Federated Farmers
Farm Confidence Survey

JULY 2024

Contents

Summary

1.1 Introduction

This report summarises the Federated Farmers' July 2024 Mid-Season Farm Confidence Survey survey results. The survey is undertaken twice a year (January and July); this is the 31st iteration.

1.2 Key Messages

The July 2024 survey saw a decline in farmer confidence.

Key points include:

- **General economic conditions (current):** A net 66% of respondents consider the current economic climate to be bad, an 11-point deterioration. This is the second lowest figure recorded in the survey's history, with the lowest being July 2023 at -80%. Dairy farmers have seen a shift from 34% expecting the economy to worsen in January 2024, to 53% in July 2024.

- **General economic conditions (expectations):** A net 6% of respondents expect economic conditions to deteriorate over the next 12 months. Down 7% since January 2024.

- **Farm profitability (current):** Overall, 33% of farmers are making a loss, with only 27% reporting a profit and 39% breaking even. The net score for perceptions of profitability is -7%, a significant decline from +61% in January 2022.

- **Farm profitability (expectations):** A net 10% of respondents expect their profitability to decline over the next 12 months, an 11-point improvement from January 2024 when a net 21% expected it to decline.

- **Farm production (expectations):** A net 8% of respondents expect their production to increase over the next 12 months, a small 2-point improvement from January 2023. This marks the first time since 2016/17 that there have been two consecutive periods of predicted growth in farm production.

- **Farm spending (expectations):** A net 3% of respondents expect their spending to decrease over the next 12 months, a 7-point deterioration from the January 2024 survey when a net 4% expected their spending to increase.

- **Farm debt (expectations):** Farm debt is expected to remain steady, consistent with RBNZ data.

- **Ability to recruit (experienced):** A net 15% of respondents reported it has been harder to recruit skilled and motivated staff over the past six months, down 8 points from January 2024. This is the lowest level since July 2012.

- **Greatest concerns (current):** The four greatest concerns for farmers are Debt, Interest & Banks; Farmgate & Commodity Prices; Regulation & Compliance Costs; and Input Costs. Concerns about Climate Change Policy & ETS have decreased. The proportion of farmers who feel these concerns are affecting their mental health and wellbeing remains steady at about 50%.

- **Highest government priorities:** The four highest priorities farmers want the Government to address are Economy & Business Environment; Fiscal Policy; Regulation & Compliance Costs; and Monetary Policy. Climate Change Policy and ETS dropped from fourth place in July 2023 to tenth place in July 2024. Local Government Reform also appeared on the list for the first time, in eighth place, in July 2024.

General Economic Conditions

2.1   Overall

Economic Context

The New Zealand economy continues to be experiencing low economic growth, affected by high inflation, rising interest rates, weak consumer and business confidence, and increasing unemployment. However, inflation is now cooling, falling to 3.3% in StatsNZ June 2024 update, and there are potential signs of lower interest rates in the future. Beef + Lamb NZ report on-farm inflation has fallen from a 40-year high of 16.3% during the 2022-2023 season to just 2.8% in the 2023-24 season.

Current Economic Conditions

Over the past six months, perceptions of current economic conditions have declined. The July 2024 survey recorded a net score of -66, an 11-point decrease from January's high. This deterioration is largely due to a significant increase in respondents rating conditions as 'bad'.

The lowest score in our survey history was in July 2023 (-80%), and while the current result shows a slight improvement, the trend remains downward.

Table 2.1 Current perceptions of general economic conditions for all farms

	Good General Economic Conditions Currently	Neither Good nor Bad	Bad General Economic Conditions Currently	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
All Farms	2%	29%	69%	0%	-55%	-66%	-11%

*Please refer to Section 10.2 for more information about net scores.

Figure 2.1 shows how net scores for current general economic conditions have tracked since this question was first asked in 2016. Perceptions turned rapidly negative in 2022 as inflation surged and the Reserve Bank tightened monetary policy in response.

Figure 2.1 Net current perceptions of general economic conditions for all farms (July 2016 - July 2024)
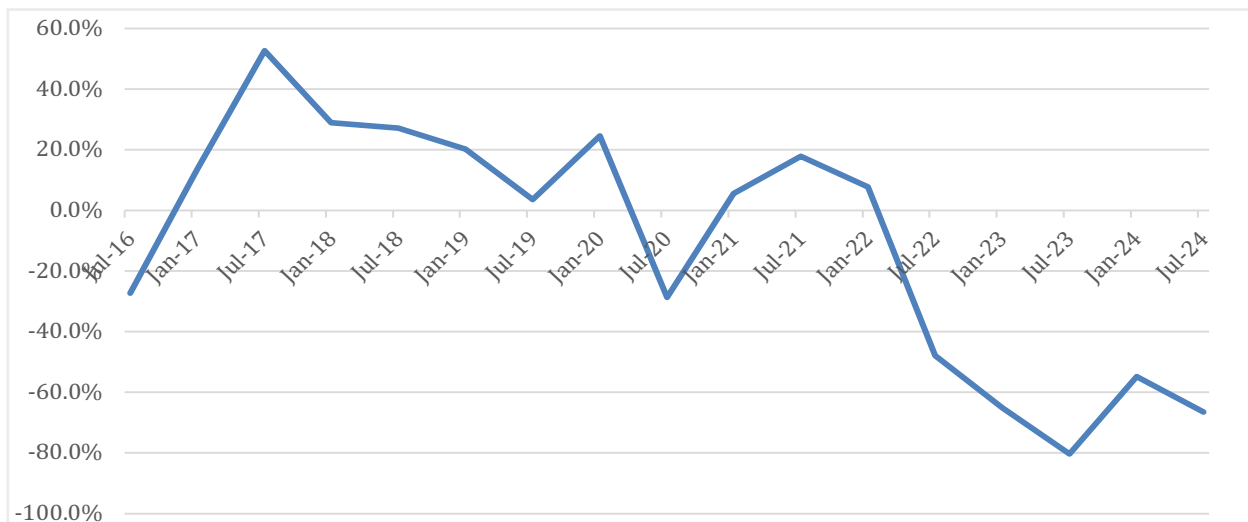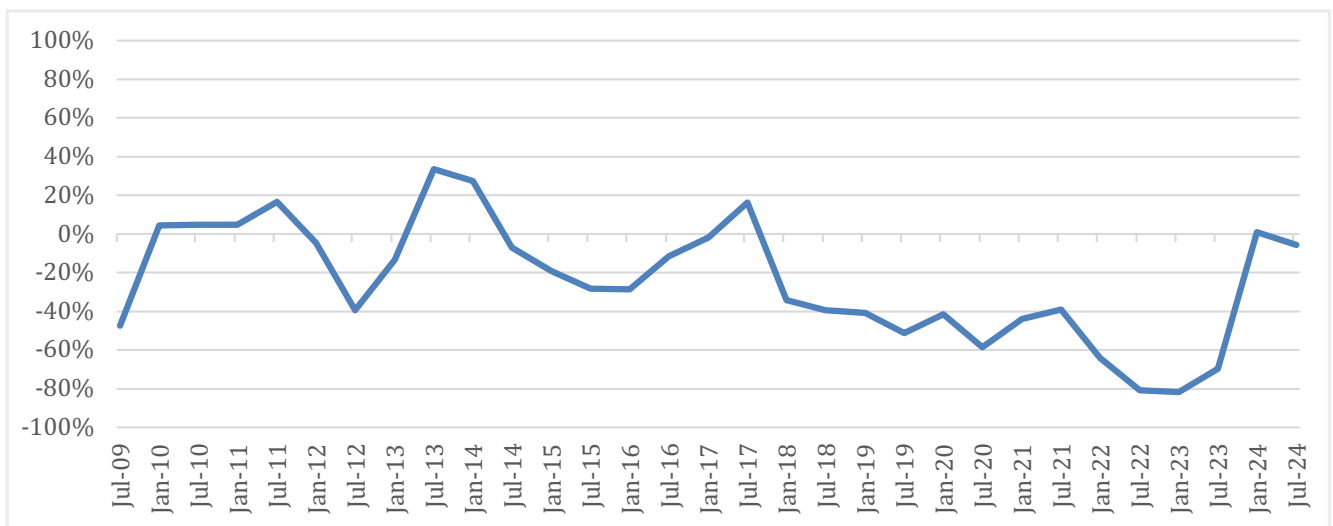
Future Economic Conditions

