



**FEDERATED
FARMERS**
OF NEW ZEALAND

Federated Farmers Mid-Season Farm Confidence Survey

JANUARY 2026



Contents

1	Summary	3
2	Overall Economic Confidence	5
3	Farm Profitability	9
4	Farm Production	12
5	Farm Spending	14
6	Farm Debt	16
7	Ability to Recruit	18
8	Mental Health	20
9	Greatest Concerns	22
10	Highest Government Priorities	24
11	Farm Sentiment	26
12	About this Survey	27
13	Appendix	28

1. Summary

Introduction

This report summarises the findings of the Federated Farmers' January 2026 Farm Confidence Survey. Conducted twice a year since 2009, this is the 34th iteration of the survey. It provides insights into farmer sentiment, economic expectations, and key sector priorities.

Key Messages

The January 2026 survey reveals a widening gap between strong current performance and deteriorating forward confidence.

<h3>+4%</h3> <h4>General Economic Conditions (Current)</h4> <p>Farmer perceptions strengthened further to a net 37% viewing conditions as good in January 2026, and the strongest reading since 2017. This reflects continued benefits from OCR cuts to 2.25%, strong commodity prices, and reduced debt servicing costs, marking a solid recovery from the deeply negative territory of 2023-24</p>	<h3>-2%</h3> <h4>General Economic Conditions (Expectations)</h4> <p>Forward sentiment remained modestly positive at net 4%, down slightly from 6% in July. While this marks a shift from persistent negativity since 2014, the gap between strong current performance and cautious future outlook reflects concerns about cost pressures and market volatility.</p>
<h3>70%</h3> <h4>Farm Profitability (Current)</h4> <p>Current farm profitability climbed to a record 70%, up from July's already historic 65%. The recovery from 2023-24 is now firmly established across most sectors, with dairy stable at 80%, meat & wool improving substantially, though arable continues to lag despite gains.</p>	 <h4>Farm Profitability (Expectations)</h4> <p>Profit expectations turned negative for the first time since early 2024. This 21-point deterioration was driven by dairy plunging to a net -32% amid margin concerns, while meat & wool held steady at 30% and arable slipped to -3%.</p>



Farm Production (Expectations)

Production expectations eased to 18 points, down 5 points from July 2025's 23%, which was the highest since January 2019. While dairy and arable expectations moderated, meat & wool remained stable at 20%.



Farm Debt (Expectations)

Debt-reduction momentum stalled, marking the first reversal of the trend since it began at the 2022-23 peak. While 43% still plan to reduce debt, tightening financial conditions appear to be constraining paydown capacity despite continued low interest rates.



Greatest Concerns (Current)

The top three concerns are all cost-related: Regulation & Compliance Costs (unchanged at 14%), Input Costs (rising to 10%), and Farmgate & Commodity Prices (surging 50% to 9%). Climate Change Policy & ETS declined to 8% from 11%, while debt concerns fell to 6%, reflecting the shift toward operational pressures.



Farm Spending (Expectations)

Spending intentions reached 32%, up from 27% in July and the highest level since July 2022. This likely reflects a combination of unavoidable cost pressures and selective reinvestment, particularly given the simultaneous decline in profit expectations.



Ability To Recruit (Experienced)

Recruitment difficulty worsened notably to 20%, up from 14% in July 2025, representing the first sustained reversal since improvement from the 2022 peak of 49%. This deterioration appears disconnected from the weak broader labour market, suggesting structural challenges specific to agricultural employment.



Highest Government Priorities

Farmers prioritise economic fundamentals and fiscal management amid a weak broader economy. Regulatory and local government concerns persist, while Climate Change Policy & ETS dropped sharply from fifth to tenth place. Re-election emerged as a new priority, suggesting electoral positioning is gaining attention.

2. Overall Economic Confidence

Overall Economic Context

New Zealand's economy remains subdued, with GDP contracting 0.5 percent across 2025 and unemployment at 5.3 percent. Inflation rose to 3.1 percent in December 2025, at the top of the RBNZ's 1-3 percent target range. Major contributors include electricity (12.2 percent, the highest since March 1989), local authority rates (8.8 percent), and rent (1.9 percent)¹.

The RBNZ cut the Official Cash Rate from 3.25 percent in July 2025 to 2.25 percent by November 2025, a 100-basis-point reduction over six months. The RBNZ expects inflation to fall to around 2 percent by mid-2026 as spare capacity constrains price pressures².

For agriculture, sheep and beef farms experienced 0.6 percent deflation for the year ending March 2025, driven by interest costs falling 13.9 percent alongside declines in prices for fertiliser, fuel, and weed & pest control³. But fertiliser prices were forecast to surge 21 percent over 2025, driven by higher input costs and trade restrictions⁴, which will increase input costs.

