



## ***Tasmanian farmers bound into 2025 with boosted confidence***

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

- *Tasmanian farm confidence levels have turned around, with more Tasmanian farmers now holding a positive than negative outlook on the year ahead.*
- *Improved seasonal conditions supported confidence, along with a positive supply/demand outlook.*
- *Farmers' investment intentions remain strong, with an ongoing focus on property improvement.*

**Tasmania's agricultural sector has started the year with renewed optimism, after farmer sentiment had tumbled at the end of 2024, the latest quarterly Rabobank Rural Confidence Survey has shown**

**The state's farmer confidence levels had taken a sharp downturn in the December quarter off the back of ongoing dry conditions, however a seasonal turn-around in recent months has ensured this pessimism was short-lived.**

**The quarter one Rabobank Rural Confidence Survey, released today, showed Tasmanian farmer confidence to now be among the highest in the nation – taking equal second place alongside Queensland and just behind South Australia.**

**The latest survey has seen the state's rural sentiment return to positive territory – with more farmers now expecting the agricultural economy to improve than to worsen in the year ahead – supported by seasonal and market conditions.**

**Just over one-fifth of Tasmanian farmers now hold an improving outlook for the year ahead (21 per cent, up from only four per cent last quarter) while just 11 per cent expect conditions to deteriorate (down from 18 per cent).**

**A total of 64 per cent, meanwhile, have a stable outlook, expecting conditions in the agricultural economy to remain unchanged in the coming year (back from 74 per cent with that view in the previous survey).**

**While confidence was up across the board, the state's dairy and sheep producers showed the largest rebounds in optimism.**

**Good seasonal conditions were the biggest driver of positive sentiment in the state, cited by 46 per cent of farmers as a cause for optimism, nearly twice as many as had that view in the previous quarter (24 per cent).**



**However, concerns about drought are still hanging over agricultural producers, with 58 per cent of the state’s farmers reporting they were concerned about the prospect of drought in the year ahead.**

Rabobank area manager for Tasmania Stuart Whatling said widespread rain, which fell between the two survey periods, helped to turn the season, and confidence, around.

“This lift in overall optimism was expected after what ended up being a reasonable spring across most regions in Tasmania. This topped up soil moisture levels and feed availability to get farming businesses through our dry summer and took some of the pressure off as we look ahead to autumn rains,” he said.

Commodity prices were also cited by more than a third of Tasmanian farmers as a reason for positivity, however optimism about commodities had wound back slightly this quarter – cited by 35 per cent of respondents (from 39 per cent in the previous survey).

There was though a surge of optimism about the state of overseas markets/economies (nominated by 30 per cent, up from eight per cent previously) and lower interest rates (27 per cent, from three per cent).

“Interest rates were top of mind for producers this quarter, with the survey period coinciding with the RBA lowering the cash rate by 25 basis points in February and indications of more to come,” Mr Whatling said.

Tasmania’s red meat and dairy sectors were most enthusiastic about commodity prices, as they look ahead to expectations of ongoing price stability for lamb and beef, and a favourable outlook for milk.

“Red meat producers anticipate that current prices will be sustained, with some upside throughout 2025. However, overseas factors continue to cause uncertainty for how the wool market will perform,” Mr Whatling said

“Milk producers are expecting upwards movements for farmgate milk prices with a modest uplift tipped in 2025.”

There were minor ripples of concern noted in the latest survey around domestic economic pressures – with seven per cent of Tasmanian farmers citing worsening economy/cost of living and inflation as cause for pessimism – while geopolitical factors, such as tariffs, were a worry for four per cent

“Price increases across the board, combined with the ‘island tax’ which contributes to a higher-cost environment for livestock transport and other freight-associated costs, play into these cost-of-living concerns,” Mr Whatling said.

Although the number of Tasmanian farmers intending to increase investment in their farm businesses pulled back this quarter to 31 per cent (from 43 per cent the previous survey),



a greater proportion intend to maintain investment at current levels (60 per cent, up from 49 per cent previously).

On-farm infrastructure – such as fences, silos and yards – continue to top the shopping list for 70 per cent of Tasmanian farmers (similar to last quarter, at 69 per cent).

And the state's farmers show no sign of slowing down their investment in irrigation and water infrastructure, with 47 per cent listing this as an area for spending this quarter, up from 33 per cent in the December survey.

Mr Whatling said: “the continuation of Tasmanian irrigation schemes fuels strong investment in this space”. “This has a flow-on effect to wider property development, as farmers continue to chase a productivity uplift,” he said.

Interest in new technologies nearly doubled, with 46 per cent of Tasmanian farmers surveyed indicating an intention to spend in that area (up from 24 per cent).

“With ongoing labour shortages, Tasmanian dairy farmers are investing in a range of new technologies to increase on-farm efficiency and streamline management, such as virtual fencing and robotic dairies. We have also seen sheep producers adopt data collection and management technologies with mandatory electronic identification coming into effect in January,” Mr Whatling said.

“We can attribute the increase of investment in labour to this as well, for the farmers who will need to invest in upskilling their existing workforce to implement this new technology.”

Tasmanian farmers are also on the hunt for livestock, with 45 per cent identifying herd/flock expansion as an area for investment (up from 12 per cent last quarter).

“Livestock purchases can be partly attributed to confidence in rebuilding numbers after some destocking last year,” Mr Whatling said.

“We’re also seeing property improvements support increased carrying capacity, so livestock purchases will naturally follow investment in fencing and water infrastructure.

“There are also some dairy farmers taking advantage of good genetics at a reasonable price in line with easing demand for dairy heifers from China.”

The latest survey also revealed Tasmanian farmers have an increased appetite for new property purchases, with 19 per cent indicating an interest in investing in farmland in the year ahead, up from 13 per cent last quarter.

“Confidence in taking on more land has grown, and properties which have been on the market for a while are now starting to move and meet the vendors’ expectations,” Mr Whatling said.



**Rabobank**

**Media Release  
March 26, 2025**

In terms of farmer incomes, seasonal and market factors combined to see income projections ramp up considerably in Tasmania to outstrip other states, with all surveyed farmers expecting their gross farm income to either increase (51 per cent, up from 35 per cent) or remain in line with last year (49 per cent, was 43 per cent).

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 2025.

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