



Dry spring weather weighs down Tas farmer sentiment, but late rainfall fuels promise for new year

Results at a glance:

- *Rural sector confidence drops as farmers express concerns around the season and input costs.*
- *Recent widespread rain, not captured in survey, expected to boost confidence into 2025.*
- *Long-term resilience remains evident, supported by strong investment intentions and business viability.*

Tasmanian rural confidence has taken a sharp downturn this quarter, driven down by a disappointingly dry spring, the latest Rabobank Rural Confidence Survey has found.

Seasonal challenges, coupled with rising input costs, saw Tasmania’s net rural confidence index drop to -14 per cent, from 40 per cent in the previous quarter.

While only four per cent of the state’s farmers expect agribusiness conditions to improve in the next year (a sharp drop from 48 per cent last quarter), three quarters (74 per cent) expect conditions to remain relatively stable. Meanwhile, the proportion of those expecting a deterioration in conditions rose to 18 per cent, compared to eight per cent previously.

However, the outlook has since improved with widespread rain falling across the state on the last day of spring, providing a much-needed boost to soil moisture and farmer morale, Rabobank area manager for Tasmania Stuart Whatling said. Since then, the rain has continued to fall and while it has benefited grass seed production there has been some reported damage to poppy and pea crops.

“If you had asked me a few weeks ago, I would have said things were looking pretty dry, with a fair bit of concern heading into summer,” Mr Whatling said.

“But the rain has turned the season around. Combined with some good commodity prices, farmers are feeling more optimistic than they were a month ago, particularly those in the north-west dairy sector.”

Despite the drop-off in confidence, the survey, completed last month, highlighted the long-term resilience of Tasmanian farming businesses, with 98 per cent of surveyed farmers citing their business as viable. While investment intentions are the highest in the nation.



“Cashflow challenges have largely been temporary, driven by last year’s drought and commodity prices, rather than long-term structural issues,” Mr Whatling said. “And this is reflected in strong farm business balance sheets.”

Mr Whatling, however, noted the ongoing challenges associated with rising cost pressures, with more than half of surveyed Tasmanian farmers, at 55 per cent, citing rising input costs as a concern, up from 17 per cent in the previous survey.

“Costs have gone up right across the board, from energy and insurance to labour – despite some relief in unskilled labour markets with the return of backpackers,” he said.

Mr Whatling said the “island tax” contributed to the higher cost price environment in terms of transportation of livestock and other freight-associated costs for Tasmania, with the state’s farmers far more concerned by rising input costs, compared with 26 per cent of farmers nationally.

Mr Whatling said while commodity prices for lamb and beef had improved markedly from 2023 lows, and there were positive global price signals for dairy with expectations of a “step-up in the milk price in coming months,” wool prices remained subdued.

“We are now looking as though we could have a pretty good year in dairy on the back of this rain and with cows close to peak production,” he said. “While there will still be an eye on fodder prices, the rain has eased feeding pressures for now.”

For those with access to irrigation, Mr Whatling said irrigation schemes had given rise to more diversified farming enterprises.

“If you are sitting on good, irrigated land, you can grow a myriad of crops, so there is a lot of pressure on processors and seed companies to ensure farmers can maximise their returns, as they have a lot of options.”

Mr Whatling said the continuation of the water schemes was fuelling strong investment in the sector, with 91 per cent of surveyed Tasmanian farmers either looking to increase on-farm investment (at 43 per cent, up from 21 per cent last quarter) or maintain it at current levels (for 49 per cent). While just nine per cent (down from 20 per cent) were looking to wind back their investment plans.

“Those who have bought land in the last few years are still developing it for its highest and best use, and this is an ongoing project and, in many cases, a multi-year investment strategy to capitalise on the underlying land value,” he said.

“It is promising to see the Greater South East Irrigation Scheme gain bipartisan support from the state and federal government,” he said, “with the scheme integrating the existing stage one, two and three schemes and reaching into new areas in the south-east region.”

These schemes are integral, Mr Whatling said, to the Tasmanian Government’s ambition to grow the annual value of the state’s ag sector to \$10 billion by 2050.



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The survey also found a greater percentage of Tasmanian farmers, at 13 per cent (up from five per cent in the previous quarter), are looking to expand their operation through property acquisition.

“There were a few buyers holding back when the market was red hot,” he said. “And while we haven’t and probably don’t expect the price to come back, buyers are more patient now. As there are some good properties on the market that are not selling overnight like they were previously. The speed of the sale has certainly slowed down.”

Mr Whatling said with balance sheets strong and some debt repayment occurring over the past few years, this was boding well for farmers’ property expansionary plans.

Gross farm income expectations were also sound, he said, with 35 per cent of farmers expecting their incomes to increase in the coming 12 months and 43 per cent predicting they will remain the same.

“The outlook is improving, and this is fuelling strategic investments right across the agricultural sector and its supply chain,” 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 March 2025.

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