



Challenging seasonal conditions drive down South Australian farmer confidence

Results at a glance:

- *South Australian farmer sentiment remains lowest in the country.*
- *Drought is the chief concern for SA farmers.*
- *Confidence lifted for grain growers, with better-than-expected harvest yields for some.*

Challenging seasonal conditions across much of South Australia saw farmer sentiment fall back in the latest quarter, with the state's farmers again reporting the lowest confidence in the nation, the latest Rabobank Rural Confidence Survey has shown.

The quarter four survey, released today, found South Australian rural confidence was sitting at a net reading of -32 per cent, (down from -27 per cent last quarter), and considerably below the national average of -9 per cent.

Rabobank state manager for South Australia Roger Matthews said through the course of 2024, SA farmers have had to contend with a range of challenges, including a late – and in some cases no – seasonal break, minimal rain in the growing season, big frost events and then a very mild/cool finish which delayed grain filling.

“This was topped off by significant rain events through late November/early December, which will be beneficial for the south east and pastoral areas, but was potentially adverse for unharvested grain or hay on the ground and yet to be baled,” he said. “And it will have created added difficulties for grape growers in the Riverland.

“As a positive though, there was some good news with harvest, with yields being found to be better than expected in some regions.”

The latest Rabobank survey found South Australian farmers to be the most concerned across the nation about dry seasonal conditions – with 70 per cent citing drought as cause for pessimism in the coming year – up significantly from 44 per cent holding that view last quarter.

This compares to 47 per cent of farmers nationally who identified drought conditions as a concern.

The latest survey, completed last month, found rural confidence was down nationally, with sentiment taking a hit in all states (particularly Tasmania) except



Queensland and Western Australia where it lifted slightly, albeit to remain in negative territory.

In addition to the dry seasonal conditions, South Australian farmers also hold concerns about rising input costs – cited by 33 per cent of farmers (up from 29 per cent) as an issue for the year ahead – and falling commodity prices, nominated by 29 per cent (from 24 per cent).

By region, SA farmer confidence fell furthest on the Yorke Peninsula, with 84 per cent of producers in that region concerned about drought. Sentiment lifted slightly, but remained subdued in the Eyre Peninsula and the south east.

The survey found farmer sentiment has remained relatively subdued across the state since mid-2022.

Mr Matthews said despite the drop in South Australian rural confidence, he has been continuously impressed by the resilience displayed by farmers as they have worked through a particularly challenging year.

“Through truly exceptional circumstances, we need to give kudos to SA farmers, and particularly grain growers, on how efficiently they have managed their businesses through this extended dry period,” Mr Matthews said.

He said, despite the dire drought conditions across much of the state – bar some pockets in the pastoral zone which enjoyed more beneficial seasonal conditions – “once the headers were in the crop, many grain growers were surprised to see yields were up on forecasts”.

“Many of the state’s grain growers have gone into this year’s harvest expecting the worst, but through their careful management, many have been able to salvage a crop, and will have grain to sell,” he said.

“The agronomic farming practices embraced by so many SA grain growers have, in many cases, contributed to higher-than-anticipated yields in this very tough season. This cropping efficiency in tight constraints is a job well done,” he said.

Mr Matthews said the rain which did fall in the state – while too late to benefit most crops – will create the need for summer spraying programs to preserve soil moisture, ahead of next year’s sowing program.

The survey found confidence lifted in the grains sector, but remained low with over half (52 per cent) of SA grain growers reporting a negative outlook on the coming 12 months.

Confidence also remained subdued in the sheep sector and hovered around neutral levels for beef producers.



“Widespread destocking throughout the year has resulted in reduced lamb/calf markings, which will have a flow-on effect for next year, if a rebuilding phase is sustainable with feed availability and weather patterns in 2025,” Mr Matthews said. “This, in turn, will impact budget forecasts.”

Mr Matthews said Australian cattle prices had remained stable in recent months. “Even with the recent increase in beef production, prices have held steady, providing some reassurance to South Australian beef producers as they prepare for the coming year,” he said.

“Although cattle prices haven’t reached the peaks seen in 2021 and 2022, it’s important to remember that those years were exceptional and unsustainable,” he said. “Additionally, we’ve experienced historically-high production, with this year’s Q3 marking our highest beef output ever.”

Livestock producers in the south east generally experienced a reasonable spring this year, in comparison to 2023’s “horrendous” spring, Mr Matthews said. “And many livestock producers in the state’s pastoral regions in the north east are enjoying good seasonal conditions,” he said.

Mr Matthews said this year, the state had also been fortunate to avoid extreme hot winds that often came with dry weather conditions.

“Frequently in drier years, hot northerly winds sweep through the state depleting crops and pastures,” he said. “This year, those winds didn’t eventuate, and the ‘softer finish’ to spring has really protected those crops and pastures – helping deliver better-than-anticipated yields and returns.”

The Rabobank survey found income expectations among the state’s farmers fell back to their lowest level in a year, with a greater proportion of those surveyed expecting their gross farm income to decline – at 60 per cent (up from 46 per cent) – rather than increase, 13 per cent (down from 16 per cent). A total of 27 per cent expect little change in their financial result.

Mr Matthews said he took his “hat off” to what South Australian farmers have managed to achieve through really trying circumstances – managing their businesses carefully and in a financially sustainable manner.

SA farmer investment intentions also overall wound back this quarter with 75 per cent looking to either increase or maintain the level of investment in their farm businesses (down from 80 per cent previously).

The survey found while the number of farmers looking to increase investment rose to 26 per cent, (from 19 per cent last survey), the proportion intending to decrease investment also increased to 22 per cent (from 17 per cent). While 48 per cent (was 61 per cent) are looking to retain their investment at current levels.



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Over half of SA farmers are intending to invest in on-farm infrastructure – such as fences, silos and yards – (54 per cent, up from 46 per cent) and 33 per cent are planning to adopt new technologies (up from 28 per cent).

“While farmers have taken an understandably cautious approach to investment this year, they have been strategic with their spending,” Mr Matthews said.

“Grain growers have been investing in technology, such as inflow moisture meters and inflow protein meters, to ensure they can manage risk during harvest and maximise returns. They have also been investing in machinery and plant, making sure they have the right field bins that can segregate grain appropriately. During these tight periods, it’s critical farmers are able to maximise the dollar returns. And we are seeing sheep producers make similar strategic investments – spending on sheep handling equipment, to make sure they get weights right and make the grids.”

“We are hoping 2025 will be a better year for the South Australian agricultural sector, with, at a minimum, average seasonal conditions.”

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 2025.

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