



High input costs the major concern for Victorian farmers – quarterly survey

Results at a glance:

- *High input costs remain greatest concern for Victorian farmers as the state's farm sector confidence continues to fall in the latest quarter.*
- *Despite a decline in sentiment, Victoria has one of the highest confidence levels among the states.*
- *Farmers' investment intentions are relatively stable, with almost two thirds planning to maintain business spending.*

Rising input costs – particularly for fuel and fertiliser – remain the key concern for Victorian farmers, with the latest Rabobank Rural Confidence Survey showing farmer sentiment has continued to decline in quarter two. Sentiment was also weighed down by increased worry about energy security.

The latest survey found Victoria's rural confidence slipped to a net reading of -38 per cent, down from -3 per cent last quarter, with more than half of farmers in the state (51 per cent) expecting agricultural business conditions to deteriorate over the next 12 months. This followed a decline in sentiment also reported in the previous quarter.

Despite reporting a further deterioration in confidence, Victoria has one of the highest farm sentiment levels among the states.

The survey, completed last month, found rising input costs continue to be the most significant concern among the state's farmers – cited by 58 per cent as reason for their pessimistic outlook (up from 44 per cent last quarter). This was followed by concerns around energy security – for 27 per cent, up from one per cent last quarter. A quarter (25 per cent) of Victorian farmers are worried about dry seasonal conditions (down from 37 per cent) while a further 23 per cent voiced concern about government interventions/policies (also lower than the 33 per cent last quarter).

Despite this, almost half of Victorian farmers (49 per cent) foresee rising commodity prices will have a positive impact on their businesses in the coming year, along with 31 per cent expecting a good season. Albeit, these were down slightly from 52 per cent and 43 per cent with those expectations last quarter. And 10 per cent of farmers anticipate positive impacts from overseas markets/economies (was 18 per cent).

Rabobank state manager for Victoria and Tasmania Sally Bull said high input costs were continuing to place significant pressure on Victorian farming businesses.



“Elevated prices across the board – not just fuel and fertiliser prices – are tightening margins and influencing key operational decisions for farmers,” she said.

Ms Bull said Victorian farmers would be closely watching the outcome of the announced US/Iran war peace agreement and the impacts on the opening of the Strait of Hormuz.

By region, the survey found Gippsland-based farmers have the lowest levels of confidence in the state – with a net confidence index sitting at -52 per cent (was 2 per cent). And 60 per cent of Gippsland farmers predict conditions in the agricultural economy will worsen in the year ahead, while only eight per cent expect conditions will improve. This compared with 25 per cent and 27 per cent, respectively, with those views last quarter).

Over half (56 per cent) of Gippsland farmers listed input cost rises as the primary concern, followed by worries about dry seasonal conditions (for 31 per cent).

Mallee-based farmers followed with a net confidence index reading at -41 per cent (was -6 per cent), with the number of farmers who expect conditions to worsen doubling (53 per cent, from 24 per cent last survey).

“Input cost concerns are weighing heavily on Mallee farmers,” Ms Bull said. “However, on a positive note, many farmers in the region have reported one of the best starts ever to the winter cropping season – taking advantage of early planting opportunities following timely rainfall.”

Western Districts’ farmer confidence dropped to a net level of -38 per cent (was 11 per cent) and sentiment amongst farmers in Central Victoria slipped to -36 per cent (was -28 per cent last survey).

Again, high input costs are the main reason for lower farmer sentiment in these regions.

High Country-based farmers have the highest confidence in the state, but this still dipped to net -20 per cent, down from -5 per cent. They nominated strong commodity prices as the reason for optimism in the year ahead.

By commodity, the Rabobank survey found dairy farmers continue to have the lowest sentiment levels in the state, dropping to net -58 per cent (from -29 per cent in quarter one).

Ms Bull said dairy farmers nominated high input costs as their chief concern (for 77 per cent).

Grain growers also lost confidence, with net sentiment decreasing to -55 per cent (was -22 per cent last survey), with 66 per cent expecting conditions in the agricultural economy to worsen (up from 35 per cent with that view last quarter).



Ms Bull said grain growers are particularly exposed to the pressures created by higher input costs, as they require significant amounts of fuel and fertiliser to produce a crop.

The survey found 70 per cent of grain growers are worried about high input costs.

“Despite these pressures, many Victorian grain growers have committed to a full winter cropping program. With the planted area in Victoria forecast to remain relatively stable,” she said.

Confidence levels among the state’s beef producers dropped significantly in this survey, to net -43 per cent (from zero per cent), with 50 per cent expecting business conditions to worsen (doubling from 24 per cent previously), while 37 per cent expect them to stay the same (from 46 per cent).

Nearly half (48 per cent) of beef producers listed high input costs as their major worry.

“While beef producers are dealing with higher costs, they are also still receiving reasonable prices for their livestock,” Ms Bull said. “The survey found over a third (36 per cent) of beef producers believe strong commodity prices will have a positive impact on their businesses in the year ahead.

“Recently, we have seen Victorian buyers who are enjoying favourable seasonal conditions purchasing cattle from northern New South Wales. Drier conditions in northern New South Wales led producers in that area to offload record volumes of cattle through April and May.”

The survey found the state’s sheep producers continue to have the highest levels of confidence, but sentiment still slipped to net -9 per cent (was 21 per cent previously). Over half of sheep producers surveyed in Victoria (51 per cent) expect business conditions to stay the same, while 20 per cent expect conditions to improve. Both measures were down somewhat from 55 per cent and 33 per cent, respectively, with that view last quarter.

“An expectation of good commodity prices going forward is the chief factor behind sheep producer optimism – with lamb and sheepmeat markets underpinned by solid domestic demand and competitive export conditions,” Ms Bull said.

“Much-improved wool prices will also be contributing to optimism within the sector.

“And while there is an improved seasonal outlook in many of Victoria’s key sheep production regions, limited surface water supplies in some areas continues to be a constraint and possibly causing producers to be a little cautious about rebuilding flocks.”

Investment intentions are relatively stable among Victorian farmers, with both those planning to increase and those planning to decrease investment in their farm businesses in the coming 12 months sitting at 19 per cent. This compared with 25 per cent and 10 per



Rabobank

**Media Release
June 16, 2026**

cent, respectively, with those intentions last quarter. A steady 60 per cent plan to keep business investment at the same level (was 64 per cent).

“Victorian farmers are being quite conservative with their spending,” Ms Bull said. “Coming off the back of some very tough years seasonally – where many farmers were dealing with conditions not experienced before – they are now taking a cautious approach to investment.”

On-farm infrastructure remains the most planned capex, for 55 per cent of the state’s farmers (down from 71 per cent in quarter one). Adopting technologies is planned by 32 per cent, along with new plant/machinery for 30 per cent.

The survey found those Victorian farmers wanting to expand their businesses through the purchase of property increased fractionally to 12 per cent from 11 per cent last quarter.

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.

The most robust study of its type in Australia, the Rabobank Rural Confidence Survey has been conducted since 2001 by an independent research organisation. The next results are scheduled for release in September 2026.

<ends>

Rabobank Australia & New Zealand Group is a part of the international Rabobank Group, the world’s leading specialist in food and agribusiness banking. Rabobank has more than 125 years’ experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 35 countries, servicing the needs of more than nine million clients worldwide through a network of more than 1000 offices and branches. Rabobank Australia & New Zealand Group is one of Australasia’s leading agricultural lenders and a significant provider of business and corporate banking and financial services to the region’s food and agribusiness sector. The bank has 87 branches throughout Australia and New Zealand.

Media contacts:

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

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