Looking ahead, there has been a decrease in expectations for general economic conditions over the next 12 months. The net score has dropped 7 points, moving it back into the negatives after January's positive territory for the first time since mid-2017. This decline was driven by more respondents thinking the economy will worsen (up 4 points) and a drop for those thinking it will improve (down 3 points)

Table 2.2 Predictions of general economic conditions for all farms over the next 12 months

	Improve	Stay Same	Worsen	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
All Farms	21%	51%	26%	2%	1%	-6%	-7%

Figure 2.2 shows how net scores for predicted general economic conditions have tracked over the survey's life. The net scores have oscillated over the years, which shows that perceptions about the general economy can be volatile. Still, the trend from July 2017 was mostly downward, culminating in an all-time low in January 2023. The change in government has given farmer confidence a large lift, but sentiment is still negative.

Figure 2.2 Net predictions of general economic conditions for all farms (July 2009 - July 2024)

2.2   Industry Groups

Although most industry groups had improvements in their net perceptions of current economic conditions, Dairy stood out for having the only decline from the January survey, dropping 19 points. Meat & wool had the largest improvement.

Table 2.3 Current perceptions of general economic conditions by industry group

	Good General Economic Conditions Currently	Neither Good nor Bad	Bad General Economic Conditions Currently	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Dairy	4%	39%	57%	0%	-34%	-53%	-19%
Meat & Wool	2%	30%	68%	0%	-73%	-66%	+7%
Arable	0%	21%	77%	2%	-83%	-77%	+6%
Other	0%	23%	77%	0%	-78%	-77%	+1%

Looking ahead over the next 12 months, all industry groups forecast a negative net score for general economic conditions. The results are somewhat mixed within the sectors. Dairy and Arable sectors decreased by 17 points and 13 points respectively. Conversely, Meat and Wool sectors increased by 5 points, reaching -7%, their highest score since July 2017.

Table 2.4 Predictions of general economic conditions by industry group

	Improve	Stay Same	Worsen	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Dairy	23%	48%	26%	2%	14%	-3%	-17%
Meat & Wool	18%	56%	25%	1%	-12%	-7%	+5%
Arable	14%	45%	38%	4%	-10%	-23%	-13%
Other	27%	38%	30%	5%	-13%	-3%	+9%

2.3   Regions

All seven regions continued to have deeply negative net scores for current economic conditions, with most posting declines in their net scores.

The least pessimistic region was West Coast-Tasman-Marlborough, followed by Otago-Southland. Otago-Southland also had the largest improvements in sentiment. The most pessimistic region was Canterbury, and the region that had the largest decrease in sentiment was Waikato-Bay of Plenty.

Table 2.5 Current perceptions of general economic conditions by region

	Good General Economic Conditions Currently	Neither Good nor Bad	Bad General Economic Conditions Currently	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	0%	38%	61%	1%	-46%	-61%	-15%
Waikato-Bay of Plenty	3%	37%	60%	0%	-39%	-57%	-18%
East Coast North Island	5%	27%	68%	0%	-71%	-63%	+8%
Taranaki-Manawatu	2%	33%	65%	0%	-51%	-63%	-12%
WC-Tasman-Marlborough	7%	45%	47%	2%	-37%	-40%	-3%
Canterbury	2%	27%	71%	1%	-65%	-69%	-4%
Otago-Southland	4%	42%	55%	0%	-66%	-51%	+15%

Looking ahead, six of the seven regions had decreases in their net scores of between 3 and 16 points. Only the West Coast-Tasman-Marlborough region had positive movement and has been able to maintain its positive net score, at 23 points. Taranaki-Manawatu was the only other region to predict that general economic conditions will improve.

Table 2.6 Predictions of general economic conditions by region looking forward

	Improve	Stay Same	Worsen	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	18%	51%	29%	3%	0%	-11%	-11%
Waikato-Bay of Plenty	21%	52%	25%	2%	7%	-3%	-10%
East Coast North Island	21%	48%	26%	5%	2%	-5%	-7%
Taranaki-Manawatu	26%	50%	22%	1%	7%	4%	-3%
WC-Tasman-Marlborough	38%	44%	15%	3%	-5%	23%	+28%
Canterbury	18%	46%	35%	1%	-1%	-17%	-16%
Otago-Southland	18%	49%	30%	3%	-9%	-12%	-3%

Farm Profitability

3.1   Overall

Current Profitability

In this survey there was a further slip in current profitability, with the net score for 'all farms' falling 4 points from January 2024 to -7. This reflects the ongoing impacts of high input price inflation, and high interest rates increasing debt servicing costs.

Table 3.1 Current perceptions of profitability: all farms

	Making a profit	Breaking Even	Making a loss	Rather not say	Don't know	January 2023 Net Score	July 2024 Net Score	Change
All Farms	27%	39%	33%	1%	1%	**-3%**	**-7%**	**-4%**

Figure 3.1 shows that perceptions of farm profitability have dropped further to -7%, the lowest since the survey began in July 2016. One third of all farms are now making a loss; and less than a third are making a profit. Over the history of this graph, 2017 to about 2021 saw average farmers expecting to make a profit.

