



Tasmanian farmer confidence eases, but remains highest in the nation – quarterly survey

Results at a glance:

- *Tasmanian farmers had begun the year with lower confidence even before the start of the Middle East conflict, the quarter one survey found.*
- *However, the state's farmers had remained the most optimistic nationally.*
- *The survey found there was heightened worry about overseas markets and economies, and drought remained a key concern.*
- *Property purchase intentions, however, had surged, with nearly a quarter of Tasmanian farmers looking to buy land to expand operations – the strongest result nationally.*

Tasmania's farmers continued to be the most confident in the nation in the first quarter of the year, despite the state's rural sentiment found to be softening, even before the current Middle East conflict.

The quarter one Rabobank Rural Confidence Survey had found overall rural sentiment in Tasmania was sitting at a net reading of 21 per cent, down from 31 per cent in the previous quarter.

Confidence had fallen across all states in Australia except for South Australia in the survey, which was completed last month prior to the commencement of the Iran war.

The decline in Tasmanian rural confidence was driven by a drop in the proportion of surveyed farmers expecting business conditions to improve in the year ahead (down to 29 per cent, from 37 per cent last quarter) alongside an increase in those anticipating a deterioration (now eight per cent, up from five per cent last quarter).

The majority of Tasmanian farmers (63 per cent) still reported they were expecting conditions to remain stable over the coming year, up from 54 per cent with that view last quarter.

Concerns about overseas markets and global economic conditions surged sharply in the Q1 survey, with 41 per cent of Tasmanian farmers citing it as a key worry – up from just three per cent in the previous quarter.

Rabobank's Area Manager for Tasmania, Stuart Whatling, said it was interesting to note the heightened focus on global factors did not reflect the latest conflict in the Middle East, which began just after the survey period.



“Based on the timing of the survey, this increased concern about the impact of global markets and economics was not a response to the Middle East conflict,” he said.

“Rather, it was founded on factors such as the December announcement out of China to implement a global safeguard measure on beef inputs, softer commodity prices for the grains sector, and strong supply into the global dairy market which had subdued milk prices.”

Mr Whatling said concerns about the cost and availability of farm inputs would now be figuring higher in the minds of the state’s farmers.

“Input costs have really come back into focus in the past couple of weeks. At the time of the survey, some Tasmanian farmers were hoping to see some easing in costs, but instead we’ve seen the opposite. The sharp, overnight increases have caught many off guard. It’s not the gradual rise we’re used to, it’s been sudden and significant,” he said.

“As farmers come to terms with the fallout from the Middle East conflict in terms of shipping disruptions, market volatility and the impacts on price and availability of key agricultural inputs, next quarter’s survey will reflect how Tasmanians have been navigating these new challenges.”

The survey had found drought was the second – and growing – cause for concern amongst Tasmanian farmers. More than a third had cited seasonal conditions as having a negative impact on their operations (36 per cent, up from 20 per cent last quarter).

Mr Whatling said below-average rainfall across much of the state over summer had contributed to heightened seasonal concerns among producers.

“It was a noticeably dry summer across much of Tasmania and, while many producers have irrigation to fall back on, the dry spell certainly sharpened seasonal concerns, particularly in the south and east of the state,” he said.

“However, while rainfall was below average across much of the state, rain did fall at key times in early summer critical for grain fill, with grain and grass seed yields performing above averages in many districts.”

Expectations of falling commodity prices also increased among the state’s farmers in the survey, with 22 per cent identifying this as a pressure point (up from 11 per cent), as did concern about rising interest rates (up from zero last quarter to 14 per cent).

Despite the overall decline in sector sentiment recorded in the state, many producers had still seen upside potential.

More than half (54 per cent) of those surveyed expected rising commodity prices to have a positive impact (though this eased back from 60 per cent last survey), while a quarter of Tasmanian farmers anticipated a good season (down from 37 per cent). A similar number



hoped overseas markets would deliver positive benefits to their bottom line (26 per cent, up from 14 per cent).

