



Farmer confidence holds steady in the west

Results at a glance:

- *WA farmer confidence remains relatively steady this quarter.*
- *Despite ending 2024 with a better-than-expected harvest, positivity was capped by concerns about government intervention and policies.*
- *Worry about the end to live export continued to track upwards.*

Sentiment in WA's farm sector has remained relatively unmoved in the first quarter of 2025, despite the state finishing last year with a bumper harvest, the latest Rabobank Rural Confidence Survey has found.

This comes against a national backdrop of improved farm sentiment, with WA the only state where confidence didn't lift.

The quarter one survey, released today, saw net rural confidence in WA remain in negative territory – with more farmers expecting conditions to deteriorate than improve. Net confidence eased to -8 per cent, from -6 per cent last quarter.

Despite a bumper finish last year for WA grain growers – who recorded their third-largest winter crop on record – optimism across the board was once again tempered by concerns about government interventions and policies, especially the end to live export.

Only 16 per cent of WA farmers surveyed expected the agricultural economy to improve in the year ahead (just marginally up on 15 per cent the previous quarter). More than half expect little change to current conditions (54 per cent, down from 58 per cent last quarter) and just under a quarter expect conditions to worsen (23 per cent, up from 21 per cent).

However, WA farm confidence was still well up on levels reported throughout most of 2022 and 2023.

Of the different commodities, the state's beef producers were the most bullish in outlook, with their confidence riding on forecasts of continuing market stability, with some potential upside, in 2025.

Grain grower sentiment held steady with a nearly equal split between the number expecting economic conditions to improve (17 per cent) and to deteriorate (19 per cent). However, grain growers were the most confident of all farmers in the state about positive seasonal drivers, with 40 per cent anticipating a good season as they look ahead to planting the 2025 winter crop.

Sentiment among the state's sheep producers fell back significantly this quarter, with none taking the view conditions in the agricultural economy would improve (down from 10 per cent last quarter) and more than half expecting their prospects to worsen (52 per cent, up from 14 per cent).



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WA dairy producers were overall neutral, despite local farmgate prices slowly climbing higher, with half of those surveyed expecting economic conditions to stay the same and the remainder split between expecting conditions to worsen and to improve.

Rabobank state manager for WA, Steve Kelly said while there was a range of factors weighing on farmer confidence in the state, the leading concern related to the implications of a raft of government policies.

Although worry about government interventions/policies did ease back from last quarter – where it was reported as an issue by 48 per cent of WA farmers surveyed, it remained high, nominated by 39 per cent this quarter. And the specific threat to live export loomed larger, cited by 31 per cent, up from 22 per cent in the December quarter.

“The survey period took place on the cusp of the WA state election, and political concerns are clearly weighing on the minds of farmers,” Mr Kelly said.

“Concerns about the impact of the ban on live sheep export are entrenched in WA, with nearly a third of farmers citing threats to live export as having a negative impact to the agricultural economy.”

While 45 per cent of WA sheep producers nominated concerns about the end of live export as the biggest negative factor facing their industry, it was not a sector-specific issue. Live export was also cited as a significant concern – on par with drought – for 45 per cent of WA beef producers.

Across the board, worry about drought remained relatively stable for WA producers, nominated by 31 per cent of respondents this quarter – only slightly up from 28 per cent with that view last quarter

While there was increasing concern about overseas markets/economics (for 24 per cent of respondent this quarter, up from 11 per cent previously), WA farmers were not notably more worried about tariffs or implications from US politics (nominated by 2 per cent and 3 per cent respectively).

In terms of positive economic drivers, a third of WA farmers have set their hopes on rising commodity prices (33 per cent, up from 31 per cent). Around a third also anticipate good seasonal conditions will prop up the agricultural economy over the next 12 months (32 per cent, up from 21 per cent).

There was a small increase in optimism about lower input costs (nominated by 10 per cent this quarter, double last survey) and low interest rates (nominated by 9 per cent, from 1 per cent). This coincided with the Reserve Bank of Australia lowering the cash rate by 25 basis points in February.

In line with overall confidence levels, investment intentions among WA farmers remained relatively unchanged, with 25 per cent looking to increase investment in the year ahead (up slightly from 23 per cent). A further 64 per cent plan to maintain current levels of investment (was 68 per cent last quarter, and 10 per cent to decrease investment (was 11 per cent).



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While overall investment intentions remained steady in the sector, there was mixed appetite between commodities. Grain growers were particularly bullish, with 43 per cent intending to lift spending, whereas only five per cent of beef producers are looking to increase investment.

There was no reset in how WA farmers will direct most of their investment, with on-farm infrastructure remaining a priority for more than half (52 per cent, was 55 per cent), followed by new plant/machinery (up from 40 per cent to 44 per cent). Grain growers were most likely to invest in new machinery.

However, there was a surge in interest in adopting new technologies (cited by 43 per cent of farmers surveyed, up significantly from 26 per cent last quarter).

WA farmers continue to hold the strongest property expansion intentions across the country, with more than a fifth looking to purchase land (21 per cent, from 23 per cent last quarter) compared with a national average of 14 per cent.

“We’re seeing most of this interest coming from grain producers (46 per cent) and mixed livestock enterprises (59 per cent),” Mr Kelly said. “This is mostly driven by desire to achieve economy of scale, in the face of fixed costs.”

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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