, especially in intensive sectors like dairy and potato production.

“There’s no doubt high input costs are making people reconsider their farming programs and some farmers are even putting certain inputs on hold, which could be having an impact on overall optimism levels in those sectors,” he said.

“But the magic combination of commodity prices, low interest rates, seasonal conditions and property prices is still feeding a very strong level of confidence among farmers. The situation is very, very good in Tasmania despite a few challenges.”

Mr Whatling said the diversity within the state’s cropping sector was allowing farmers options to manage wet conditions and input costs.

In line with the easing in overall sentiment, this quarter Tasmanian farmers have also revised down their income forecasts, with 46 per cent now expecting higher gross incomes next year (compared with 51 per cent with that view last quarter) while 15 per cent forecast a decline and 39 per cent expect a similar result to this year.

However, the state’s primary producers are still demonstrating significant long-term confidence in the sector, evident in their strong investment intentions.

The survey found 41 per cent of Tasmanian farmers indicated they would increase investment in their farm business over the 12 months ahead (from 31 per cent last quarter) while a further 54 per cent expect to maintain investment at current levels.



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Of those farmers looking to increase investment, the majority said they would be spending on on-farm infrastructure, such as fences, yards and silos. Increasing livestock numbers was an investment priority for almost two-thirds, while the ongoing interest in water infrastructure investment continued. Interest in new plant and equipment investment dropped off slightly.

Mr Whatling said global shipping and manufacturing disruptions were causing major delays to the delivery of new plant and equipment, which was frustrating for some farmers.

He said interest in purchasing land was still strong, albeit finding properties to purchase remained challenging.

“There’s definitely a strong appetite to expand and buy more land, however tight supply coupled with the nature of the current market is making that more difficult,” he said.

“With positive cash returns, there is lots of investment going to residential property and shares which is still building business resilience. Farmers are definitely still making the most of these opportunities by reinvesting in their businesses and helping make them stronger for the future.”

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 March 2022.

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