



Federated Farmers Farm Confidence Survey

JANUARY 2025

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Summary

1.1 Introduction

This report summarises the findings of the Federated Farmers' January 2025 Farm Confidence Survey. Conducted twice a year since 2009, this is the 32nd iteration of the survey. It provides insights into farmer sentiment, economic expectations, and key sector priorities.

1.2 Key Messages

The January 2025 survey saw a significant increase in farmer confidence, reflecting improving economic conditions, stabilising inflation, and favourable commodity prices.

Key points include:

- **General economic conditions (current):** Farmer confidence has surged by 68 points since July 2024, rebounding from a deeply negative -66% to a net positive score of 2%. This marks the largest one-off improvement since the question was introduced in 2016.
- **General economic conditions (expectations):** Optimism is rising, with net expectations increasing by 29 points since January 2024. A net 23% of farmers now anticipate better conditions over the next year—the highest confidence level seen since January 2014.
- **Farm profitability (current):** The number of farmers making a profit has more than doubled since the last survey, with 54% of farmers now reporting a profit—up from just 27%. The net profitability score has surged by 60 points, the strongest turnaround since July 2022.
- **Farm profitability (expectations):** Confidence in future profitability continues to climb, with a net 31% of farmers expecting improvement over the next 12 months—a 41-point increase since July 2024. This is the highest forward-looking profitability score since July 2017.
- **Farm production (expectations):** A net 16% of farmers expect production to increase in the next year, extending a positive trend. This marks the first time since 2016/17 that there have been three consecutive periods of predicted growth.
- **Farm spending (expectations):** Spending intentions have strengthened, with a net 23% of farmers planning to increase spending over the next 12 months—up 26 points from July 2024. This is the strongest expected rise since January 2023.
- **Farm debt (expectations):** 41% of farmers plan to reduce their debt in the next year, up from 23% in July 2024. Lower interest rates, improved confidence, and stronger production forecasts are driving this shift.
- **Ability to recruit (experienced):** Hiring challenges persist, with a net 16% of respondents reporting difficulty recruiting skilled staff in the past six months, largely unchanged from July 2024. However, this is the least difficult period for recruitment since July 2012.
- **Greatest concerns (current):** The top concerns for farmers remain Regulation & Compliance Costs, Debt, Interest & Banks, and Input Costs.
- **Highest government priorities:** Farmers want the Government to prioritise the Economy & Business Environment, Fiscal Policy, and reducing Regulatory Burdens.

General Economic Conditions

2.1 Overall

Economic Context

New Zealand's economy is showing signs of stabilisation, with key indicators pointing to improving conditions. Inflation has remained steady at 2.2% for the December 2024 quarter, aligning with the Reserve Bank of New Zealand's (RBNZ) target range of 1–3%.

This stability has enabled the RBNZ to cut the Official Cash Rate (OCR) to 4.25% as of November 2024, with further reductions expected in 2025.

For the agricultural sector, on-farm inflation has moderated significantly. After peaking at a 40-year high of 16.3% during the 2022–2023 season, it has since dropped to 1.2% for the year ending March 2024.

However, some cost pressures persist. Insurance premiums have risen by 11%, reflecting increased climate-related risks. Conversely, costs for livestock purchases, fertiliser, and seeds have declined, providing some relief to farmers.

Commodity prices are also improving. Fonterra has raised its milk price forecast for the 2024/25 season to NZ\$10.00 per kilogram of milk solids, driven by rising global dairy prices and strong demand, particularly from China and various African markets. Beef prices are also expected to rise due to tightening supply in the US, EU, and China.

Federated Farmers' advocacy has played a role in shaping a more favourable policy environment, with key developments including Government commitments to reviewing methane targets, refining immigration settings to simplify farm labour recruitment, and regional freshwater policy reforms.

Overall, the combination of stabilising inflation, easing interest rates, moderating on-farm inflation, and strengthening commodity prices has contributed to a notable improvement in farmer confidence.

Current Economic Conditions

Farmer sentiment has improved significantly over the past six months. The July 2024 survey recorded a net score of -66%, while the January 2025 net score is now +2%, marking a 68-point turnaround—the largest one-off shift since this question was first asked in 2016.

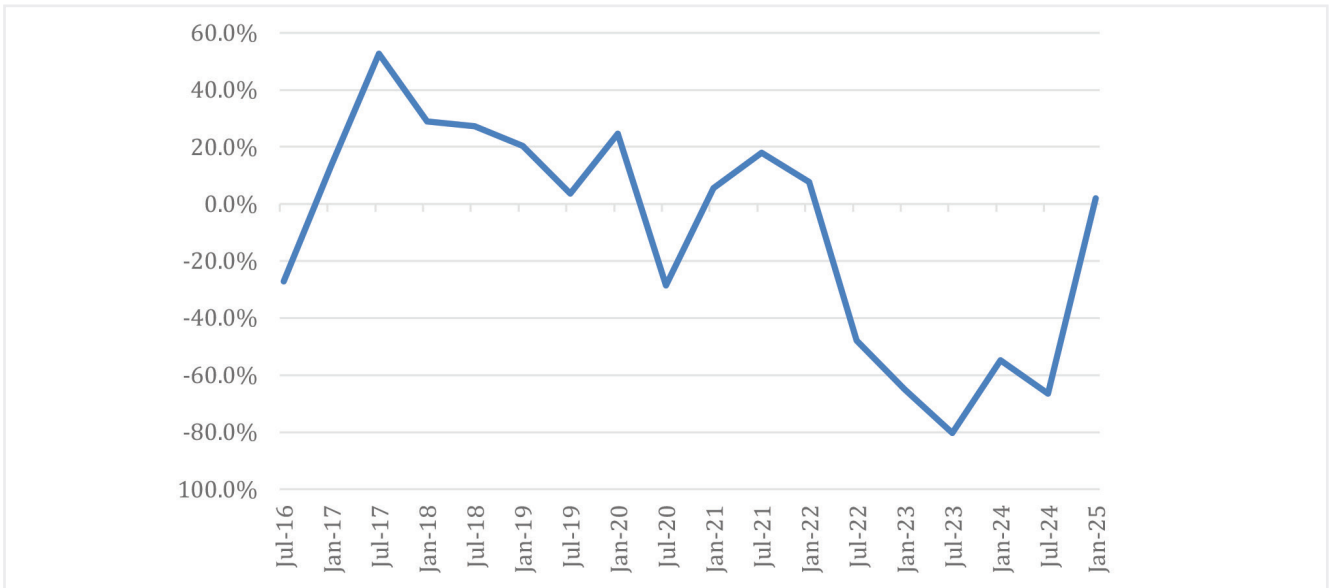
Table 2.1 Current perceptions of general economic conditions for all farms

| | Good General Economic Conditions Currently | Neither Good nor Bad | Bad General Economic Conditions Currently | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-----------|--------------------------------------------|----------------------|-------------------------------------------|------------|-------------------|--------------------|---------------------|
| All Farms | 27% | 47% | 25% | 1% | 2% | -66% | 68 |

**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 asked in 2016. For the first time since January 2022; that figure is positive. It's still a distance from the high of July 2017, but a significant improvement, nonetheless.