Commodity prices diverge sharply across sectors. Beef prices have reached 60-year highs from severe global cattle herd contractions. Lamb holds above NZ\$10.00 per kilogram⁵, and wool prices reached 10-year highs, climbing approximately 30 percent year-on-year to around \$5.20 per kilogram for full-length fleece⁶. MPI's December 2025 SOPI forecasts meat & wool export revenue rising 7 percent to NZ\$13.2 billion⁷.

In contrast, the dairy sector faces margin pressures despite solid prices. Dairy export revenue is forecast to increase 1% to \$27.4 billion in the year to 30 June 2026⁷. DairyNZ's midpoint forecast payout (while this survey was open during January 2026) for 2025/26 was \$8.50 to \$9.50 per kilogram of milk solids⁸, but breakeven has risen to NZ\$8.50/kgMS, leaving up to \$1.00 margin⁹, explaining dairy farmers' profit expectations plunging to a net score of -32%.

Arable farmers face the most challenging conditions, with global oversupply in herbage seed and soft prices resulting in gross margins of NZ\$983 per hectare for feed wheat and NZ\$951 per hectare for ryegrass seed¹⁰. Arable export revenue is forecast to rebound by 2% to \$345 million in the year to 30 June 2026, recovering from weather-related setbacks to clover seed harvests and reduced ryegrass exports in 2024–25⁹.

1 Trading Economics (2026) <https://tradingeconomics.com/new-zealand/inflation-cpi>

2 Reserve Bank of New Zealand (2025) <https://www.rbnz.govt.nz/hub/news/2025/11/ocr-lowered-to-2-25-percent>

3 Beef + Lamb New Zealand (2025) <https://beeflambnz.com/news/lower-farm-inflation-good-news-sheep-and-beef-farmers>

4 Market Minute (2025). <https://markets.financialcontent.com/wral/article/marketminute-2025-10-29-global-commodity-swings-cast-long-shadow-over-new-zealands-economic-horizon-in-october-2025>

5 Interest.co.nz (2026) <https://www.interest.co.nz/rural/sheep/lamb-p>

6 NZ Herald (2026). <https://www.nzherald.co.nz/nz/wool-boom-scourers-sees-strongest-prices-in-decade/TVYCIWTXAZGYNH6MHPXHZVUDVE/>

7 MPI (2025) <https://www.mpi.govt.nz/resources-and-forms/economic-intelligence/situation-and-outlook-for-primary-industries>

8 Fonterra (2025) <https://www.fonterra.com/nz/en/investors/financial-reports-and-farmgate-milk-price.html>

9 Dairy NZ (2025). <https://www.dairynz.co.nz/news/dairynz-economic-update-profit-still-on-the-table-but-margin-gap-tightens/>

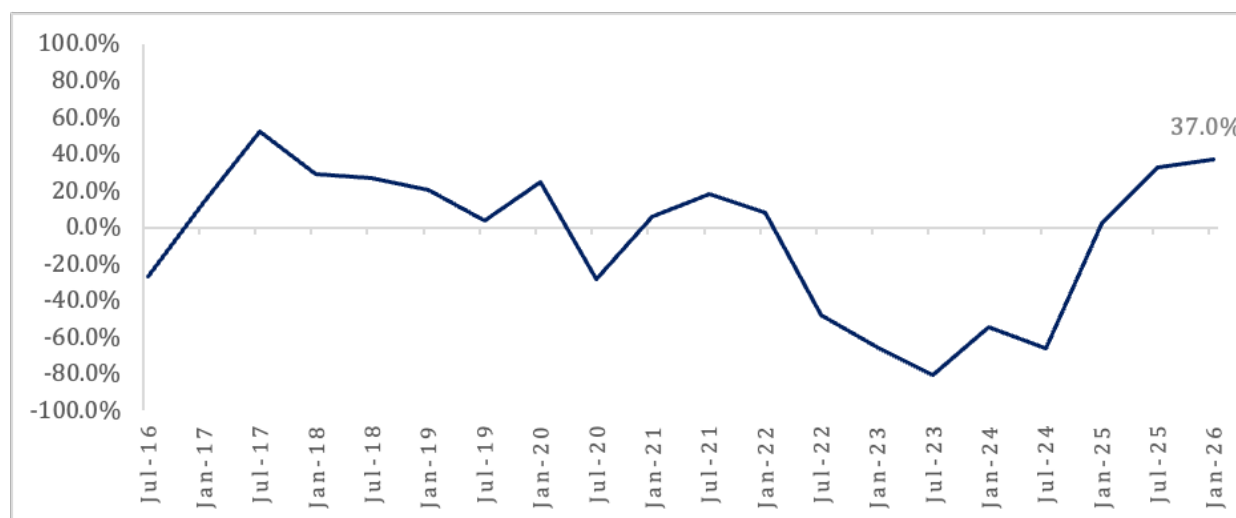
10 Rural news (2025) <https://www.ruralnewsgroup.co.nz/rural-news/rural-general-news/arable-farming-profitability-nz-2025>

Current Economic Conditions

Thinking about general economic conditions, how do you perceive them to be currently?

