



Tasmanian farmer confidence edges higher on good seasonal conditions and 'exceptional' prices

Results at a glance:

- *Tasmanian farmers among the most confident in the country after two years of strong commodity prices and good seasonal conditions*
- *More than 90 per cent of state's farmers expect current positive business conditions will continue or improve further*
- *Very strong appetite for rural land as farmers seek to expand their businesses*

Continuing strength in rural commodity markets – especially in the livestock sector – is bolstering Tasmanian farmer confidence, despite concerns about a significant rise in input costs, the latest Rabobank Rural Confidence Survey has found.

Tasmanian farm sector confidence edged higher this quarter, with the state's farmers now among the most confident in Australia.

The latest survey, completed last month, reveals more than 90 per cent of Tasmanian farmers are forecasting the current excellent business conditions to either continue or to improve further over the year ahead, signalling immense long-term optimism in the sector which is fuelling solid on-farm investment plans.

Rabobank area manager for Tasmania Stuart Whatling said summer conditions in the state had generally been "excellent" and, combined with continuing strong agricultural commodity prices, farmers had confidence to reinvest into their businesses.

He noted the state's north-west region had been unseasonably dry, which had been a challenge for producers, but strong prices were helping counter those difficulties.

"We are now seeing the benefits of more than two very solid years of very good seasons combined with great commodity prices and returns," Mr Whatling said.

"Confidence levels are high and there is a strong appetite to invest in large capital assets and acquisitions.

"There is a lot of investment already taking place to upgrade water infrastructure across Tasmania, as well as investment in new technology and modernising farm equipment."

Mr Whatling said there was now "insatiable demand" for farmland, with the state's property market "exceedingly strong across all sectors and in all areas".



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“This is a very exciting time as we see our farmers taking this opportunity to strengthen their businesses for the long term,” he said.

The survey showed 40 per cent of Tasmanian farmers expect agribusiness conditions to improve over the year ahead (from 37 per cent with that view in the previous quarter), while 51 per cent expect conditions to remain stable and just nine per cent expect a deterioration.

Rising commodity prices are overwhelmingly driving positive sentiment, cited by all beef producers who are expecting agricultural conditions to improve this year as a primary cause for their optimism (and by also by three quarters of dairy farmers with an optimistic outlook).

The positive sentiment is evident across all sectors, and highest among beef producers.

For those Tasmanian farmers expecting a deterioration in business conditions in the coming 12 months, rising input costs were a primary concern.

Mr Whatling said for the wool sector, shearer shortages had been a big problem in recent months, with many wool producers significantly behind on their annual shearing. He said COVID-19 restrictions had exacerbated pre-existing challenges securing labour in not just wool, but many other sectors.

In the horticultural sector, he said, prices had held up fairly well, but again acknowledged labour force issues, a slow start to the season and significantly higher fertiliser costs all contributing to a challenging summer for producers.

The survey found 43 per cent of Tasmanian farmers expect their farm incomes to increase this coming year, while 49 per cent expect incomes to remain the same.

Strong income forecasts are underpinning longer-term confidence in the state’s farm sector and enabling farmers to confidently make plans to invest in their businesses, either through new infrastructure, efficiency measures or expansion.

The latest survey results point to investment in on-farm infrastructure, new plant and machinery, adopting new technology and increasing livestock as the main investment priorities for Tasmanian farmers.

“Farmers are looking for opportunities to invest in efficiency measures and new equipment to help ease reliance on unskilled labour because it is getting harder for farmers to get key production tasks done on time,” Mr Whatling said.

“There is a very restricted supply of properties on the market, but, following a number of very good years, everyone is ready for the right acquisition to come along.



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“As businesses become bigger and more robust, they are looking further afield, willing to invest in scale.

“It says a lot about the current conditions in agriculture. It’s a really great time for the industry.”

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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To arrange an interview with Stuart Whatling, Rabobank area manager Tasmania, or for more information on Rabobank’s Rural Confidence Survey, please contact:

Denise Shaw
Head of Media Relations
Rabobank Australia & New Zealand
Phone: 02 8115 2744 or 0439 603 525
Email: denise.shaw@rabobank.com

Will Banks
Media Relations Manager
Rabobank Australia & New Zealand
Phone: 0418 216 103
Email: will.banks@rabobank.com