Figure 2.1 Net current perceptions of general economic conditions for all farms (July 2016 – Jan 2025)



Future Economic Conditions

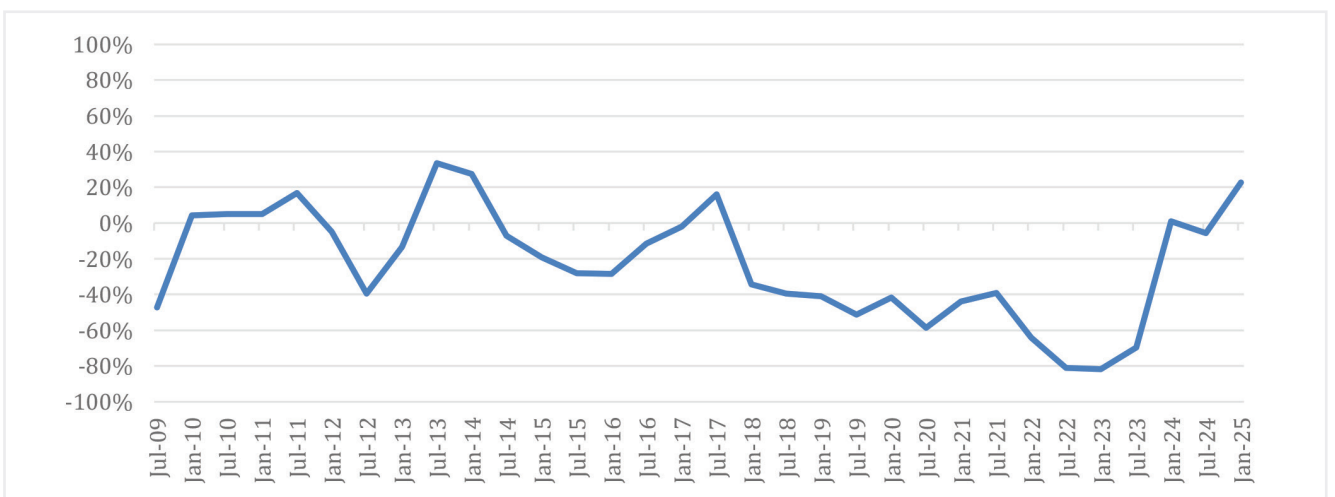
Looking ahead, there has been an increase in expectations for general economic conditions over the next 12 months. The net score has increased by 29 points to 23%; the highest score since January 2014.

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

| | Improve | Stay the same | Worsen | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-----------|---------|---------------|--------|------------|-------------------|--------------------|---------------------|
| All Farms | 36% | 48% | 13% | 3% | 23% | -6% | 29 |

Figure 2.2 shows how net scores for predicted general economic conditions have tracked over this question's life. In general, the net predictions of general economic conditions can be volatile. Predictions have bounced back significantly from an all-time low in January 2023, which demonstrates how much can change in two years.

Figure 2.2 Net predictions of general economic conditions for all farms (July 2009 - January 2025)



2.2 Industry Groups

All industry groups have experienced a notable improvement in net perceptions of current economic conditions. Dairy saw the most dramatic shift, moving from -53 points to +24 points, a 77-point swing. Other industries also recorded significant gains.

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 | Current Net Score | Previous Net Score | Change in Net Score |
|-------------|--------------------------------------------|----------------------|-------------------------------------------|------------|-------------------|--------------------|---------------------|
| Dairy | 41% | 41% | 17% | 1% | 24% | -53% | 77 |
| Meat & Wool | 17% | 50% | 33% | 0% | -16% | -66% | 50 |
| Arable | 9% | 56% | 35% | 0% | -26% | -77% | 51 |
| Other | 3% | 63% | 33% | 0% | -30% | -77% | 47 |

Looking ahead over the next 12 months, all industry groups forecast positive net scores, moving from universal negative scores in the previous survey. Of particular note, arable predictions of economic conditions have improved the most, by 41 points, while both meat and wool, and dairy, have improved by 35 and 24 points respectively.

Table 2.4 Predictions of general economic conditions by industry group

| | Improve | Stay Same | Worsen | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-------------|---------|-----------|--------|------------|-------------------|--------------------|---------------------|
| Dairy | 34% | 48% | 14% | 4% | 21% | -3% | 24 |
| Meat & Wool | 40% | 46% | 12% | 2% | 28% | -7% | 35 |
| Arable | 26% | 62% | 9% | 3% | 18% | -23% | 41 |
| Other | 13% | 73% | 13% | 0% | 0% | -3% | 3 |

2.3 Regions

All seven regions continued to have significantly positive changes in net scores. In particular, Canterbury has seen a 74-point improvement, to a new current score of 5% positive, up from a significant negative. The East Coast of the North Island is still the region feeling it the most, with a minus 16% net score, which is still up 47 points from the previous survey.

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 | Current Net Score | Previous Net Score | Change in Net Score |
|-------------------------|--------------------------------------------|----------------------|-------------------------------------------|------------|-------------------|--------------------|---------------------|
| Auckland-Northland | 23% | 50% | 25% | 2% | -2% | -61% | 59 |
| Waikato-Bay of Plenty | 35% | 41% | 24% | 1% | 11% | -57% | 68 |
| East Coast North Island | 20% | 45% | 36% | 0% | -16% | -63% | 47 |
| Taranaki-Manawatu | 21% | 53% | 25% | 1% | -4% | -63% | 59 |
| WC-Tasman-Marlborough | 35% | 38% | 22% | 5% | 14% | -40% | 54 |
| Canterbury | 28% | 48% | 23% | 1% | 5% | -69% | 74 |
| Otago-Southland | 26% | 50% | 24% | 0% | 2% | -51% | 53 |

Last time we undertook this survey, West Coast Tasman was the only region to predict positive movement in perceptions of general economic conditions by region. This time round, they are the only region to have a negative change in net scores. This could be a correction in sampling data from last time. Otherwise, there has been a clear improvement in perceptions of future economic conditions across New Zealand, with East Coast North Island having the most positive view of the future.