Figure 3.1 Net current perceptions of all farm profitability (July 2016 - July 2024)
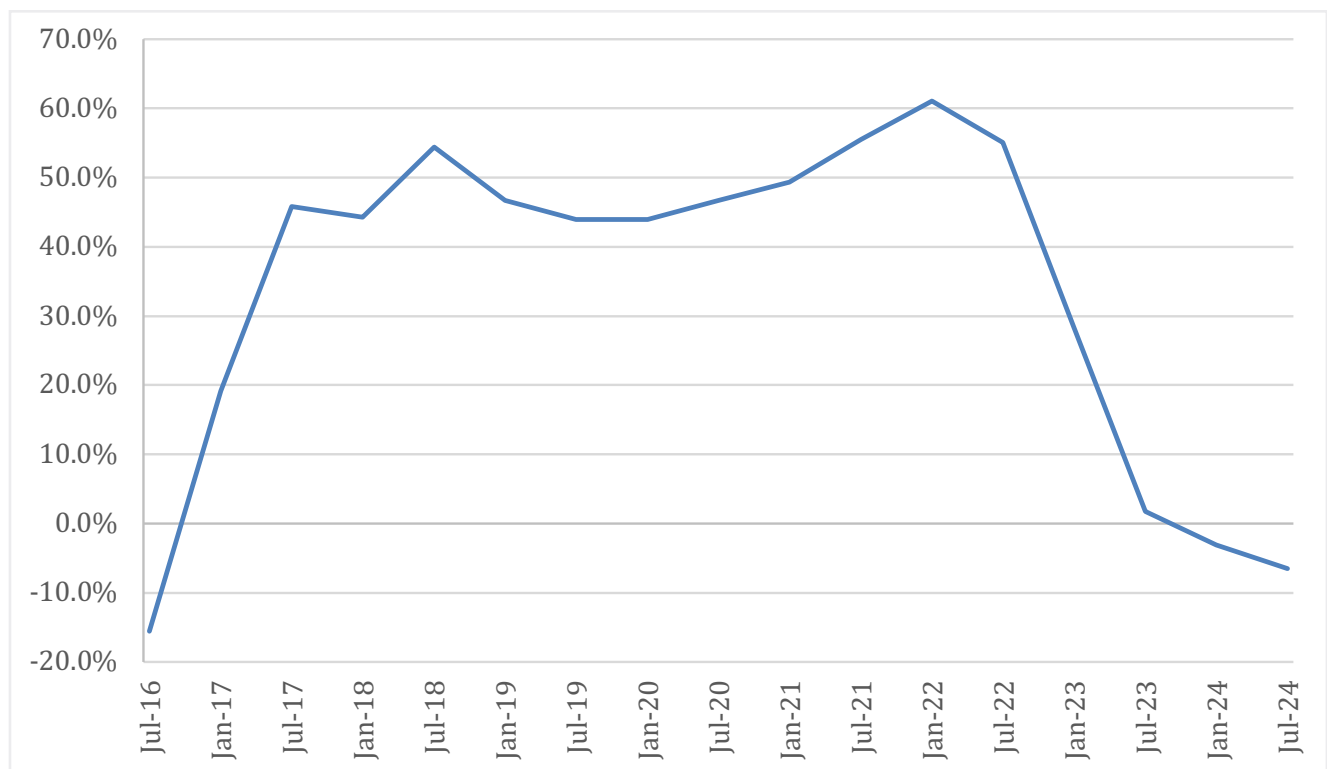
Future Profitability

Expectations for profitability over the next 12 months have improved, with the proportion of farmers expecting profitability to worsen dropping from 37% to 27%. Much of the improvement was due to a 10-point increase in farmers expecting their profitability to remain the same, while there was an increase of 1 point for those expecting it to improve. The net score remains negative at -10, but this is 11 points better than in January 2024, and 58 points better than July 2023.

Table 3.2 Predictions of farm profitability over the next 12 months: all farms

	Improve	Stay Same	Worsen	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
All Farms	17%	54%	27%	3%	**-21%**	**-10%**	**11%**

Figure 3.2 shows net predictions of all farm profitability since July 2009 have, like economic predictions, oscillated markedly over time. Before this survey's recovery, profitability expectations trended down from a peak in July 2017. That the net score for future profitability remains negative should be a concern given the current state of farm profitability.

Figure 3.2 Net predictions of all farm profitability (July 2009-July 2024)
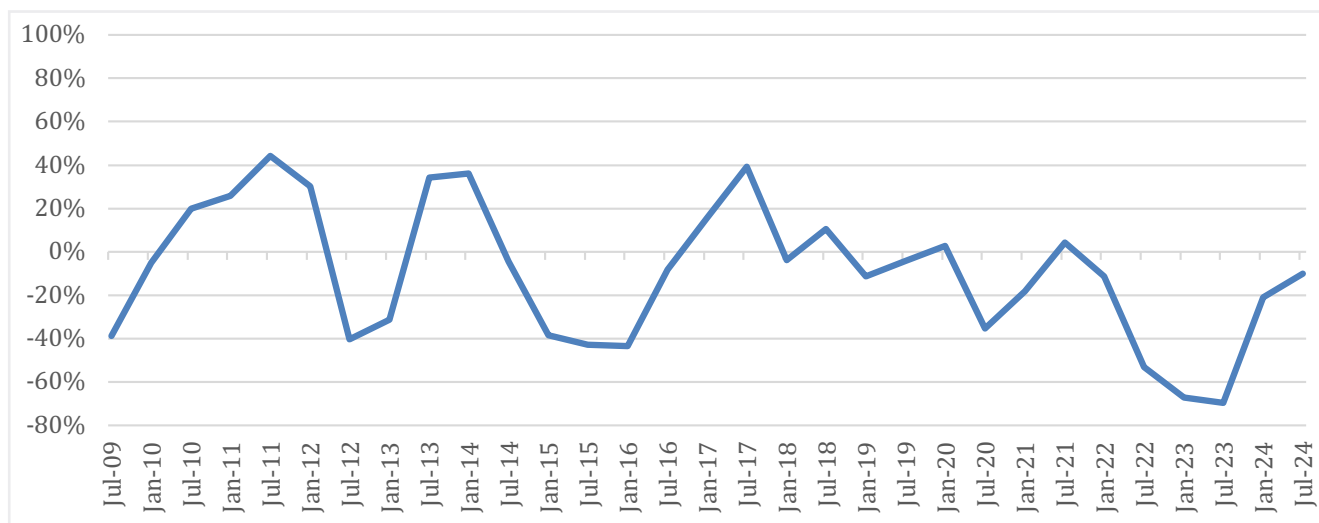
3.2   Industry Groups

The current profitability of industry groups presents a mixed picture.

Arable farms have seen improvement, with only 19% now making a loss, down from 30% in January 2024. Dairy remains the most profitable sector, with 38% of respondents reporting a profit.

