



Tasmanian farmers continue to lead the nation in confidence

Results at a glance:

- *Tasmanian farmers are increasingly positive, with the state again leading the nation in rural confidence levels.*
- *Optimism is driven by commodity prices and improved seasonal conditions – although not all parts of the state have fared as well.*
- *A positive investment outlook will see Tasmanian farmers shift their priorities to spending big on ag-tech.*

Tasmania's farmers continue to be the most confident in the nation, with sentiment in the state's rural sector again climbing in the last quarter, the Rabobank Rural Confidence Survey has shown.

The quarter three survey, released today, tracked a lift in the net rural confidence index in Tasmania to 34 per cent, up from 23 per cent last quarter.

This confidence is driven by the expectations of 42 per cent of Tasmanian farmers that agricultural conditions will continue to improve in the next 12 months (up from 30 per cent with that view last survey). Those anticipating that conditions would deteriorate remained stable (at eight per cent, from seven per cent previously), while half of the state's farmers (50 per cent) expect no change.

Farmer confidence in the state has climbed for three consecutive quarters – taking a U-turn after a significant fall in sentiment this time last year – and this latest lift in positivity is founded on a range of drivers.

Two-thirds (66 per cent) of Tasmanian farmers hold hopes for rising commodity prices in the survey, completed last month, a quarter-on-quarter increase from 47 per cent previously.

Confidence is also supported by stable hopes of a good season (44 per cent, was 43 per cent last survey) as well as increasing confidence around low interest rates (cited by 20 per cent, up from 10 per cent) and positive signals from overseas markets/economics (18 per cent, up from seven per cent).

On the other side of the sentiment ledger, nearly half of Tasmania's farmers believe high input costs will be a concern over the next 12 months (49 per cent, up from 40 per cent).

Around a quarter are still mindful of the ongoing impact of drought on the sector (26 per cent, was 27 per cent last quarter). Overseas markets and economies (for 35 per cent), government intervention/policies (30 per cent) and falling commodity prices



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(28 per cent) were all increased areas of concern for the Tasmanian farming sector this survey.

Rabobank area manager for Tasmania, Stuart Whatling said improved seasonal conditions leading into spring, paired with key commodity prices holding steady, had been driving confidence, although there remains variation in the outlook based on region and commodity.

“To some extent, the seasonal sentiment reflects geographic variation,” Mr Whatling said.

“Rainfall has been mixed in recent months. Although September delivered above-average rainfall for western Tasmania, it was below average in the state’s east.

“This translates to beef producers having the highest confidence levels across all sectors in the state this quarter, following beneficial spring conditions for many producers across the beef-dominant north-west of the state.

“Conversely, parts of the south-east – from Ross to Oatlands and further south – had a patchy start to spring, which has dampened confidence among sheep producers who missed out on rainfall. These areas may continue to feel pressure moving through spring and into summer.”

Mr Whatling said significant winds experienced during early spring further exacerbated seasonal challenges in some areas, and soil moisture in the south-east region remains below average.

Commodity market dynamics remain central to the positive outlook in Tasmania.

Red meat prices continue to underpin optimism, although Mr Whatling said beef and lamb producers remain realistic about the sustainability of the high prices seen this year.

“Strong red meat prices remain a major driver of sentiment, but most producers are cautious about whether these highs can be maintained,” he said. “We expect some settling over the coming 12 months, as supply balances catch up. RaboResearch has already flagged that beef prices are starting to plateau after rising through August and September.

“Lamb prices also continue to hold at high levels, even at this time of year when we would expect a seasonal trend downwards, reflecting lower lamb supply. Tasmanian producers are keeping a close eye on what seasonal conditions and supply will mean for market dynamics through to the end of the year.”

Mr Whatling said Tasmanian sheep producers were cautiously optimistic from recent activity in the wool market.

“Wool producers have been enjoying a lift in trading, with upward prices influenced by supply and demand dynamics. Tasmania’s wool producers will be watching closely to see if this momentum can be sustained, following a very long, tough period.”



Mr Whatling acknowledged the knock-on effect of sector-specific issues to other industries when looking at drivers of sentiment.

For example, positivity around commodity prices in the dairy industry were likely to reflect market signals from the beef sector, more so than actual price activity from within the dairy sector, he said.

“Many dairy farmers who have a beef component in their business or are selling surplus cows are able to capitalise on higher beef prices.

“In mixed rotations, producers with potatoes are managing ongoing pricing discussions which could weigh on their confidence, and there are also some concerns around Potato Mop Top Virus – although indications are that there will be minimal grower impact from this.”

While farmer confidence in Tasmania remains strong, there continues to be a high level of concern about rising input costs, with nearly half of the state’s farmers surveyed citing this as a factor of concern over the next 12 months.

“Conversations around higher input costs often centre on the volatility of fertiliser, fuel and chemicals, but there is now increasing recognition that higher costs are entrenched across farm businesses,” Mr Whatling said. “Inflationary pressures have become absorbed into all lines of annual operating budgets – from machinery to insurance, to shearing.”

In line with improved confidence, farmers’ investment intentions remain positive in Tasmania. This quarter, 22 per cent of respondents indicated they will be investing more into their farm business over the next year (up from 17 per cent last survey) and more will also be maintaining the same investment level (78 per cent, up from 69 per cent).

However, the areas of investment have shifted this quarter. There was a decreased focus on fences, yards, silos and other on-farm infrastructure (now planned by 57 per cent, slipping from 70 per cent last survey) and a greater focus on adopting new technologies (for 43 per cent, up from 30 per cent).

Investment in irrigation/water infrastructure remains fairly stable – planned by 52 per cent of Tasmanian farmers surveyed (was 50 per cent), but there was a notable decline in the investment appeal of new plant/machinery, with 30 per cent of respondents indicating they’ll be making purchases in this space (from 43 per cent).

Mr Whatling said shifting priorities reflect a growing focus on the need to value-add existing investments.

“In recent years, we’ve seen a heavy investment in machinery and on-farm infrastructure. Now, we’re seeing a consolidation of investment as farmers look to new technology to drive the productivity of their existing land and machinery,” he said.



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Interestingly, appetite for expansion via land purchase eased this quarter, with just three per cent of respondents indicating they intend to invest in property over the coming year – a drop from 19 per cent and 20 per cent respectively in the previous two quarters.

Mr Whatling said there were a few factors at play here.

“Many farmers benefited from earlier interest rate cuts, but the more recent outlook has been an expectation of just one more cut this year. That tempers capital decisions and adds an element of caution to borrowing strategies – although we know Tasmanian farmers are still prepared to invest strategically when the right farmland comes on the market.”

Increased confidence this quarter went hand-in-hand with higher income expectations, and 59 per cent of Tasmanian farmers expect their gross farm income to increase (up from 47 per cent). Business viability also remains strong.

Mr Whatling said the clear optimism – balanced with realistic expectations – was a positive sign for Tasmania’s farming sector.

“The combination of improved seasonal signals, strong commodity markets and resilient farm businesses supports confidence, although Tasmanian farmers remain very aware of cost pressures and how the season will shape up moving into summer,” he said.

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 December 2025.

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