Table 2.6 Predictions of general economic conditions by region looking forward

| | Improve | Stay Same | Worsen | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-------------------------|---------|-----------|--------|------------|-------------------|--------------------|---------------------|
| Auckland-Northland | 35% | 48% | 15% | 2% | 19% | -11% | 30 |
| Waikato-Bay of Plenty | 33% | 45% | 18% | 3% | 15% | -3% | 18 |
| East Coast North Island | 49% | 41% | 9% | 2% | 40% | -5% | 45 |
| Taranaki-Manawatu | 41% | 45% | 13% | 2% | 28% | 4% | 24 |
| WC-Tasman-Marlborough | 28% | 56% | 17% | 0% | 11% | 23% | -12 |
| Canterbury | 30% | 58% | 11% | 1% | 18% | -17% | 35 |
| Otago-Southland | 36% | 46% | 10% | 8% | 27% | -12% | 39 |

Farm Profitability

3.1 Overall

Current Profitability

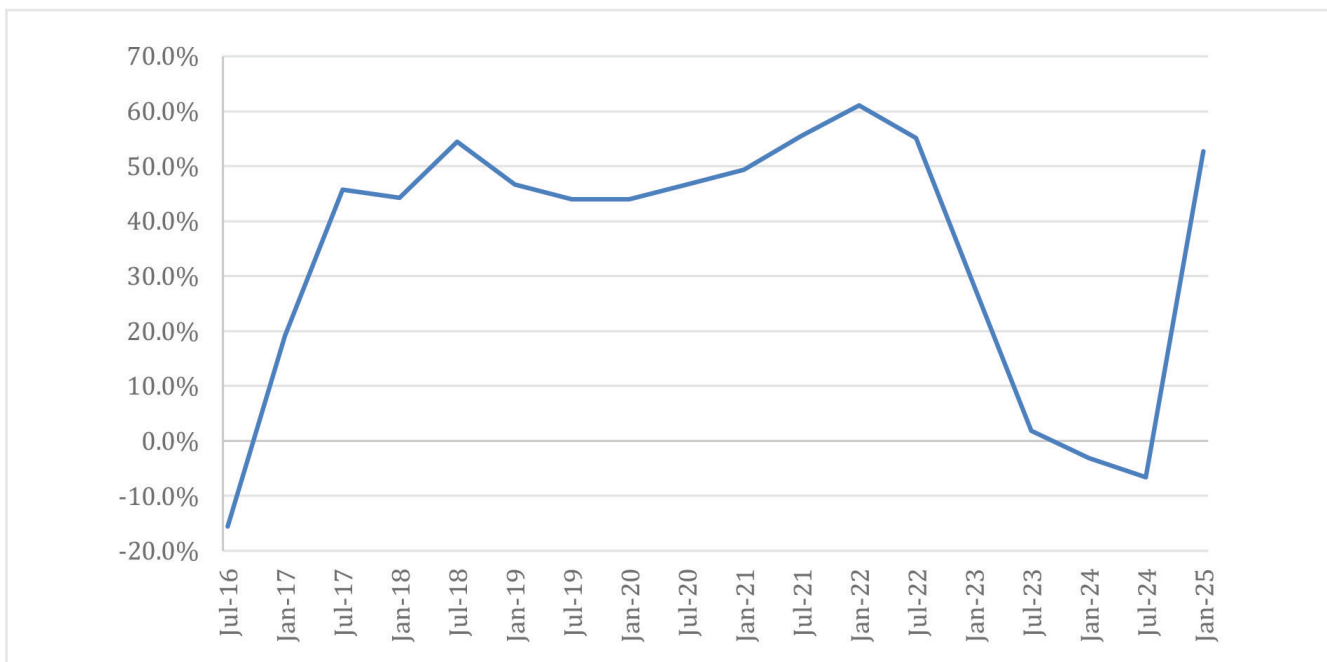
Profits are back on the table. Farmer profitability has improved significantly. In the previous survey, 27% of farmers – fewer than a third – were making a profit, and now that figure has lifted significantly to 54%, more than half.

Table 3.1 Current perceptions of profitability: all farms

| | Making a profit | Breaking Even | Making a loss | Rather not say | Don't know | Current Net Score | Previous Net Score | Change in Net Score |
|-----------|-----------------|---------------|---------------|----------------|------------|-------------------|--------------------|---------------------|
| All Farms | 27% | 39% | 1.4% | 15.8% | 0.3% | 53% | -7% | 6 |

Figure 3.1 shows that perceptions of farm profitability improved significantly, the highest it's been since July 2022. While slightly short of the all-time recorded high of 61% in January 2022, the direction of travel is certainly heading there.

Figure 3.1 Net current perceptions of all farm profitability (July 2016 - January 2025)



Future Profitability

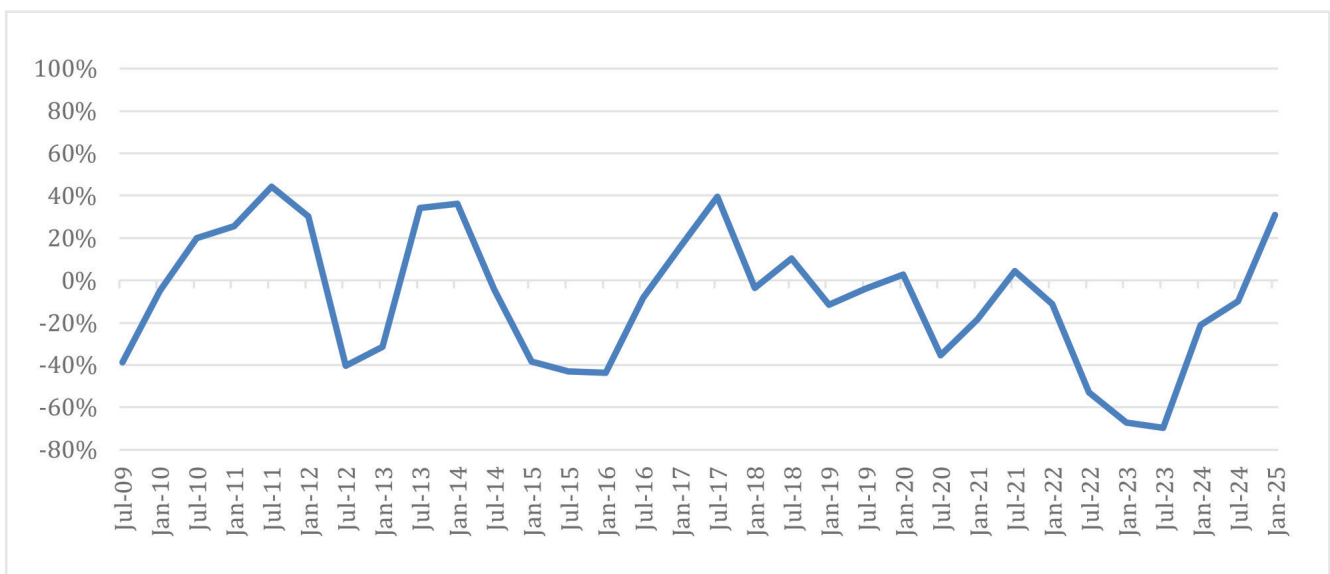
The expectations of future profitability are going well. There has been a significant improvement in the change in net scores of 41 points. Starting with a negative net score of 10%, moving to 31% expectations now. Nearly a net third of farmers are expecting profits to improve in the future.