Its net score of 17% is the highest among all industry groups. Meanwhile, Meat & Wool farmers' net score has increased by 14 points but remains in negative territory at -12%.

Table 3.3 Current farm profitability by industry group

	Making a profit	Breaking Even	Making a loss	Rather not say	Don't know	January 2023 Net Score	July 2024 Net Score	Change
Dairy	38%	41%	21%	1%	0%	**18%**	**17%**	**-1%**
Meat & Wool	23%	41%	34%	2%	0%	**-26%**	**-12%**	**+14%**
Arable	29%	48%	19%	2%	2%	**-7%**	**10%**	**+17%**
Other	14%	23%	50%	4%	9%	**0%**	**-36%**	**-36%**

Looking ahead, all industry groups have shown significant improvements in profitability expectations compared to six months ago. Dairy saw the largest gain, improving by 29 points, making it the least pessimistic industry group with a net score of -4%. Although Arable remains the most pessimistic with a net score of -18%, it has still improved by 19 points since January.

Table 3.4 Predictions of expected farm profitability by industry group

	Improve	Stay Same	Worsen	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Dairy	20%	53%	23%	3%	-33%	-4%	+29%
Meat & Wool	11%	60%	26%	3%	-5%	-15%	+10%
Arable	18%	46%	36%	0%	-37%	-18%	+19%
Other	17%	48%	29%	5%	-31%	-12%	+19%

3.3   Regions

Five of the seven regions experienced decreases in their net scores compared to January 2024, with Waikato-Bay of Plenty and WC-Tasman-Marlborough showing improvements.

The Meat & Wool-dominant East Coast North Island became more optimistic with a 13-point increase to -7%. However, the standout region is Otago-Southland, which saw a remarkable rise from a net score of -13% to a positive 24%, a 37-point increase.

Table 3.5 Current farm profitability by region

	Making a profit	Breaking Even	Making a Loss	Rather not Say	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	24%	46%	30%	0%	0%	-4%	-6%	-2%
Waikato-Bay of Plenty	33%	42%	23%	1%	1%	12%	9%	-3%
East Coast North Island	26%	39%	32%	2%	2%	-20%	-7%	-13%
Taranaki-Manawatu	28%	41%	28%	1%	1%	3%	0%	-3%
WC-Tasman-Marlborough	29%	34%	34%	2%	2%	-16%	-5%	+11%
Canterbury	33%	41%	24%	1%	1%	-1%	9%	+10%
Otago-Southland	44%	36%	20%	1%	0%	-13%	24%	+37%

All regions improved in profitability expectations compared to January 2024, but all remained in negative territory except WC-Tasman-Marlborough.

Table 3.6 Predictions of expected farm profitability by region

|	Improve	Stay Same	Worsen	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	10%	62%	22%	6%	**-24%**	**-12%**	**+12%**
Waikato-Bay of Plenty	20%	53%	24%	4%	**-26%**	**-3%**	**+23%**
East Coast North Island	11%	58%	31%	0%	**-30%**	**-19%**	**+11%**
Taranaki-Manawatu	19%	51%	26%	3%	**-30%**	**-7%**	**+23%**
WC-Tasman-Marlborough	32%	57%	8%	3%	**-17%**	**24%**	**+41%**
Canterbury	15%	53%	31%	2%	**-7%**	**-16%**	**+23%**
Otago-Southland	15%	56%	26%	4%	**-24%**	**-12%**	**+12%**

Farm Production

4.1 Overall

Farmers' expectations about future production have increased slightly compared to the January 2024 survey, with a net score of 8% (up 2 points). Although this increase is small, it marks the first time since 2016/17 that there have been two consecutive periods of predicted growth in farm production.

Table 4.1 Predictions of farm production over the next 12 months: all farms

	Increase	Stay Same	Reduce	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
All Farms	22%	62%	14%	2%	6%	8%	+2%

Figure 4.1 shows that net scores for production were consistently over +20 until mid-2015 but have been consistently below +20 since mid-2019. Tougher environmental regulations, farm-to-forestry conversions, challenging weather, acute labour shortages, cyclones, and a general lack of confidence have all taken their toll. This slight uptick in expected production is a positive indicator, and worth continuing to monitor.

Figure 4.1 Net predictions of farm production: all farms (January 2010 - July 2024)
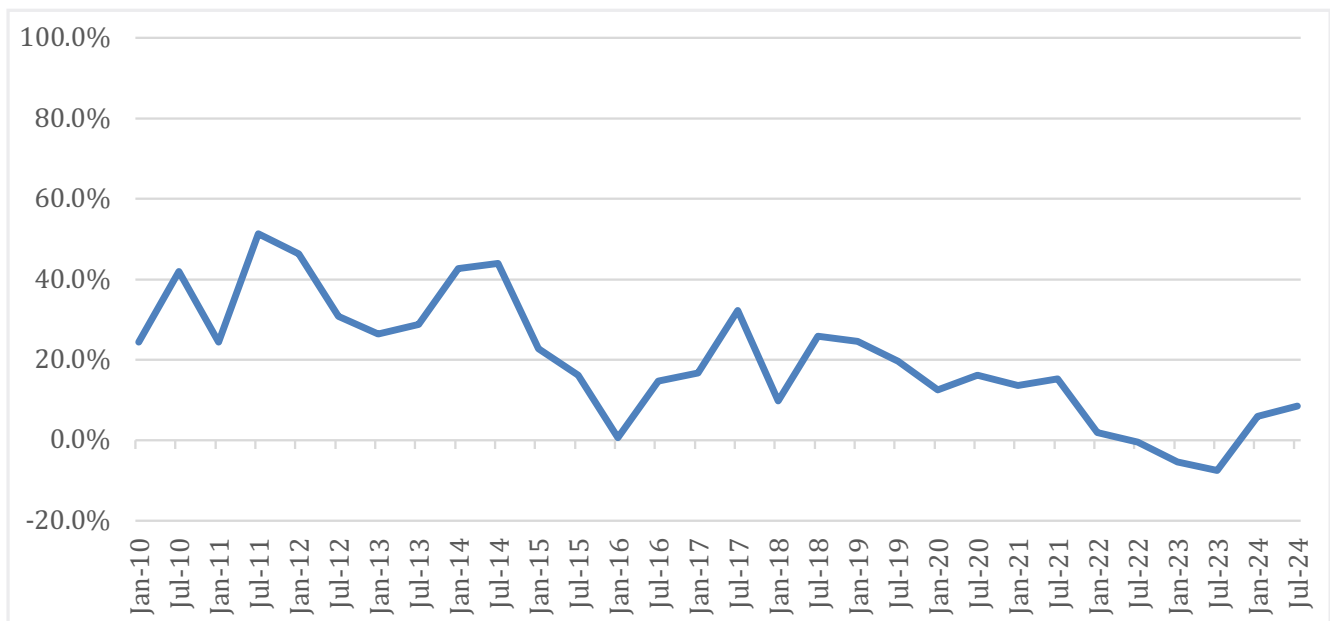
4.2 Industry Groups and Regions

Dairy expected to increase its future farm production to a net 21%, while all other industry groups hovered around a net zero score. Between 57 and 69% of all farm types expected to remain the same.

