



## ***Things look positive 'on the farm' in Tasmania***

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

- *Tasmanian farmers start the year with optimism, with confidence rising to its highest level since late-2015*
- *Dairy farmers particularly more positive, as farmgate margins look to improve in 2017*
- *But prices for most livestock and crops strong – underpinning confidence in the agri sector*

**Tasmanian farmers are the most positive in the country, according to Rabobank's latest Rural Confidence Survey, with confidence in the state's agri sector now at its highest level since late 2015.**

**Dairy farmers, in particular, are more positive about the coming year, while sentiment across the state's agri sector has been buoyed by the strong price outlook for most livestock and crops.**

The quarterly survey, completed last month, saw confidence in Tasmania's agri sector edge higher, following the significant upswing reported in the previous survey.

This quarter, 39 per cent of farmers are expecting conditions to improve throughout 2017, while 50 per cent are expecting similar conditions to last year – with both readings relatively unchanged from last quarter's survey. Meanwhile those expecting conditions to worsen fell to eight per cent, from 11 per cent.

Rabobank regional manager for Tasmania Hamish McAlpin said the onset of the recovery in the dairy market had provided a boost to confidence across Tasmania's whole agri sector, while most other agri commodities were also reporting positive market fundamentals.

"The improving outlook for farmgate milk prices, coupled with the season, has seen an improvement in dairy farmer sentiment in recent months," he said.

"While farmgate prices have only improved marginally this season, the benefit of higher export returns is set to come next season. And it is this much improved price outlook, coupled with favourable seasonal conditions and a healthier supply of home-grown feed and more affordable purchased-in feed, which should start to see profitability return to the sector."

This outlook was reflected in the survey results, with 73 per cent of Tasmanian dairy farmers expecting improved agricultural economic conditions in the year ahead, up from 22 per cent with that view this time last year.

Across the agri sectors, the commodity price outlook emerged as the biggest driver of positive sentiment this quarter, with 87 per cent of those expecting conditions to improve citing markets as reason for the optimism – up slightly from 84 per cent previously.

The market outlook for beef and lamb remained particularly strong, Mr McAlpin said, while the wool market had seen a resurgence in recent weeks.



**Rabobank**

**Media Release**

**March 13, 2017**

“While prices for mid-micron wool types have been reasonably solid for the past few years, the lift in prices at the finer end is driving renewed confidence in the wool market,” he said.

Although seasonal conditions were only nominated by six per cent of respondents as the driver of their positive outlook, down from 69 per cent in the previous survey, the season had been excellent across the state after a slow start to the spring, Mr McAlpin said.

“The season has proved to be good for fodder conservation, with the state enjoying a relatively mild summer, unlike the heatwave experienced across other parts of the country,” he said.

“This has seen farmers enter autumn with an abundance of feed, and good reserves of hay and silage following large fodder harvests.”

Mr McAlpin said the impact of last year’s significant flooding events in the state had now subsided, after creating significant challenges, particularly for crops.

“The very wet seasonal conditions saw last year’s potato yields drop by around 15 to 20 per cent, with some of the state’s farmers electing to leave crop in the ground due to disease and quality issues,” he said. “Some of last season’s seed potatoes have also been affected and didn’t store well for planting this season, with this season’s digging expected to start in about a month.”

Mr McAlpin said poppies were also late-in due to the wet with some of the worst-affected areas requiring replanting. “The challenge of the wet start has also meant the planted area is down, which has a knock-on delay for a late start to harvest.”

While the survey found the state’s farmers to be positive about the outlook for 2017, the results highlighted some uncertainty prevailing from the recent change in US government.

“Although many respondents said the impact of the new Trump administration on Australian agriculture was ‘too early to tell’, 41 per cent believed it could potentially have a negative impact, particularly in respect to Australian/US trade,” he said.

This concern did little to dampen investment appetite in the sector however, with Tasmanian farmers’ investment intentions increasing to an 18-month high, with all survey respondents looking to either increase (34 per cent) or maintain (66 per cent) the level of investment in their farm business over the next 12 months.

Improvements to on-farm infrastructure remained a key priority for investment, while farmers were also looking to increase livestock numbers, invest in irrigation and water infrastructure as well as upgrade plant and machinery.

“We are seeing strong investment on-farm,” Mr McAlpin said, “with farmers upgrading infrastructure to increase their efficiencies. While investment in the dairy sector has been lagging, as farmers have battened down the hatches, it is starting to lift as optimism returns to the sector.”



**Rabobank**

**Media Release**

**March 13, 2017**

Mr McAlpin said demand for rural property also remained strong in Tasmania, with interest from outside investors particularly evident.

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 2017.

<ends>

***Rabobank Australia & New Zealand is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 115 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 40 countries, servicing the needs of approximately 8.6 million clients worldwide through a network of more than 1000 offices and branches. Rabobank Australia & New Zealand is one of Australasia's leading rural lenders and a significant provider of business and corporate banking and financial services to the region's food and agribusiness sector. The bank has 94 branches throughout Australia and New Zealand.***

To arrange an interview with Hamish McAlpin, Rabobank regional manager Tasmania, or for more information on Rabobank's Rural Confidence Survey, please contact:

**Media contacts:**

Denise Shaw  
Head of Media Relations  
Rabobank Australia & New Zealand  
Phone: 02 8115 2744 or 0439 603 525  
Email: [denise.shaw@rabobank.com](mailto:denise.shaw@rabobank.com)

Skye Ward  
Media Relations Manager  
Rabobank Australia & New Zealand  
Phone: 02 4855 1111 or 0418 216 103  
Email: [skye.ward@rabobank.com](mailto:skye.ward@rabobank.com)