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

| | Improve | Stay Same | Worsen | Don't Know | Current Net Score | Previous Net Score | Change |
|-----------|---------|-----------|--------|------------|-------------------|--------------------|--------|
| All Farms | 44% | 42% | 12% | 2% | 31% | -10% | 4 |

Figure 3.2 shows net predictions of all farm profitability since July 2009 have, like economic predictions, oscillated markedly over time. Since marking an all-time low in expected future profitability in July 2023, we've seen the expectations trending up rapidly. They're now at their highest point since July 2017.

Figure 3.2 Net predictions of all farm profitability (July 2009-January 2025)



3.2 Industry Groups

The current profitability of industry groups presents a unified front. Dairy shows the biggest point increase in profitability, reflecting higher milk prices. This has seen an improvement of 58 points; with 80% of dairy farmers expecting to make a profit. Meanwhile, and despite an improvement in net scores, only 30% of meat and wool farms expect to make a profit.

Table 3.3 Current farm profitability by industry group

| | Making a profit | Breaking Even | Making a loss | Rather not say | Don't know | Current Net Score | Previous Net Score | Change in Net Score |
|-------------|-----------------|---------------|---------------|----------------|------------|-------------------|--------------------|---------------------|
| Dairy | 80% | 15% | 5% | 0% | 0% | 75% | 17% | 58 |
| Meat & Wool | 30% | 41% | 28% | 1% | 0% | 2% | -12% | 14 |
| Arable | 44% | 47% | 9% | 0% | 0% | 35% | 10% | 25 |
| Other | 47% | 20% | 30% | 3% | 0% | 17% | -36% | 53 |

Looking ahead, industry groups have mostly shown significant improvements in profitability expectations – except for ‘other’ – compared to six months ago. Meat and Wool saw the largest gain, improving by 48 points.

Table 3.4 Predictions of expected farm profitability by industry group

| | Improve | Stay Same | Worsen | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-------------|---------|-----------|--------|------------|-------------------|--------------------|---------------------|
| Dairy | 49% | 39% | 10% | 2% | 38% | -4% | 42 |
| Meat & Wool | 43% | 44% | 11% | 2% | 33% | -15% | 48 |
| Arable | 26% | 50% | 21% | 3% | 6% | -18% | 24 |
| Other | 13% | 47% | 40% | 0% | -27% | -12% | -15 |

3.3 Regions

All regions had positive changes in their net scores, though there was geographic variability. Otago Southland had the smallest increases of expected profitability, from a net 24% to net 32% - an 8-point movement. Meanwhile West-Coast Tasman Marlborough saw the biggest increase of 52 points, moving from -5% net score of profitability to 47%.

Table 3.5 Current farm profitability by region

| | Making a profit | Breaking Even | Making a Loss | Rather not Say | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-------------------------|-----------------|---------------|---------------|----------------|------------|-------------------|--------------------|---------------------|
| Auckland-Northland | 45% | 33% | 20% | 2% | 0% | 25% | -6% | 31 |
| Waikato-Bay of Plenty | 68% | 20% | 10% | 2% | 0% | 58% | 9% | 49 |
| East Coast North Island | 37% | 39% | 25% | 0% | 0% | 12% | -7% | 19 |
| Taranaki-Manawatu | 53% | 30% | 15% | 2% | 0% | 38% | 0% | 38 |
| WC-Tasman-Marlborough | 61% | 25% | 14% | 0% | 0% | 47% | -5% | 52 |
| Canterbury | 52% | 32% | 14% | 2% | 1% | 38% | 9% | 29 |
| Otago-Southland | 51% | 27% | 19% | % | 1% | 32% | 24% | 8 |

Most regions improved their expectations of future profitability; thought here was regional variation. West-Coast Tasman Marlborough was the only region to maintain their expectations of future improved profitability. East Coast North Island were well ahead, going from -19% expectations for future profitability to 44% expectations – a 63-point improvement.

Table 3.6 Predictions of expected farm profitability by region

| | Improve | Stay Same | Worsen | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-------------------------|---------|-----------|--------|------------|-------------------|--------------------|---------------------|
| Auckland-Northland | 29% | 57% | 10% | 4% | 20% | -12% | 32 |
| Waikato-Bay of Plenty | 42% | 41% | 15% | 2% | 26% | -3% | 29 |
| East Coast North Island | 56% | 32% | 11% | 1% | 44% | -19% | 63 |
| Taranaki-Manawatu | 45% | 44% | 8% | 3% | 37% | -7% | 44 |
| WC-Tasman-Marlborough | 35% | 51% | 11% | 3% | 24% | 24% | 0 |
| Canterbury | 38% | 45% | 15% | 2% | 23% | -16% | 39 |
| Otago-Southland | 49% | 37% | 12% | 2% | 38% | -12% | 50 |

Farm Production

4.1 Overall

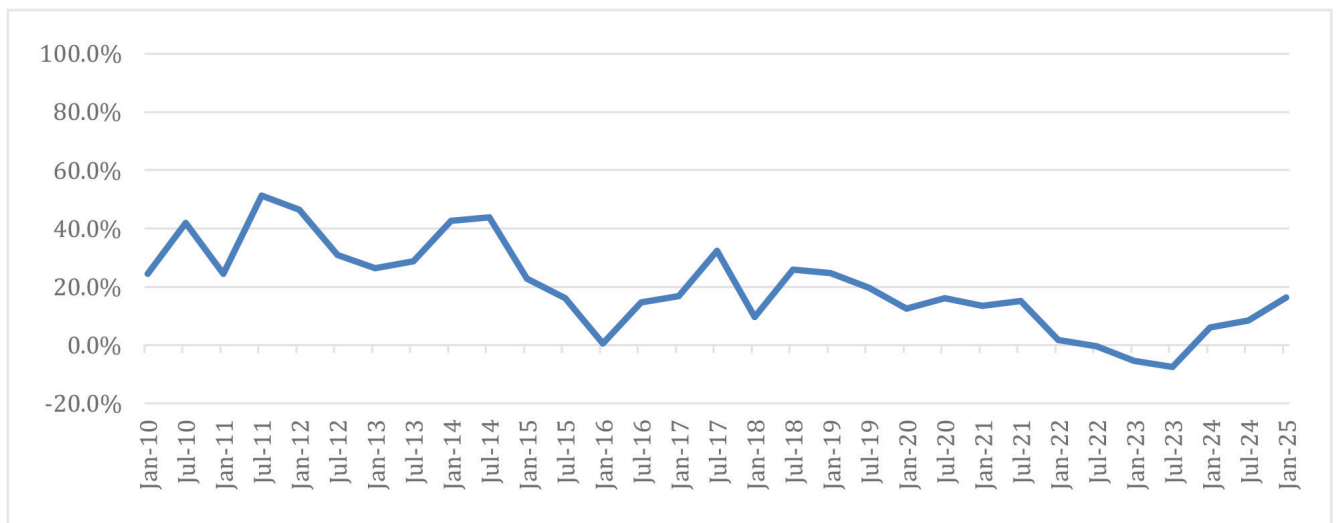
Farmers' expectations about future production have increased slightly compared to the July 2024 survey, with a net score of 8% (up 8 points). This continues the trend, and we've now got three consecutive period of predicted growth in farm production.