Confidence had eased across most agricultural sectors in the state, with dairy recording the sharpest decline.

Net confidence among milk producers fell into the red from 17 per cent to -17 per cent, with a third of dairy farmers expecting business conditions to worsen in the coming year.

Mr Whatling said global dynamics were a factor for dairy sentiment.

“Global dairy markets have been volatile, with softer commodity prices in recent times and increased supply from key exporting regions weighing on sentiment. Tasmanian producers were also feeling the impact of higher input costs and tighter margins, which is reflected in the sharper fall in confidence this survey,” he said.

“However, demand for Oceania products has bounced amid the Middle East conflict and, combined with modest increases in local retail dairy prices, this should support confidence as farmers head towards the mid-year price reset.”

Tasmanian sheep producers reported a net confidence reading of 33 per cent, down from 43 per cent in quarter four last year. Beef producers remained the most optimistic of all the state’s farmers, though their net confidence eased to 36 per cent (from 40 per cent previously).

“When it comes to red meat markets, it’s fair to say producers were just being realistic after a sustained run of strong prices. Their outlook was stable, rather than pessimistic, with 63 per cent of Tasmanian farmers tipping conditions would stay the same in the survey. So for red meat producers, the ‘status quo’ is actually pretty solid,” Mr Whatling said.

“Tasmania’s sheep sector continues to see the benefits of historically-high prices for lamb, mutton, together with improved wool prices, which go some way towards offsetting elevated production costs.

“Beef markets also continue to hold steady, supported by improving global demand and tighter supply. Tasmanian beef producers are generally well positioned, but the recent dry spell and uncertainty in international markets have tempered some of their optimism.”

Investment appetite among Tasmania’s producers had weakened in this quarter’s survey, in line with the broader sentiment shift.

Only 14 per cent of farmers surveyed in the state planned to increase investment over the next 12 months, a significant decrease from 42 per cent last quarter. However, with only four per cent decreasing investment (down from 11 per cent) this saw the balance of 75 per cent planning to maintain their current levels of investment, a significant lift from 47 per cent last quarter.



Mr Whatling said the survey showed farmers had been taking a measured approach to how they invested.

“Three-quarters of farmers were planning to hold investment steady – they were not pulling back, rather they were being more cautious while they watch how conditions unfold,” he said.

Tasmanian farmers also bucked the overall national trend of a reduced appetite for purchasing land in the year ahead, with nearly one in four survey respondents in the state setting their sights on buying more farmland (24 per cent, up from 11 per cent).

“Tasmania was by far the strongest state when it comes to appetite for property purchases,” Mr Whatling said.

“Producers with strong balance sheets – many who sat out the last buying cycle – are now chasing scale. The challenge isn’t appetite, it’s availability. Suitable properties are scarce, and that’s the real constraint.”

Tasmanian farmers’ investment priorities remained focused on productivity and resilience.

While investment in on-farm infrastructure eased in the Q1 survey, it was still the leading focus for more than half of Tasmanian respondents (51 per cent, from 54 per cent last quarter). There was heightened interest in expanding irrigation and water infrastructure (for 42 per cent, up from 35 per cent) and purchasing more livestock (33 per cent, up from 24 per cent). Investment in new plant and machinery remained steady, at 29 per cent of farmers surveyed in the state.

Mr Whatling said technology investment had also been gaining momentum, with 27 per cent of Tasmanian farmers reporting they were keen on adopting new technologies, up from 17 per cent last quarter.

“We’ve been seeing a real lift in technology adoption. Producers are increasingly investing in tools that save labour and give them more control, efficiency and resilience, and that trend is only accelerating with the uptake of virtual fencing, dairy robotics and irrigation automation.”

Despite the easing in confidence, Tasmanian farmers continued to report strong business resilience, with 96 per cent indicating their operations remain easily viable, viable or just viable – unchanged from last quarter. However, income expectations for the next 12 months eased back in the survey.

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 June 2026.

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