Farmers' perceptions of current general economic conditions remained positive in Jan 2026, with all farms' net score lifting further to +37 percent, the strongest result since 2017. The improvement builds on July 2025, which had marked a dramatic 99-point recovery from deeply negative territory in July 2024. The sustained confidence suggests conditions are being consolidated rather than rebounding, supported by strong dairy and meat prices, easing interest rate pressure following RBNZ cuts to 2.25 percent, and improved on-farm margins as debt servicing costs decline.

Figure 2.1 Net current perceptions of general economic conditions for all farms (July 2016 – Jan 2026)



Industry results show some shift from July's pattern. Dairy eased from +42 to +38 percent, indicating favourable conditions but slowing momentum amid rising operating costs. Meat & wool surged from +34 to +45 percent, driven by rising schedule prices and strong export demand. Arable rebounded sharply from -17 to +6 percent, though sentiment remains well below livestock sectors.

Table 2.1 Current perceptions of general economic conditions for all farms

	Good	Neither Good nor Bad	Bad	Current Net Score	Previous Net Score	Change in Net Score
Dairy	45%	47%	6%	38%	42%	-3%
Meat & Wool	52%	39%	8%	45%	34%	+11%
Arable	28%	50%	22%	6%	-17%	+23%
All Farms	45%	45%	8%	37%	33%	+4%

Regional confidence strengthened broadly, though with notable variation. West Coast-Tasman-Marlborough surged 26 points to +55 percent, the strongest regional result. East Coast North Island and Otago-Southland also gained strongly. Canterbury declined from +28 to +23 percent, the only region to weaken, reflecting pressures in the arable sector. Livestock-dominant regions generally outperformed arable-heavy areas, consistent with higher returns from meat and dairy.

Table 2.2 Current perceptions of general economic conditions by region

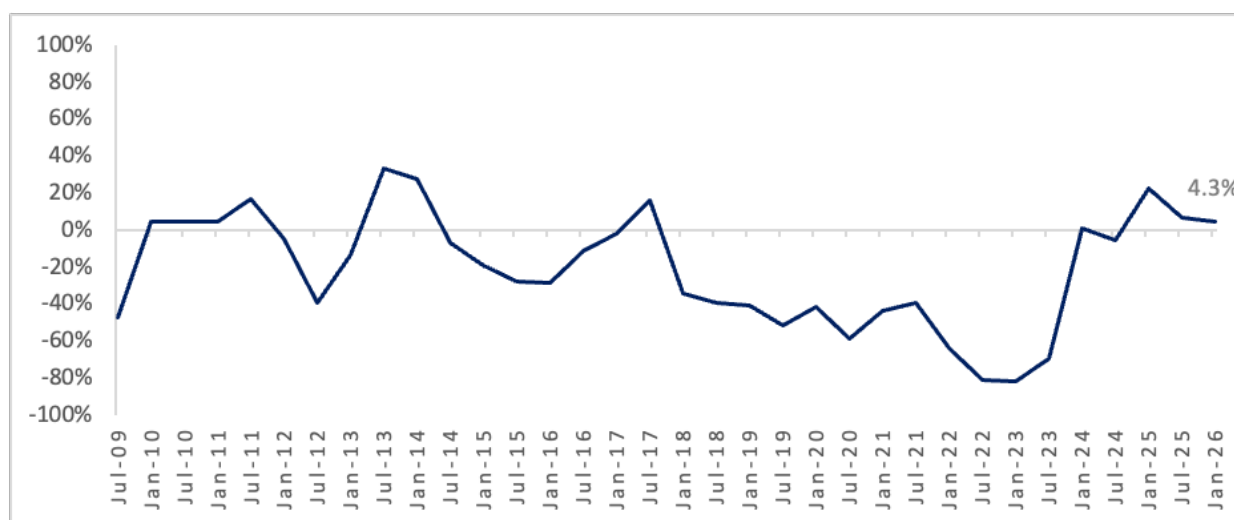
	Good General Economic Conditions Currently	Neither Good nor Bad	Bad General Economic Conditions Currently	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	40%	51%	6%	34%	27%	+7%
Waikato-Bay of Plenty	42%	45%	12%	31%	29%	+1%
East Coast North Island	56%	38%	6%	50%	41%	+9%
Taranaki-Manawatu	45%	48%	4%	41%	37%	+4%
WC-Tasman-Marlborough	59%	31%	3%	55%	29%	+26%
Canterbury	35%	53%	12%	23%	28%	-5%
Otago-Southland	53%	38%	7%	45%	37%	+8%