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

| | Increase | Stay Same | Reduce | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-----------|----------|-----------|--------|------------|-------------------|--------------------|---------------------|
| All Farms | 24% | 66% | 8% | 2% | 16% | 8% | 8 |

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. The consecutive improvement in expected farm production up to 16% has started to get farmers into that near +20 ballpark for the first time since 2021.

Figure 4.1 Net predictions of farm production: all farms (January 2010 - January 2025)



4.2 Industry Groups and Regions

It's a slightly mixed bag when it comes to predictions for future farm production by industry group. Dairy expectations tailed off slightly with a 4 point drop in net scores. Meanwhile Arable, and Meat & Wool were both up by 24% and 16% respectively.

Table 4.2 Predictions of future farm production by industry group

| | Increase | Stay Same | Reduce | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-------------|----------|-----------|--------|------------|-------------------|--------------------|---------------------|
| Dairy | 24% | 67% | 7% | 2% | 18% | 21% | -4 |
| Meat & Wool | 25% | 66% | 7% | 1% | 18% | 2% | -16 |
| Arable | 29% | 65% | 6% | 0% | 24% | 0% | 24 |
| Other | 17% | 50% | 33% | 0% | -17% | -3% | -14 |

There is regional variation when it comes to predictions of future farm production. While Auckland-Northland's predictions were down by 20 points, East Coast North Island predictions were up by 21 points.

Table 4.3 Predictions of future farm production by region

| | Increase | Stay Same | Reduce | Don't Know | Current Net Score | Previous Net Score | Change |
|-------------------------|----------|-----------|--------|------------|-------------------|--------------------|--------|
| Auckland-Northland | 13% | 75% | 10% | 2% | 4% | 24% | -20 |
| Waikato-Bay of Plenty | 23% | 68% | 8% | 1% | 14% | 14% | 0 |
| East Coast North Island | 33% | 61% | 4% | 2% | 29% | 8% | 21 |
| Taranaki-Manawatu | 17% | 68% | 13% | 3% | 5% | 14% | -9 |
| WC-Tasman-Marlborough | 19% | 70% | 8% | 3% | 11% | 19% | -8 |
| Canterbury | 27% | 63% | 10% | 1% | 17% | 5% | 12 |
| Otago-Southland | 30% | 63% | 4% | 3% | 26% | 19% | 7 |

Farm Spending

5.1 Overall

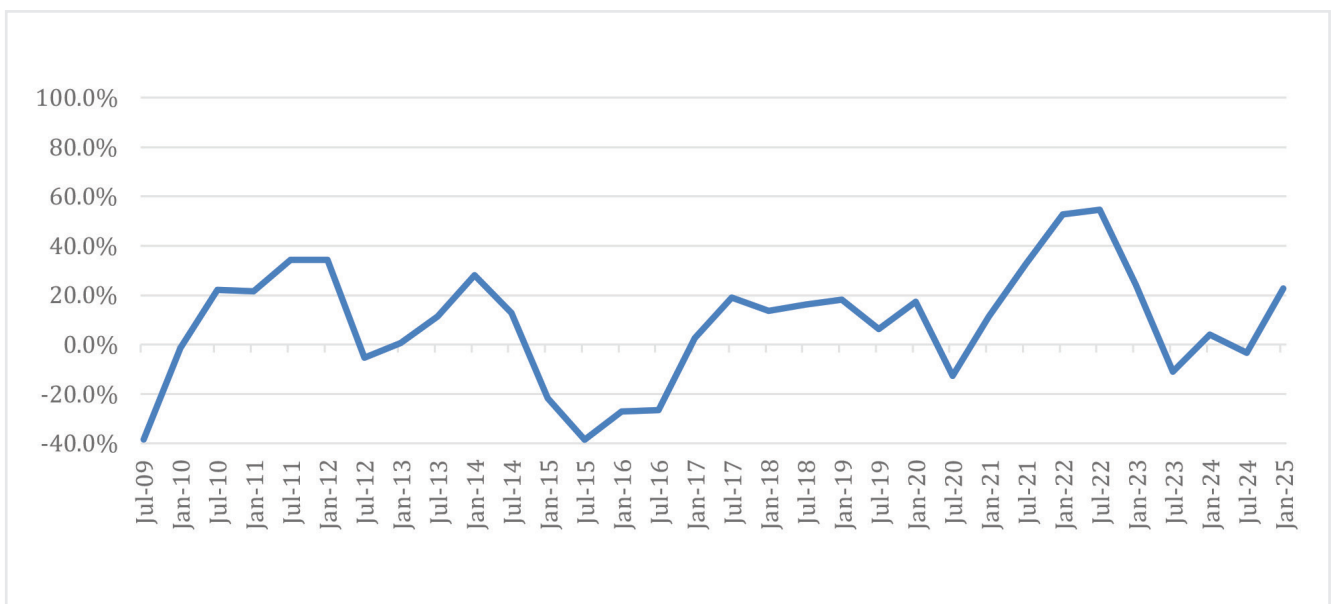
Significant increase in expected farm spending this time, with a current net score of 23%, up 26 points from last time around when there was an expected decrease in spending.

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

| | Increase | Stay Same | Reduce | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|-----------|----------|-----------|--------|------------|-------------------|--------------------|---------------------|
| All Farms | 36% | 49% | 14% | 1% | 23% | -3% | 26% |

Figure 5.1 illustrates how spending expectations have fluctuated throughout the survey's history, ranging significantly from -40% to +50%, with occasional sharp changes. The increase in expected farm spending to 23% is the highest since January 2023.

Figure 5.1 Net predictions of expected farm spending (July 2009-January 2025)



5.2 Industry Groups and Regions

All farm industry groups experienced increases in their net spending scores, with Dairy and Meat & Wool at an increase of 19 points each, and Arable just 8 points. Only Arable had a negative net score increasing their expectations of reduced spending.

Table 5.2 Predictions of expected farm spending by industry group

| | Increase | Stay Same | Reduce | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|------------------------|----------|-----------|--------|------------|-------------------|--------------------|---------------------|
| Dairy | 39% | 52% | 9% | 1% | 29% | 10% | 19 |
| Meat & Wool | 35% | 48% | 17% | 0% | 18% | -1% | 19 |
| Arable | 24% | 47% | 29% | 0% | -6% | -14% | 8 |
| Other | 53% | 33% | 13% | 0% | 40% | 0% | 40 |

Expected farm spending by region was quite varied. Auckland-Northland had no change in predictions for expected farm spending, while East-Coast North Island had a 34-point expectations of changes to spending.