Table 4.2 Predictions of future farm production by industry group

	Increase	Stay Same	Reduce	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Dairy	29%	62%	8%	2%	11%	21%	10%
Meat & Wool	16%	69%	14%	1%	2%	2%	0%
Arable	19%	57%	19%	5%	3%	0%	-3%
Other	16%	60%	19%	5%	10%	-3%	-13%

All seven regions reported positive net production scores. There were strong recoveries in WC-Tasman-Marlborough, up 35 points to 19%, and Auckland-Northland, up 32 points to 24%. Both regions were negative outliers in our January 2024 survey.

Table 4.3 Predictions of future farm production by region

|	Increase	Stay Same	Reduce	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	28%	69%	3%	0%	-8%	24%	+32%
Waikato-Bay of Plenty	23%	65%	9%	3%	8%	14%	+6%
East Coast North Island	26%	53%	18%	3%	5%	8%	+3%
Taranaki-Manawatu	25%	64%	11%	1%	3%	14%	+11%
WC-Tasman-Marlborough	29%	60%	10%	2%	-16%	19%	+35%
Canterbury	21%	61%	16%	3%	0%	5%	+5%
Otago-Southland	26%	65%	7%	2%	22%	19%	-3%

Farm Spending

5.1   Overall

Farm spending is back into negative territory; with net predictions of expected farm spending dropping from a January 2024 result of 4%, down to a new July 2024 result of -3%, a 7-point drop.

Table 5.1 Predictions of expected farm spending over the next 12 months: all farms

	Increase	Stay Same	Reduce	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
All Farms	29%	38%	32%	1%	4%	-3%	-7%

Figure 5.1 illustrates how spending expectations have fluctuated throughout the survey's history, ranging significantly from -40% to +50%, with occasional sharp changes. Since July 2023, the differences have been marginal, maintaining very low levels of spending without significantly dipping into negative territory.

Figure 5.1 Net predictions of expected farm spending (July 2009-July 2024)
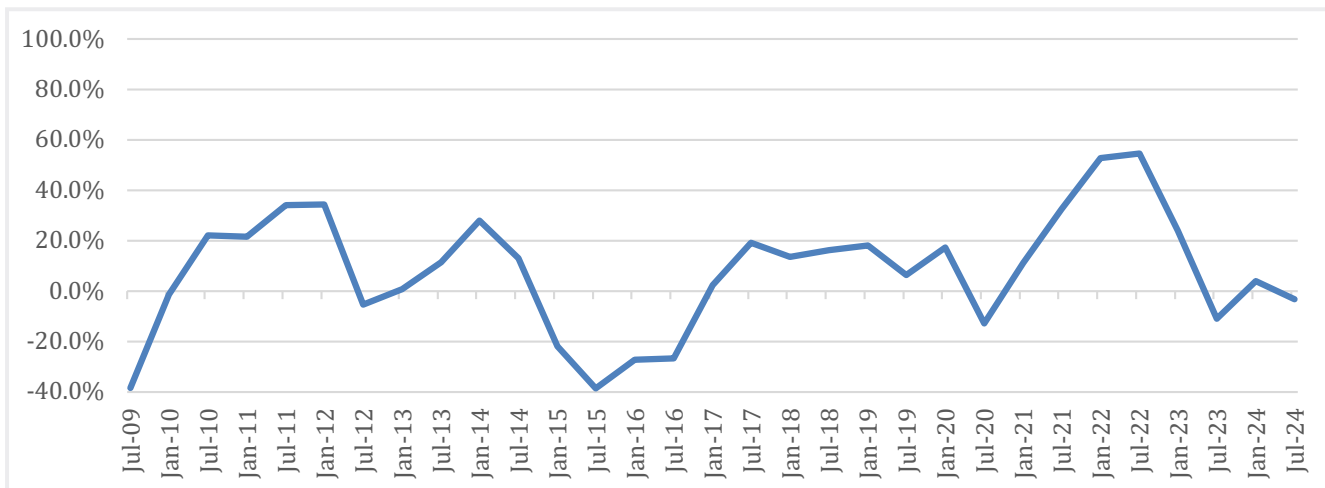
5.2 Industry Groups and Regions

All farm industry groups experienced decreases in their net spending scores, though the extent varied. Arable saw the largest decrease, followed by Meat & Wool. Dairy had the smallest decrease of 11% and still remained in positive territory.

Table 5.2 Predictions of expected farm spending by industry group

	Increase	Stay Same	Reduce	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Dairy	34%	41%	25%	1%	21%	10%	-11%
Meat & Wool	29%	40%	30%	1%	-15%	-1%	14%
Arable	24%	38%	38%	0%	10%	-14%	24%
Other	31%	31%	31%	7%	-9%	0%	+9%

Expected farm spending by region was quite varied. Otago-Southland, Auckland-Northland, and Taranaki-Manawatu saw increases of 16, 14, and 10 points respectively. Meanwhile, the other regions experienced declines, but all were below 10 points.

Table 5.3 Predictions of expected farm spending by region

	Increase	Stay Same	Reduce	Don't Know	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	32%	51%	17%	1%	29%	15%	-14%
Waikato-Bay of Plenty	33%	41%	26%	1%	15%	6%	-9%
East Coast North Island	31%	27%	40%	2%	-4%	-10%	-6%
Taranaki-Manawatu	35%	36%	28%	1%	-3%	7%	+10%
WC-Tasman-Marlborough	31%	44%	24%	2%	16%	7%	-9%
Canterbury	28%	41%	30%	1%	1%	-3%	-4%
Otago-Southland	35%	38%	27%	1%	-8%	8%	+16%

Farm Debt

6.1   Overall

Overall, farm debt has remained steady this year, aligning with the RBNZ's record of total agriculture debt, which has been stable at 62 billion dollars since May 2023. Approximately 44% of farmers expect their debt to remain unchanged, 23% anticipate a reduction in their debt over the next 12 months, and another 23% expect their debt to increase.

