



## ***Tasmanian farmer confidence stages bounce back***

### ***Results at a glance:***

- *Tasmanian rural confidence improves significantly this quarter, although still in “negative territory”.*
- *Commodity prices a key cause of increasing optimism.*
- *Farmers plan on increasing investment in new plant and machinery.*

**Optimism is returning to the state’s agricultural sector, with Tasmanian rural confidence staging a bounce back in the latest quarter – as farmers are buoyed by renewed positivity in key commodity markets.**

**The Q1 Rabobank Rural Confidence Survey, released today, saw net Tasmanian farmer confidence rebound to a reading of -7 per cent from -61 per cent last quarter, which had been the lowest recorded for the state in the survey’s 24-year history.**

**While rural confidence is still in negative territory – with more respondents having a negative than positive outlook – 20 per cent of Tasmanian farmers now hold hopes the agricultural economy will improve over the next 12 months, up from just four per cent with that view last quarter.**

**The number with a pessimistic view also declined – where two-thirds of Tasmanian farmers feared economic conditions would worsen in the last survey, this now sits at 26 per cent.**

**Meanwhile, just over half of the state’s farmers expect the status quo to be maintained, up from 30 per cent last quarter – with sheep and dairy the main sectors expecting conditions to remain stable.**

**Rising commodity prices were identified as a key driver behind increased positivity in the agricultural sector, the survey, which was completed last month, found.**

**And while commodity prices were also identified as a cause for concern by those farmers in the state who are expecting economic conditions to decline, they factored as less of a worry than last quarter.**

**Despite dry conditions prevailing in Tasmania during the survey period, concerns around drought being a factor for the year ahead eased – nominated as an issue by just 16 per cent of those with a negative outlook, compared with 40 per cent in the previous survey.**



Rabobank area manager for Tasmania, Stuart Whatling said confidence within the state's beef industry in particular was mixed, with the reprieve provided by improvements in cattle prices tempered by unfavourable seasonal conditions in many key beef-producing regions.

Although the state's beef producers reported higher confidence levels than sheep and dairy farmers, there were still a significant proportion of those in the beef sector with a negative view on the year ahead.

"The weather really turned against Tasmanian farmers in the second half of 2023 with a dry winter and spring, especially for southern regions," Mr Whatling said.

"The dry continued through summer and, although there have been some useful falls of rain in the west of the state, our northern producers continue to experience ongoing dry conditions.

"Producers on Flinders Island and King Island have particularly felt the impact of a failed spring which continued through summer. For example, King Island received less than half of its expected spring/summer rainfall.

"This has created feed base challenges and many producers have destocked to lighten grazing pressure."

Mr Whatling said the knock-on effect of destocking has been logistical challenges in getting stock off these islands onto mainland Tasmania, due to the unseasonal pressure placed on boats.

"There have also been some capacity bottlenecks at Tasmanian processing plants, so some livestock are being sent to mainland Australia for slaughter," he said.

"However, as we move towards the seasonal break, there's hope this year will see a return to better conditions."

Rabobank regional manager for Southern Victoria and Tasmania Deborah Maskell-Davies said another "silver lining" had been positive signals from the cattle market.

"There has been price relief for beef producers, thanks to producer buying interest from eastern states where many regions have received beneficial summer rain," she said.

"Although the turnaround hasn't been as notable in sheepmeat prices, there's acknowledgement that we're at the bottom of the price cycle which supports confidence."

Tasmanian dairy farmers were found to be more confident of improved commodity prices this quarter.

"The dairy industry continues to ride on the back of improving global market conditions, buoyant domestic markets and good competition for milk," Ms Maskell-Davies said.



“Attention is now turning to the milk price for the next financial year – although this won’t be set until June, there’s general confidence in a strong outlook for the year ahead.”

The survey found optimism about rising commodity prices was credited as a key reason among those of the state’s farmers who expected an improved 12 months ahead, primarily among beef and dairy producers.

Mr Whatling said diversification on Tasmanian farms had also helped to underpin the boost to confidence in the latest quarter, with much-needed significant increases in vegetable prices following weather events in Queensland and NSW.

The survey also found some indication of increasing optimism about seasonal conditions. Whereas no farmers attributed their positivity to a good season in the previous quarter, 20 per cent are now hopeful seasonal conditions will improve.

Of those farmers still taking a bearish outlook on the year ahead, the cost of farm inputs was a prevalent concern, while there were also indications of increasing worry about overseas markets/economies.

“This reflects what is happening in the premium markets that Tasmanian producers – especially fine wool growers – are chasing. The luxury wool market is impacted by the economic outlook in many European countries and China,” Mr Whatling said.

In terms of investment appetite, the Q1 survey found the majority of Tasmanian farmers (73 per cent) were intending to maintain investment in their farm businesses at current levels.

And although fewer Tasmanian farmers expect the total investment in their farm business to increase (11 per cent, down from 20 per cent), fewer also expect to decrease investment (13 per cent, was 27 per cent).

Tasmanian farmers surveyed indicated they were increasingly planning to spend on new plant/machinery and increasing labour, in addition to investing in farm infrastructure, adopting new technologies, property purchase and irrigation/water infrastructure.

Mr Whatling said there was still strong development underway on Tasmanian farmland.

“We continue to see the push from farmers to develop their properties to their maximum capacity, due to the tightly held nature of farmland in the state,” he said.

“The renewed focus on new plant and machinery also reflects efforts to increase farming efficiency, especially to address on-going labour challenges.”

With improved confidence from stronger market signals, 20 per cent of Tasmanian farmers anticipate their income will increase (up from six per cent last quarter) and while 39 per cent still expect income to decrease, this eased considerably from 78 per cent last quarter.



**Rabobank**

**Media Release**  
**March 13, 2024**

“It really is an interesting time in farming – while it feels like things are improving and the rise in beef prices has injected confidence back into markets, producers are still hanging out for an interest rate decrease and are waiting for more positive seasons, especially at this time of year as we head towards the much-anticipated autumn break,” Mr Whatling 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 June 2024.

<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 120 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 38 countries, servicing the needs of approximately 8.4 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 90 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](mailto:denise.shaw@rabobank.com)

Will Banks  
Media Relations  
Rabobank Australia  
Phone: 0418 216 103  
Email: [will.banks@rabobank.com](mailto:will.banks@rabobank.com)