Table 5.3 Predictions of expected farm spending by region

| | Increase | Stay Same | Reduce | Don't Know | Current Net Score | Previous Net Score | Change in Net Score |
|--------------------------------|----------|-----------|--------|------------|-------------------|--------------------|---------------------|
| Auckland-Northland | 29% | 58% | 13% | 0% | 15% | 15% | 0 |
| Waikato-Bay of Plenty | 41% | 49% | 9% | 1% | 31% | 6% | 25 |
| East Coast North Island | 36% | 51% | 12% | 1% | 24% | -10% | 34 |
| Taranaki-Manawatu | 38% | 44% | 18% | 0% | 20% | 7% | 13 |
| WC-Tasman-Marlborough | 27% | 62% | 11% | 0% | 16% | 7% | 9 |
| Canterbury | 35% | 48% | 15% | 1% | 20% | -3% | 23 |
| Otago-Southland | 36% | 47% | 17% | 1% | 19% | 8% | 11 |

Farm Debt

6.1 Overall

Overall, and with dropping interest rates, significantly more farmers expect to be able to pay down debt. In the previous survey during July, only 23% of farmers expected to decrease their debt; that figure has now increased to 41%. A small number – 12% – expected their debt to increase, and a third expected it to stay about the same.

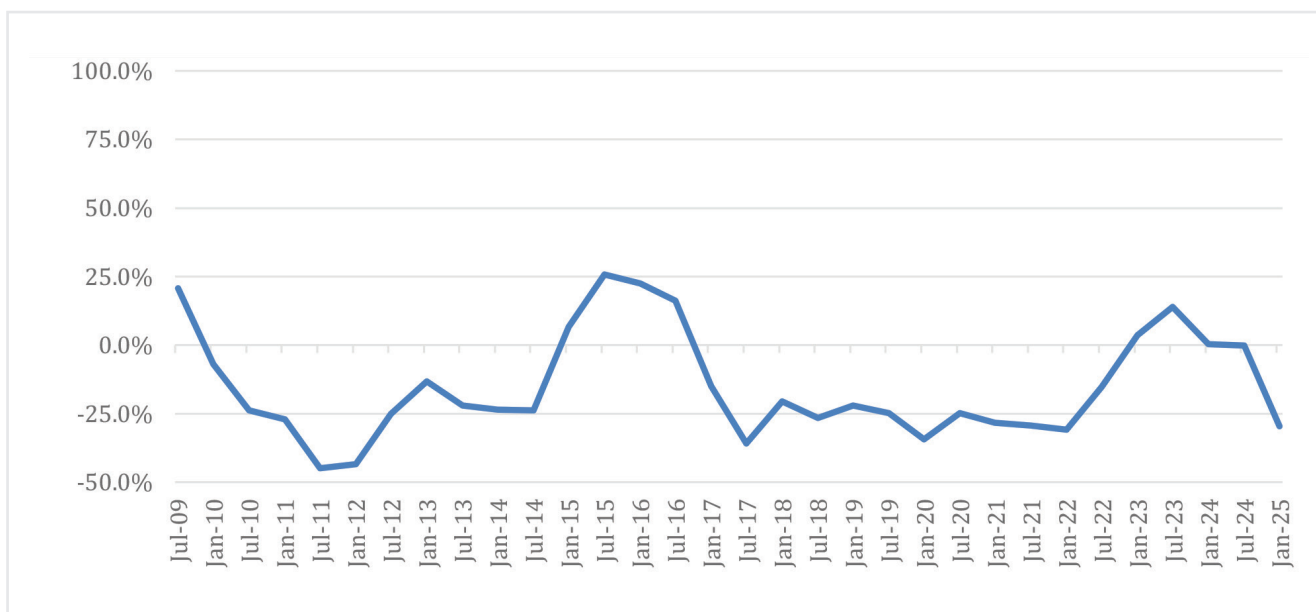
Table 6.1 Predictions of future farm debt over the next 12 months: all farms

| | Increase | Stay Same | Reduce | Don't Know | No Debt | Current Net Score | Previous Net Score | Change in Net Score |
|-----------|----------|-----------|--------|------------|---------|-------------------|--------------------|---------------------|
| All Farms | 12% | 33% | 41% | 1% | 12% | -30% | 0% | -30% |

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

The significant increase in farmers expecting to reduce their debt, as measured below, is a reflection of interest rates dropping, and increasing expectations of confidence and production.. Generally, a reduction in debt is considered favourable from a risk standpoint, and should reflect an improved ability to borrow when the times are tougher.

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



6.2 Industry Groups and Regions

The survey shows significant variability in debt repayment expectations by industry group. 59% of dairy farmers are expecting to reduce their debt, reflecting a higher milk price. Though all farmers are looking to reduce their debt across the industry groups, Meat and Wool's 13% expectation of reduction is the lowest amongst the industry groups, but still an improvement to the balance sheet.

Table 6.2 Predictions of farm debt by industry group

| | Increase | Stay Same | Reduce | Don't Know | No Debt | Current Net Score | Previous Net Score | Change in Net Score |
|-------------|----------|-----------|--------|------------|---------|-------------------|--------------------|---------------------|
| Dairy | 8% | 23% | 59% | 2% | 9% | -51% | -15% | -36 |
| Meat & Wool | 16% | 41% | 26% | 1% | 16% | -10% | 3% | -13 |
| Arable | 15% | 59% | 26% | 0% | 0% | -12% | -14% | -26 |
| Other | 17% | 53% | 23% | 0% | 7% | -7% | 9% | -16 |

All regions were looking to reduce debt, with some regional variability. For example, those on East Coast North Island were looking to reduce debt by just 8 points, while those in Otago-Southland were looking to reduce it by 35 points.

Table 6.3 Predictions of farm debt by region

| | Increase | Stay Same | Reduce | Don't Know | No Debt | Current Net Score | Previous Net Score | Change in Net Score |
|-------------------------|----------|-----------|--------|------------|---------|-------------------|--------------------|---------------------|
| Auckland-Northland | 6% | 35% | 40% | 0% | 19% | -35% | -8% | -27 |
| Waikato-Bay of Plenty | 9% | 31% | 42% | 2% | 16% | -33% | -12% | -21 |
| East Coast North Island | 15% | 42% | 34% | 0% | 9% | -19% | -11% | -8 |
| Taranaki-Manawatu | 14% | 30% | 38% | 1% | 17% | -23% | -6% | -17 |
| WC-Tasman-Marlborough | 11% | 24% | 49% | 0% | 16% | -38% | -11% | -27 |
| Canterbury | 15% | 37% | 39% | 2% | 8% | -24% | 0% | -24 |
| Otago-Southland | 11% | 30% | 52% | 2% | 5% | -41% | -6% | -35 |