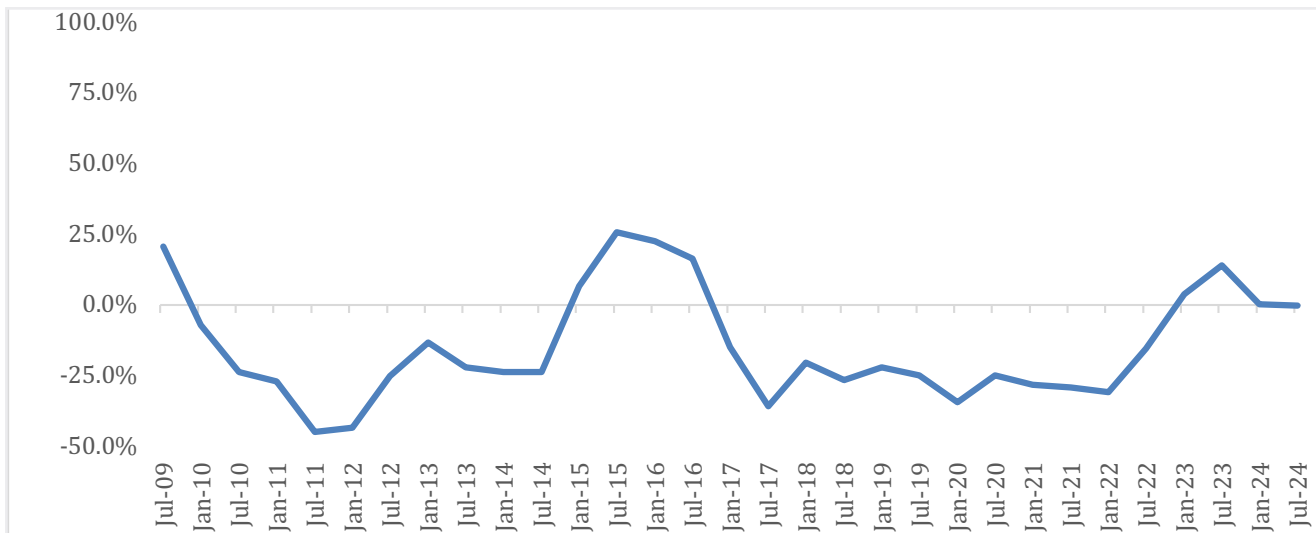**Table 6.1 Predictions of future farm debt over the next 12 months: all farms**

	Increase	Stay Same	Reduce	Don't Know	No Debt	January 2024 Net Score	July 2024 Net Score	Change
All Farms	23%	44%	23%	1%	9%	4%	0%	-4%

Figure 6.1 illustrates the net debt score throughout the survey's history.

In 2022 and 2023, there was a rise in the number of farmers expecting their debt to increase. This trend reflected the pressure on profitability and higher interest rates, which hindered many farmers' ability to pay down debt and subsequently made banking issues a primary concern for most farmers.

The fact the majority of farmers expect their debt to remain unchanged further highlights the challenges posed by higher interest rates and the difficulty in reducing principal.

Figure 6.1 Net predictions of future farm debt: all farms (July 2009 - July 2024)

6.2 Industry Groups and Regions

Only dairy production had a reduction in their net debt, which has remained at about $36 billion since May 2022 according to RBNZ data. Meanwhile meat and wool loans expect to remain about the same at $15.5 billion, the same since May 2022.

Table 6.2 Predictions of farm debt by industry group

	Increase	Stay Same	Reduce	Don't Know	No Debt	January 2024 Net Score	July 2024 Net Score	Change
Dairy	19%	42%	34%	1%	4%	-15%	-15%	0%
Meat & Wool	20%	40%	17%	1%	22%	14%	3%	-11%
Arable	24%	55%	10%	3%	7%	14%	14%	0%
Other	28%	32%	19%	5%	16%	9%	9%	0%

Almost all regions had reductions in their net scores for debt, with the exception of Canterbury, which expected to remain about the same.

Table 6.3 Predictions of farm debt by region

	Increase	Stay Same	Reduce	Don't Know	No Debt	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	20%	33%	28%	1%	19%	-4%	-8%	-4%
Waikato-Bay of Plenty	19%	40%	31%	1%	10%	-13%	-12%	+1%
East Coast North Island	11%	55%	23%	3%	8%	11%	-11%	-22%
Taranaki-Manawatu	20%	43%	26%	2%	9%	-3%	-6%	-3%
WC-Tasman-Marlborough	15%	47%	26%	2%	11%	3%	-11%	-14%
Canterbury	23%	43%	23%	2%	9%	3%	0%	-3%
Otago-Southland	24%	42%	30%	1%	2%	9%	-6%	-15%

Ability to Recruit

7.1 Overall

It's getting harder to find staff. Farmers continued to report difficulty recruiting skilled and motivated staff over the previous six months, but the net score fell, as it did in January 2023. This was on the back of a drop in those feeling it had been harder, with only a small increase in those thinking it had been easier. The improvement was more down to an increase in those feeling there had been no change and from more farmers not employing staff.
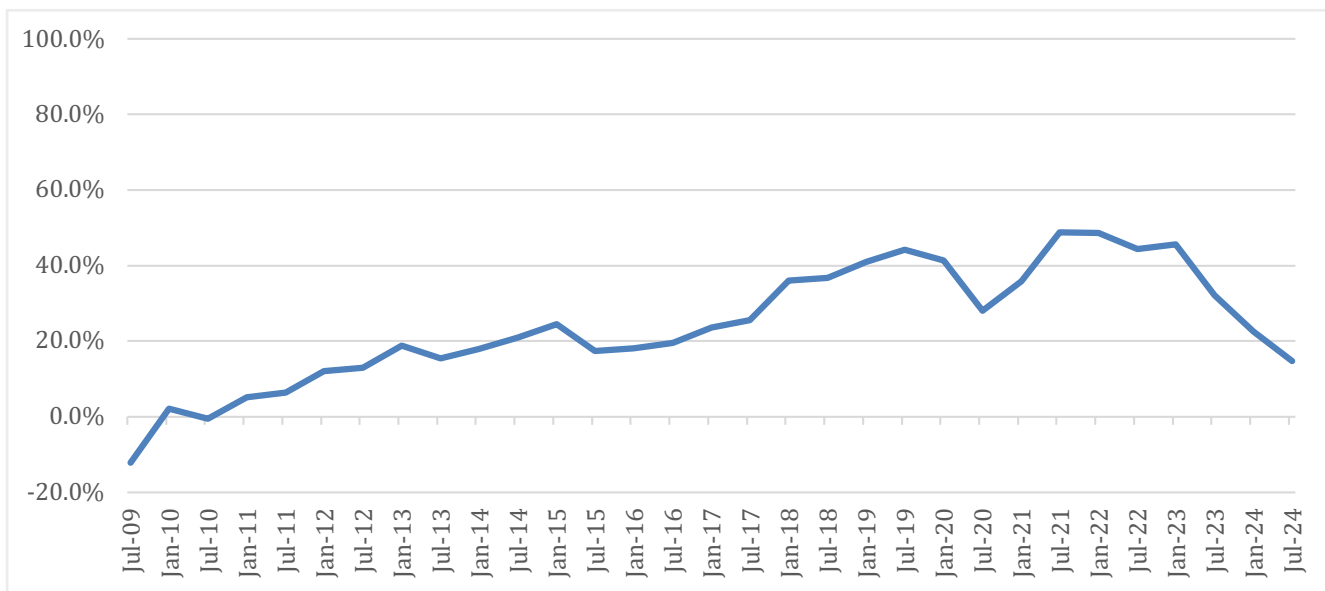
Table 7.1 Ability to recruit skilled and motivated staff in the previous six months: all farms

	Harder	No Change	Easier	Don't Know	Don't Employ	January 2024 Net Score	July 2024 Net Score	Change
All Farms	20%	42%	5%	7%	27%	**23%**	**15%**	**-8%**

Figure 7.1 illustrates the recruitment net score over the survey's history. The trend was generally upward from the survey's inception in July 2009, except for a dip in mid-2020 following the initial Covid-19 lockdown. Since January 2023, the net score has dropped by 31 points, reaching its lowest level since July 2012.

