



Tasmanian farmers most confident in nation as robust livestock markets boost state's rural sentiment

Results at a glance:

- *Confidence levels continue to track up in the state's agricultural sector, with Tasmanian farmer sentiment the highest in the nation.*
- *Robust livestock markets supported positivity, although there was increased concern about rising input costs.*
- *Tasmanian farmers' income expectations for the next 12 months are among the strongest nationally.*

Confidence in Tasmania's rural sector has continued to build momentum, with the state's farmers reporting the most positive sentiment in the country on the strength of commodity markets and favourable seasonal conditions in some regions.

In the latest Rabobank Rural Confidence Survey, released today, Tasmania's net rural confidence rose to 23 per cent, up from 10 per cent in the previous quarter.

The only other states with net positive confidence this survey – with more farmers expecting conditions to improve than to deteriorate – were well behind Tasmania, with Victoria sitting at seven per cent and South Australia at three per cent.

Rural sentiment in Tasmania has fluctuated over the past year – after a run of negative quarters, confidence rose sharply in quarter three last year only to plummet at the end of 2024 due to dry conditions, before returning to positive territory earlier this year.

This latest survey – completed last month* – found 30 per cent of Tasmanian farmers expect agricultural business conditions to improve over the next 12 months (up from 21 per cent in the previous survey). The majority (60 per cent) anticipate conditions will remain similar to last year, and only seven per cent expect conditions to worsen. Confidence strengthened across all sectors, with dairy, beef and sheep producers showing the largest gains.

The survey found commodity prices were the most significant driver of positive sentiment, cited by 47 per cent of Tasmanian respondents (up from 35 per cent with that view last survey), followed by good seasonal conditions (43 per cent) and lower interest rates (10 per cent).

Rabobank area manager for Tasmania Stuart Whatling said the surge in farm sector confidence in the state was firmly grounded in robust prices for beef and lamb.



“National lamb and sheep prices have soared to record highs in early August, driven by tight supplies and strong processor demand. Beef prices are continuing their upward trend, supported by solid domestic conditions, while July beef exports hit record highs,” he said.

For now, Mr Whatling said, red meat demand remains fairly robust nationally.

For sheep producers, he said, there is some uncertainty around lamb numbers after recent destocking. “As we head into the spring lamb period, there are questions around how many lambs there will be and if there will be a significant drop,” he said.

Mr Whatling said wool producers “would like higher prices” while milk producers – although Tasmanian milk production is trending lower and farmers are facing lower-than-anticipated milk prices – are seeing relief from the higher feed costs of earlier in the year.

While dairy prices started lower this financial year, competitive market dynamics have improved farm-gate returns, which contributed to the survey’s positive sentiment.

“Even with Tasmania’s logistical and transport challenges, strong commodity prices mean producers are still seeing good profitability,” Mr Whatling said.

Concerns about dry weather conditions fell this quarter and were only nominated by 27 per cent of Tasmanian farmers, down from 58 per cent last survey. However, Mr Whatling said there are still areas of the state where seasonal conditions remain challenging.

“Over the past three months, Tasmania has experienced variable rainfall. The northern half of the state has enjoyed a pretty reasonable season, while the south has experienced ongoing dry, so even modest rain has been a big driver of confidence there,” he said.

“The upcoming spring outlook is average for Tasmania, which southern farmers will be watching closely to finish the season strongly.”

Rising input costs surpassed concerns about poor seasonal conditions this quarter and were nominated by 40 per cent of Tasmanian farmers as a negative factor for the agricultural economy.

“Although seasonal relief has eased reliance on buying in feed for northern Tasmanian farming businesses, freight and labour remain real pressure points in the state,” Mr Whatling said.

Concerns about the impact of government inventions/policies and overseas markets/economies were identified by one in five farmers in the survey.

“Global and domestic policy concerns, including US tariffs on beef, are certainly noted by Tasmanian producers but are not a leading cause for concern,” Mr Whatling said.



Despite higher confidence levels, appetite to invest was more subdued this survey. Only 17 per cent of Tasmanian farmers are planning to increase spending on their farm businesses in the next 12 months (down from 31 per cent with that intention last survey).

Overall, investing in on-farm infrastructure continues to be a priority – for 70 per cent of the state's producers. Half of Tasmania's farmers plan to invest in irrigation and water infrastructure (an increase from 47 per cent last survey). There was heightened interest in investing in new plant and machinery (43 per cent, up from 26 per cent previously), but interest in new technologies – while still strong – eased from 46 per cent to 30 per cent this quarter.

Tasmania also leads the nation in appetite for property acquisition, with one in five farmers surveyed considering expanding their operations.

"Investment intentions in Tasmania remain strong, though not all improvements are immediate – farmers are pacing investments with seasonal conditions," Mr Whatling said.

"For example, investment in water infrastructure remains strong, as the dry conditions have reinforced just how important secure water is for farm businesses.

"Although it has come off from the high base of investment activity over the past year or two, Tasmanian farmers continue to invest in property, irrigation and productivity gains. This is in line with farmers identifying improving process and efficiencies as a critical area of focus to ensure the success of their business."

Despite some improvement to seasonal conditions and positive price signals, only a quarter of Tasmanian farmers have confidence to increase livestock numbers over the next 12 months, down from 45 per cent last quarter.

Mr Whatling said southern farmers in particular are waiting for more seasonal certainty before increasing livestock numbers or making major infrastructure investments.

Income projections in Tasmania remain among the highest in Australia, with 47 per cent expecting an increase in gross farm income. The proportion of the state's farmers rating their business as viable or better rose to 97 per cent, up from 89 per cent last quarter.

"Tasmanian farmers are optimistic, with around half expecting their gross farm income to increase, reflecting positive cash flow expectations across the state thanks to commodity prices," Mr Whatling said.

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 700 primary producers across a wide range of commodities and geographical areas throughout Australia on a quarterly basis.



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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 October 2025.

<ends>

*** Q2 2025 survey completed later due to delayed fieldwork. Survey will return to regular timing over the course of the year.**

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