Ability to Recruit

7.1 Overall

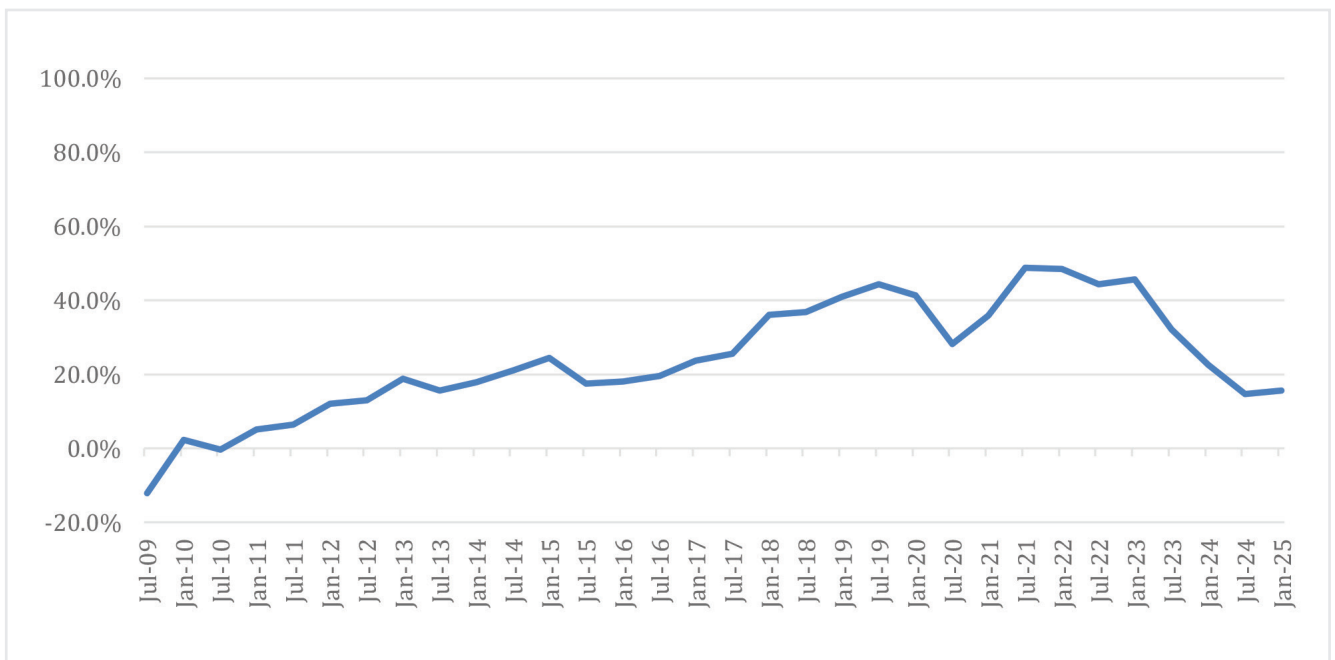
The ability to recruit skilled and motivated staff remains steady; after a significant improvement from July 2022 through to July 2024. 40% of farmers are finding no change in ability to recruit motivated staff, 20% are finding it more difficult, while 5% are finding it easier. This reflects the work of Immigration Minister Erica Stanford, who put extra resources into INZ during the calving season.

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 | Current Net Score | Previous Net Score | Change in Net Score |
|-----------|--------|-----------|--------|------------|--------------|-------------------|--------------------|---------------------|
| All Farms | 20% | 40% | 5% | 8% | 27% | 16% | 15% | 1 |

Figure 7.1 illustrates the recruitment net score over the question's history. The trend was generally upward from the survey's inception in July 2009 to a high in January 2022 of 49%. Since January 2022, the net score has dropped by 33 points to a 16% net score of farmers finding it difficult to recruit skilled and motivated staff.

Figure 7.1 Net ability to recruit skilled and motivated staff: all farms (July 2009-January 2025)



7.2 Industry Groups and Regions

Compared to July 2024, all four industry groups have remained relatively stable in net scores for difficulty in recruiting skilled and motivated staff, but that's still a big improvement on years past. As we work our way into calving season and with immigration and MSD changes, we hope to see these scores continue to improve.

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

| | Harder | No Change | Easier | Don't Know | Don't Employ | Current Net Score | Previous Net Score | Change in Net Score |
|-------------|--------|-----------|--------|------------|--------------|-------------------|--------------------|---------------------|
| Dairy | 24% | 45% | 6% | 11% | 14% | 19% | 21% | -2 |
| Meat & Wool | 17% | 36% | 3% | 4% | 40% | 13% | 8% | 5 |
| Arable | 18% | 32% | 3% | 18% | 29% | 15% | 7% | 8 |
| Other | 23% | 40% | 10% | 10% | 17% | 13% | 10% | 3 |

All regions remain steady when it comes to change since the previous survey. It's hardest in West-Coast Tasman Marlborough to find skilled and motivated staff, while no region is finding it particularly easy.

Table 7.3 Difficulty to recruit skilled and motivated staff by region

| | Harder | No Change | Easier | Don't Know | Don't Employ | Current Net Score | July 2024 Net Score | Change in Net Score |
|-------------------------|--------|-----------|--------|------------|--------------|-------------------|---------------------|---------------------|
| Auckland-Northland | 8% | 40% | 0% | 12% | 40% | 8% | 20% | -12 |
| Waikato-Bay of Plenty | 25% | 41% | 5% | 8% | 21% | 20% | 19% | 1 |
| East Coast North Island | 24% | 46% | 8% | 2% | 21% | 16% | 26% | -10 |
| Taranaki-Manawatu | 22% | 39% | 3% | 9% | 27% | 19% | 20% | -1 |
| WC-Tasman-Marlborough | 30% | 16% | 5% | 19% | 30% | 24% | 16% | -8 |
| Canterbury | 19% | 34% | 6% | 10% | 31% | 14% | 8% | 6 |
| Otago-Southland | 14% | 47% | 5% | 5% | 30% | 9% | 10% | -1 |

Greatest Concerns

8.1 Overall

Table 8.1 shows how farmers' main concerns have shifted between the July 2024 and January 2025 surveys. The percentages reflect the average of each concern's three choices.

Regulation & Compliance Costs have overtaken **Debt, Interest, and Banks** as the top concern for farmers, reflecting continued frustration with complex and costly regulatory requirements. This category includes environmental, employment, health and safety, and industry-specific regulations such as animal welfare and traceability.

Debt, Interest, and Banks have moved to second place. While interest rates have stabilised, tight lending conditions and financial pressures remain significant concerns. Federated Farmers continues to work aggressively on banking advocacy.

Input Costs have risen to third place, with on-farm inflation still high, despite easing general economic inflation. Fuel and fertiliser prices remain a key pressure point.

Climate Change Policy & the Emissions Trading Scheme (ETS) have returned to prominence, ranking fourth. Uncertainty around policy direction and the impact on farm operations continue to weigh on farmers.

Local Government and Rates concerns have increased, climbing to fifth place. Farmers are growing more frustrated with local decision-making, rising rates, and cost drivers impacting their businesses.