Future Economic Conditions

Do you expect general economic conditions to improve, stay the same, or worsen over the next 12 months?

Looking ahead, farmer expectations softened slightly in Jan 2026, with all farms’ net score declining two points to +4 percent. Though still positive (and a notable shift from the mostly negative readings recorded annually since 2014), this decline highlights a growing gap between current performance and expected conditions. Concerns about sustained input price pressure, shifting global markets, and uncertainty around future interest rate settings appear to be dampening confidence about the months ahead.

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



Industry outlooks varied sharply. Arable led the way, jumping from -6 to +16 percent following an extended period of weakness. Meat & wool remained positive at +13 percent, down three points. Dairy stood alone in negative territory at -6 per cent, falling from -2 per cent, as concerns about tightening margins overshadowed currently strong returns.

Table 2.3 Predictions of general economic conditions for all farms over the next 12 months

	Improve	Stay Same	Worsen	Current Net Score	Previous Net Score	Change in Net Score
Dairy	26%	40%	32%	-6%	-2%	-4%
Meat & Wool	26%	59%	13%	13%	16%	-3%
Arable	31%	50%	16%	16%	-6%	21%
All Farms	27%	47%	23%	4%	6%	-2%

Regional forecasts varied widely. Auckland-Northland jumped 16 points, with Taranaki-Manawatu adding nine. In contrast, West Coast-Tasman-Marlborough fell from +9 to -3 percent despite presently strong conditions, while Otago-Southland weakened to -11 percent. These different paths likely reflect varying exposures to weather risks, market shifts, and local farm types.

Table 2.4 Predictions of general economic conditions by region, looking forward

	Improve	Stay Same	Worsen	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	33%	49%	16%	18%	2%	+16%
Waikato-Bay of Plenty	30%	38%	28%	2%	10%	-7%
East Coast North Island	28%	54%	17%	11%	16%	-5%
Taranaki-Manawatu	30%	50%	16%	13%	4%	+9%
WC-Tasman-Marlborough	17%	60%	20%	-3%	9%	-13%
Canterbury	29%	46%	23%	6%	5%	+1%
Otago-Southland	17%	54%	28%	-11%	-4%	-8%

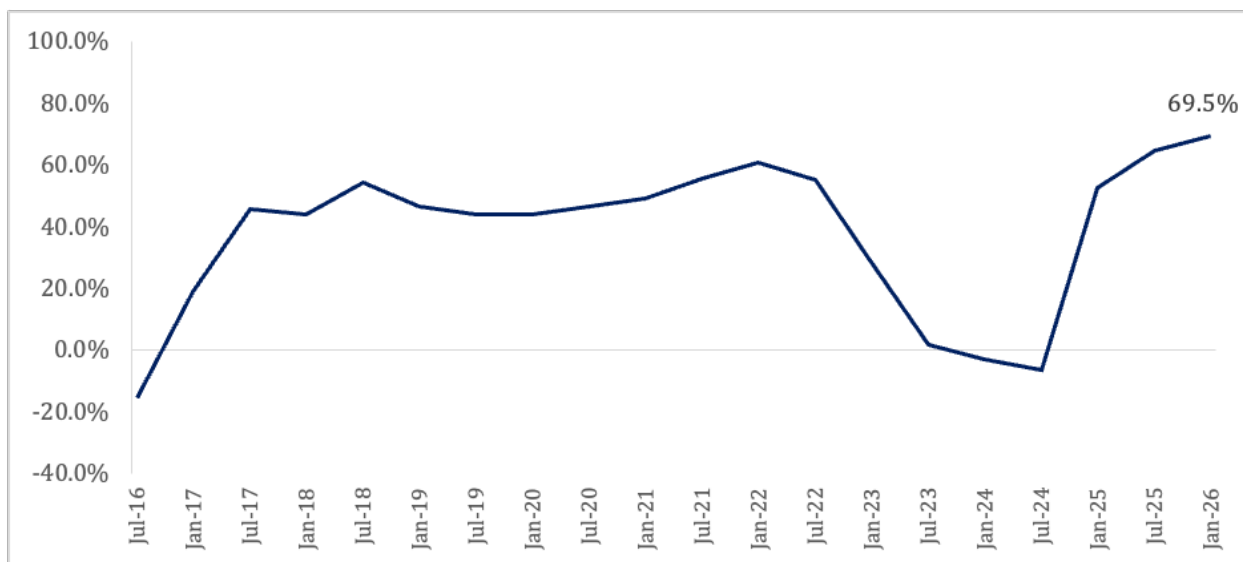
3. Farm Profitability

Current Profitability

Thinking about the profitability of your own farm business, how is it currently?

