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**Media Release**

**March 15, 2022**

## **Record-high investment intentions among Queensland's agricultural producers, though floods set to test sector confidence**

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

- *Queensland agricultural sentiment among the strongest in the country, alongside Tasmania*
- *Queensland producers' investment intentions at highest level in survey's history, with 94% looking to increase or maintain investment*
- *However, extreme flooding events in south-east of state now likely to impact sentiment*
- *Strong commodity prices and the season were again behind the optimistic outlook*

**Queensland's agricultural producers have reported continuing strong levels of confidence in the first quarter of the year – with investment intentions at a record high – the latest Rabobank Rural Confidence Survey has found.**

**However, the recent catastrophic flooding in the south east of the state is set to take the edge off bullish sentiment levels, as farmers in the region count the cost of damage.**

**The latest survey – completed last month – showed Queensland rural confidence had remained at positive levels recorded at the end of 2021, with 90 per cent of the state's agricultural producers expecting agribusiness conditions to either remain stable or improve further in the year ahead.**

**Along with Tasmania, this was the highest level of farmer confidence in the country.**

**Investment intentions among Queensland producers were found to be at their highest level in the survey's 22-year history, with 94 per cent of those surveyed planning to increase or maintain the same level of investment in their business in the coming 12 months.**

**The survey found strong commodity prices and seasonal conditions were the key reasons for optimism within the agricultural sector.**

Rabobank regional manager for Northern Queensland and Northern Territory Trent McIndoe said the devastating extreme rainfall events that had occurred in the south-east of the state since the survey had been taken had, however, significantly impacted some agricultural production in the region.

"The main impacts have been on dairy, horticulture (such as sugar cane and soybeans) and beef operations in the region, with, very sadly, some stock losses and also damage to crops and infrastructure," he said.

Across the state, the survey found 39 per cent of farmers have an optimistic outlook on the 12 months ahead (this figure unchanged from last quarter), while just eight per



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cent expected agribusiness conditions to deteriorate in the year ahead (compared with 10 per cent previously). A total of 52 per cent expect conditions to remain stable.

Commodity prices and seasonal conditions were cited, respectively, by 79 per cent and 48 per cent of Queensland producers with a positive outlook on the year ahead as key reasons for their optimism.

Mr McIndoe said the combination of strong commodity prices, good seasonal conditions across much of the state and low interest rates have contributed to the positive outlook among many producers and the healthy investment appetite.

This was being reflected in a strong appetite for property purchase.

“We have never seen the Queensland agricultural property market so strong,” Mr McIndoe said, “there are not a lot of properties on the market, but when they do become available they are very well contested and it is not unusual to see 15 to 20 registered bidders at auctions.

“Beef is the commodity that is outperforming everything else at present, and we are seeing that reflected in the demand for cattle properties. But activity for sugar cane farms is starting to increase, and some of those cane farms are being converted to beef production and other commodities as well as being held under cane production.”

In addition to investing in additional land, Queensland producers are also now looking to spend more in their farm businesses.

Half of those planning to increase investment are intending to spend on new plant and machinery in the year ahead and 69 per cent to invest in new fences, yards and sheds.

Mr McIndoe said investment intentions would potentially have been even higher, if producers were not having to contend with current supply chain issues impacting the availability of product and materials as well as labour.

“The intention to invest in infrastructure is high across all areas of the state and I think it would be higher still if producers were able to access materials. The long wait times and price increases of building materials, such as steel, is proving challenging for producers, not to mention the availability of labour and getting trades” he said.

Mr McIndoe said good widespread rain across much of Queensland during the summer would have contributed to the positive outlook among many producers.

“There are though still some pockets in western Queensland that have missed out on the rain as well as the parts of south east Queensland that have now received too much rain in recent weeks,” he said.

Across the different commodities, beef producers were the most optimistic sector in the state, with 94 per cent expecting agribusiness conditions to either improve or stay the same in the year ahead.

Producers in the state’s beef sector – buoyed by a continuing good season and strong commodity prices – also reported the strongest investment appetite, with 40



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per cent intending to spend more on their businesses in the next 12 months. Of those, 32 per cent were intending to purchase property.

In line with the positive sentiment, almost half of Queensland's beef producers, at 49 per cent, expect their gross farm income to increase this year.

For the grain sector, the survey found 74 per cent of Queensland growers expect farm business conditions to improve or stay the same in the 12 months ahead.

"While grain growers in the south of the state will have been impacted by the recent rain affecting summer crops," Mr McIndoe said, "grain prices remain strong, and the rain has added to the prospects for the coming winter crop."

He said access and the cost of crop inputs – both fertilisers and chemicals – was a concern for grain growers.

"In some areas we are seeing producers looking at alternative fertilisers and trialling different products, such as chicken manure, as a way of managing these price and access issues," he said.

The state's sugar cane producers are also concerned about input costs, although also still optimistic about the year ahead – 54 per cent see farm business conditions improving and 32 per cent see conditions remaining the same.

Of those cane producers with a negative view on the year ahead, 100 per cent are apprehensive about rising input prices.

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 2022.

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