During this period, significant changes in immigration policies have occurred, with a notable increase in immigration towards the end of 2023. Anecdotally, some farmers have abandoned recruitment efforts, with around 27% of farmers not employing.

Figure 7.1 Net ability to recruit skilled and motivated staff: all farms (July 2009-July 2024)

7.2 Industry Groups and Regions

Compared to July 2023, all four industry groups had drops in their net scores for difficulty in recruiting skilled and motivated staff.

Dairy, and Meat & Wool had the largest drops, followed Arable, and Other industry groups had larger drops in their net scores. Their net scores were all significantly lower than Dairy's – but all still had more farmers having found it harder than easier to recruit staff.

Table 7.2 Difficulty to recruit skilled and motivated staff by industry group

	Harder	No Change	Easier	Don't Know	Don't Employ	January 2024 Net Score	July 2024 Net Score	Change
Dairy	25%	48%	5%	7%	14%	30%	21%	-9%
Meat & Wool	13%	30%	5%	5%	47%	17%	8%	-9%
Arable	12%	29%	5%	9%	44%	10%	7%	-3%
Other	19%	24%	9%	9%	40%	13%	10%	-3%

All seven regions continued to have more respondents finding it harder than easier to recruit skilled and motivated staff. Canterbury had the lowest net score and East Coast North Island had the highest net score.

Table 8.3 Difficulty to recruit skilled and motivated staff by region

	Harder	No Change	Easier	Don't Know	Don't Employ	January 2024 Net Score	July 2024 Net Score	Change
Auckland-Northland	22%	32%	2%	12%	32%	27%	20%	-7%
Waikato-Bay of Plenty	24%	43%	4%	6%	23%	28%	19%	-9%
East Coast North Island	27%	40%	2%	7%	24%	26%	26%	0%
Taranaki-Manawatu	22%	47%	2%	6%	23%	21%	20%	-1%
WC-Tasman-Marlborough	23%	24%	7%	8%	29%	29%	16%	-13%
Canterbury	16%	39%	7%	7%	32%	19%	8%	-11%
Otago-Southland	19%	45%	9%	6%	21%	15%	10%	-5%

Greatest Concerns

8.1 Overall

Table 8.1 shows how farmers' main concerns have shifted between the July 2023 and January 2024 surveys. The percentages reflect the average of each concern's three choices.

Debt, Interest, and Banks remained the top concern. Mortgage and overdraft interest rates have risen sharply due to the Reserve Bank's tightening of monetary policy to combat high inflation. Strict lending conditions continue to add financial pressure on farmers. Federated Farmers have prompted the Government to conduct a rural banking inquiry, which we will monitor closely.

Farmgate and commodity prices remained the second most common concern. It was the top concern for Meat & Wool and Arable farmers.

Regulation and Compliance Costs, though slightly reduced, also held second place. This category encompasses a range of issues, including environmental, employment, health & safety, and industry-specific regulations (e.g., animal welfare, traceability).

Input Costs rose from fifth to fourth place. Although general economic inflation has eased somewhat, on-farm inflation remains high, particularly in fuel and fertiliser prices.

Concerns about the **economic situation** moved down from sixth to fifth place, while worries about the political situation decreased after the election.

Concerns about **local government and Rates** climbed from tenth to sixth place, indicating growing frustration with local decision-making and cost drivers on farms.

Climate Change Policy & Emissions Trading Scheme (ETS) dropped from fourth to seventh place. After being prominent in 2022.

Table 8.1 Top twelve greatest concerns over the three most recent surveys (July 2023 to July 2024)

July 2023		January 2024		July 2024	
Debt, Interests, Banks	17%	Debt, Interests, Banks	18%	Debt, Interests, Banks	20%
Regulation & Compliance Cost	14%	Farmgate & Commodity Prices	16%	Farmgate & Commodity Prices	16%
Climate Change Policy & ETS	13%	Regulation & Compliance Costs	12%	Regulation & Compliance Costs	11%
Farmgate & Commodity Prices	11%	Climate Change Policy & ETS	9%	Input Costs	10%
Economic Situation	8%	Input Costs	9%	Economic Situation	8%
Input Costs	8%	Economic Situation	7%	Local Govt & Rates	6%
Political Situation	6%	Freshwater Policy	6%	Climate Change Policy & ETS	6%
Freshwater Policy	4%	Viability & Profitability	4%	Viability & Profitability	6%
Viability & Profitability	4%	Poor Rural Infrastructure	4%	Poor state of rural infrastructure (e.g. roading, communications, electricity)	3%
Poor Rural Infrastructure	3%	Local Government & Rates	3%	Freshwater Policy	3%
Blanket Forestry Conversions	3%	Staffing	2%	Blanket Forestry Conversions	2%
Weather	2%	Environment	2%	Environment	2%

The January 2023 survey asked for the first time whether mental health and wellbeing was being affected considering economic conditions, weather, policy issues or other forms of pressure. We repeated the question in this survey.

Overall, 50% of respondents answered 'yes' (down 2 points from January 2024), 38% answered 'no' (up 3 points), and 13% were 'unsure' (similar).

Highest Government Priorities

9.1 Overall

Respondents were asked to identify their three highest priorities for the Government.

Table 9.1 shows how farmers' main Government priorities have changed since the July 2023 and January 2023 surveys. The percentages in the table are the averages of each priority's three choices.

The **Economy & Business Environment** moved from second to first place. The economy is facing significant challenges, with growth stumbling and inflation remaining high. Interest rates and borrowing costs are hurting farmers.

Fiscal Policy shifted from first to second place. The National Government promises to contain growth in government spending and taxes and to reduce debt. They have arguably slowed the growth of spending, with some tax relief on the way.

Regulation & Compliance Costs remained in third place. This has consistently been a high priority for farmers in most previous farm confidence surveys. With multiple reviews coming up, farmers expect action on this front.