Farmgate and Commodity Prices have dropped to sixth place. While still important, concerns have eased somewhat compared to previous surveys.

Economic Situation remains a mid-tier concern in seventh place, while **Viability & Profitability** is still a concern, reflecting broader concerns about the long-term financial sustainability of farming.

Blanket Forestry Conversion has entered the top ten, highlighting increasing unease about productive farmland being lost to large-scale carbon farming.

Freshwater Policy remains a key regulatory concern, though it has dropped slightly in ranking.

Rural Infrastructure concerns, including roading, communications, and electricity, have remained a persistent issue, ranking alongside Freshwater Policy.

Weather-related concerns remain present but rank lower than other pressing economic and regulatory challenges.

Table 8.1 Top twelve greatest concerns over the three most recent surveys (January 2024 to January 2025)

| January 2024 | | July 2024 | | January 2025 | |
|-------------------------------|-----|--------------------------------------------------------------------------------|-----|--------------------------------------------------------------------------------|-----|
| Debt, Interests, Banks | 18% | Debt, Interests, Banks | 20% | Regulation & Compliance Costs | 14% |
| Farmgate & Commodity Prices | 16% | Farmgate & Commodity Prices | 16% | Debt, Interests, Banks | 12% |
| Regulation & Compliance Costs | 12% | Regulation & Compliance Costs | 11% | Input Costs | 10% |
| Climate Change Policy & ETS | 9% | Input Costs | 10% | Climate Change Policy & ETS | 10% |
| Input Costs | 9% | Economic Situation | 8% | Local Government & Rates | 9% |
| Economic Situation | 7% | Local Government & Rates | 6% | Farmgate & Commodity Prices | 6% |
| Freshwater Policy | 6% | Climate Change Policy & ETS | 6% | Economic Situation | 6% |
| Viability & Profitability | 4% | Viability & Profitability | 6% | Viability & Profitability | 5% |
| Poor Rural Infrastructure | 4% | Poor state of rural infrastructure (e.g. roading, communications, electricity) | 3% | Blanket Forestry Conversions | 5% |
| Local Government & Rates | 3% | Freshwater Policy | 3% | Freshwater Policy | 4% |
| Staffing | 2% | Blanket Forestry Conversions | 2% | Poor state of rural infrastructure (e.g. roading, communications, electricity) | 4% |
| Environment | 2% | Environment | 2% | Weather | 3% |

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 shifted since the July 2024 and January 2024 surveys. The percentages reflect the average of each priority's three choices.

The Economy & Business Environment has moved into first place, reflecting concerns over sluggish economic growth, inflationary pressures, and the ongoing impact of high interest rates on farm businesses. Farmers are looking for policies that support a stable and productive economic environment.

Fiscal Policy remains a key priority in second place. The Government has committed to containing spending, reducing debt, and delivering tax relief. Farmers will be watching closely to see if these commitments translate into meaningful improvements.

Regulation & Compliance Costs remains in third place, reinforcing the long-standing frustration with complex and costly regulatory burdens. With multiple reviews underway, expectations for reform are high.

Supporting Agriculture & Exporters has moved up to fourth place. While many farmers view the new Government as more aligned with rural interests, they expect policies that directly support agricultural production and access to export markets.

Monetary Policy remains a mid-tier concern in fifth place. Although inflation has eased slightly, restrictive policy settings continue to impact interest rates and borrowing costs for farmers.

Biosecurity has climbed up the rankings, indicating growing awareness of the risks posed by pests, diseases, and biosecurity incursions. Farmers expect robust border protections and rapid responses to emerging threats.

Social Issues remain on the list, reflecting concerns about rural communities, workforce challenges, and the broader social landscape affecting the sector.

Local Government Reform continues to be a pressing issue, with increasing frustration over council decision-making, rates, and service delivery in rural areas.

Transport, Communication, and Energy Infrastructure remains a concern. Farmers continue to push for improvements to rural roading, connectivity, and energy reliability to support farm businesses.

Research & Science has entered the top ten, highlighting the importance of innovation, technology, and research investment to drive productivity and sustainability in the sector.

Climate Change Policy & ETS is still at 3% of 'highest priority'

Employment & Skills ranks lower, but the need for a capable and reliable rural workforce remains an underlying issue.

Table 9.1 Top twelve highest priorities for Government over the three most recent surveys (Jan 2024 to Jan 2025)

| January 2024 | | July 2024 | | January 2025 | |
|----------------------------------|-----|----------------------------------|-----|----------------------------------|-----|
| Fiscal Policy | 17% | Economy, Business & Environment | 17% | Economy, Business & Environment | 17% |
| Economy, Business & Environment | 16% | Fiscal Policy | 16% | Fiscal Policy | 15% |
| Regulation & Compliance Costs | 15% | Regulation & Compliance Costs | 14% | Regulation & Compliance Costs | 14% |
| Monetary Policy | 8% | Monetary Policy | 10% | Supporting Ag & Exports | 6% |
| Supporting Ag & Exports | 6% | Supporting Ag & Exports | 6% | Monetary Policy | 6% |
| Climate Change Policy & ETS | 5% | Social Issues | 4% | Biosecurity | 5% |
| Social Issues | 4% | Biosecurity | 4% | Social Issues | 5% |
| Freshwater Policy | 3% | Local Govt Reform | 4% | Local Govt Reform | 4% |
| Biosecurity | 3% | Transport, Communication, Energy | 3% | Transport, Communication, Energy | 4% |
| Transport, Communication, Energy | 3% | Climate Change Policy & ETS | 3% | Research & Science | 4% |
| Employment & Skills | 3% | Research & Science | 3% | Climate Change Policy & ETS | 3% |
| Research & Science | 2% | Rural & Regions | 2% | Employment & Skills | 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 22 January to -2 February 2025 and received 784 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 Region | 52 | 7% |
| Canterbury Region | 155 | 20% |
| East Coast North Island Region | 101 | 13% |
| Otago-Southland Region | 132 | 17% |
| Taranaki-Wanganui-Manawatu Region | 112 | 14% |
| Waikato-Bay of Plenty Region | 190 | 24% |
| West-Coast-Tasman-Marlborough Region | 37 | 5% |
| Total | 779 | 100% |

Table 11.2 Completed surveys by industry group

| | Number of Respondents | % |
|--------------|-----------------------|-------------|
| Dairy | 361 | 47% |
| Meat & Wool | 336 | 48% |
| Arable | 34 | 6% |
| Other | 30 | 1% |
| Blank | 17 | 4% |
| Total | 778 | 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.

11.2 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

11.3 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

11.4 Priorities for Government: Full List and Detail

- Biosecurity
- Climate Change Policy & ETS
- Earthquake Recovery
- Economy & Business Environment
- Employment & Skills
- Environment
- Fiscal Policy
- Freshwater Policy
- Housing
- Industry-Specific Issues
- Local Govt Reform
- Monetary Policy
- Nothing/Don't know
- 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

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 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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