Monetary Policy remained steady in fourth place. Although inflation has cooled, it remains too high, and monetary policy is likely to stay restrictive for some time, increasing farmers' interest costs.

Supporting **Agriculture & Exporters** held its position in fifth place. Many farmers perceive the new Government to be more 'farmer-friendly' than its predecessor and expect supportive policies to reflect this.

Climate Change Policy & ETS dropped from fourth to tenth place from July 2023 to July 2024, likely reflecting a change in confidence and approach with the new Government.

Table 9.1 Top twelve highest priorities for Government over the three most recent surveys (July 2023 to July 2024)

July 2023		January 2024		July 2024	
Economy, Business & Environment	38%	Fiscal Policy	17%	Economy, Business & Environment	17%
Fiscal Policy	18%	Economy, Business & Environment	16%	Fiscal Policy	16%
Disaster Recovery	12%	Regulation & Compliance Costs	15%	Regulation & Compliance Costs	14%
Climate Change Policy & ETS	9%	Monetary Policy	8%	Monetary Policy	10%
Biosecurity	8%	Supporting Ag & Exports	6%	Supporting Ag & Exports	6%
Employment & Skills	4%	Climate Change Policy & ETS	5%	Social Issues	4%
Regulation & Compliance Costs	4%	Social Issues	4%	Biosecurity	4%
Monetary Policy	2%	Freshwater Policy	3%	Local Govt Reform	4%
Environment	1%	Biosecurity	3%	Transport, Communication, Energy	3%
Supporting Ag & Exports	1%	Transport, Communication, Energy	3%	Climate Change Policy & ETS	3%
Freshwater Policy	1%	Employment & Skills	3%	Research & Science	3%
Industry Specific Issues	1%	Research & Science	2%	Rural & Regions	2%

About this Survey

10.1 Research Design

Federated Farmers have been conducting biannual Farm Confidence Surveys since July 2009. These surveys measure farmer confidence over eight key issues in the farming profession and community. Members of Federated Farmers are invited to complete these surveys, which run in January and July each year.

The online survey was undertaken from 9-19 July 2024 and received 1,401 responses from farmers in four industry groups over 24 provinces (condensed into seven regions) across New Zealand (Tables 11.1 and 11.2).

Table 11.1 Completed surveys by region

	Number of Respondents	%
Auckland-Northland	102	7%
Waikato-Bay of Plenty	254	18%
East Coast North Island	160	12%
Taranaki-Manawatu	256	18%
WC-Tasman-Marlborough	198	14%
Canterbury	349	25%
Otago-Southland	72	5%
Blank	0	0%
Total	**1391**	**100%**

Table 11.2 Completed surveys by industry group

	Number of Respondents	%
Dairy	646	47%
Meat & Wool	588	48%
Arable	77	6%
Other	15	1%
Blank	58	4%
Total	**1384**	**100%**

Like all Federated Farmers' Farm Confidence Surveys, results must be treated cautiously. Although the sample reported here is large, it is a self-selected sample. Also, smaller numbers of Arable and 'Other' types of farmers mean that these industry groups' results may vary more from survey to survey than Dairy and Meat & Wool farms.

10.2 About Net Scores

A net score is an index ranging from -100 to +100 that measures the skew of all responses towards one of two possible 'extreme' responses to a question. Typically, and in this survey, the net Score is calculated by subtracting the proportion of 'negative' responses (e.g., decrease, worsen etc.) from the proportion of 'positive' responses (e.g., increase, improve etc.). A score of -100 describes a scenario where all responses were negative, 0 reflects that an equal proportion of people responded positively as did negatively, and +100 would mean that all responses were positive.

Appendix

11.1 Further Survey Detail

'Other' farmers include Pigs, Poultry, Horses, Bees, Goats, High Country, Rural Butchers, Horticultural Crops (such as fruit, vegetables, and flowers), and Forestry. In addition, dairy grazing was offered as a new business activity in July 2020.

11.1.1 The Seven Regions Related to Federated Farmers' Provinces:

- Auckland/Northland: Northland and Auckland provinces
- Waikato/Bay of Plenty: Hauraki-Coromandel, Waikato, Bay of Plenty, and Rotorua-Taupo provinces
- East Coast North Island: Gisborne-Wairoa, Hawkes Bay, Tararua, and Wairarapa provinces
- Taranaki/Wanganui/Manawatu: Taranaki, Ruapehu, Wanganui, and Manawatu-Rangitikei provinces
- West Coast/Tasman/Marlborough: Golden Bay, Nelson, Marlborough, and West Coast provinces
- Canterbury: North Canterbury, Mid Canterbury, and South Canterbury provinces
- Otago/Southland: North Otago, Otago, and Southland provinces

11.1.2 Concerns for Farmers: Full List and Detail

- Blanket Forestry Conversion
- Climate Change Policy & ETS
- Debt, Interest, Banks
- Economic Situation
- Environment
- Exchange Rate
- Farmgate & Commodity Prices
- Feed & Grazing
- Firearms Restrictions
- Freshwater Policy
- Industry-Specific Issues
- Input Costs
- Local Govt & Rates
- Other
- Pests, Disease & Biosecurity
- Political Situation
- Public Perceptions
- Regulation & Compliance Costs
- Staffing
- Viability & & Profitability
- Weather

11.1.3 Priorities for Government: Full List and Detail

- Biosecurity
- Climate Change Policy & ETS
- Earthquake Recovery
- Economy & Business Environment
- Employment & Skills
- Other
- Reduce Immigration
- Re-Election
- Regulation & Compliance Costs
- Research & Science
- Restrict Overseas Investment
- Rural & Regions
- Social Issues
- Supporting Ag & Exporters
- Tax Reform
- Trade Policy
- Transport, Communication, Energy
- Water Storage
- Welfare Reform
- Environment
- Fiscal Policy
- Freshwater Policy
- Housing
- Industry-Specific Issues
- Local Govt Reform
- Monetary Policy
- Nothing/Don't know

Our Partners

Proudly Supporting New Zealand Farming

Federated Farmers has established relationships with leading New Zealand organisations and businesses who support the work we do on behalf of members and New Zealand primary industries.
The businesses help us to help and support our members build better businesses in a competitive world. We'd like to thank our strategic partners for their ongoing support.

See www.fedfarm.org.nz/partners for more information on membership benefits from our partners and Federated Farmers.

Founding Partner

FMG
Advice & Insurance

FMG have supported Federated Farmers and its members for over 100 years. Giving rural New Zealand a better deal is their core purpose and they live by an advice-led approach to help you identify and avoid interruptions to your farm, business and in your personal life. Federated Farmers is proud to work so closely with the FMG team, when our members support them; they're also supporting Feds, so check out **www. fmg.co.nz** to learn more about how they give rural New Zealand a better deal.

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