Perceptions of current farm profitability rose to around +70 percent in Jan 2026, exceeding July 2025's record high of +65 percent. This extends the recovery from 2023-24's deeply negative levels, with improvements now appearing more durable. Strong commodity prices and favourable seasonal conditions continue to outweigh cost and interest rate pressures for most operations, while moderating input costs have provided some relief. The steady improvement over the past 18 months indicates profitability gains are becoming established across the sector.

Figure 3.1 Net current perceptions of all farm profitability (July 2016 – Jan 2026)



Industry differences persist but are narrowing. Dairy profitability remains very strong, largely unchanged from July's +80 percent, indicating conditions remain at historically high levels. Meat & wool profitability improved sharply from July's +44 percent, reflecting better schedules and strong global demand. Arable lifted from July's weak +11 percent but continues lagging livestock sectors, with tight margins.

Table 3.1 Current perceptions of profitability: all farms

	Making a Profit	Breaking Even	Making a Loss	Current Net Score	Previous Net Score	Change in Net Score
Dairy	81%	15%	3%	78%	80%	-1%
Meat & Wool	68%	27%	4%	64%	44%	+21%
Arable	41%	44%	16%	25%	11%	+14%
All Farms	71%	23%	1%	70%	65%	5%

Regional profitability remains uniformly positive. West Coast-Tasman-Marlborough recorded particularly strong gains. Canterbury improved but continues trailing, reflecting ongoing challenges with crop values. The narrowing spread suggests profitability is now more evenly distributed.

Table 3.2 Current farm profitability by region

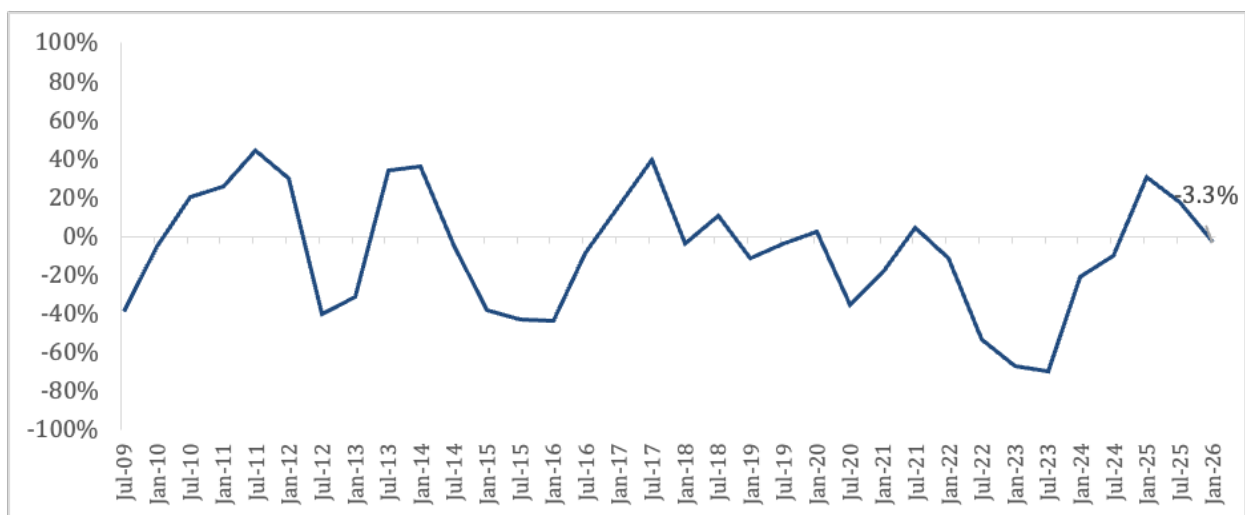
	Making a profit	Breaking Even	Making a Loss	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	67%	22%	9%	59%	51%	+8%
Waikato-Bay of Plenty	71%	24%	4%	67%	59%	+8%
East Coast North Island	72%	24%	4%	68%	59%	+9%
Taranaki-Manawatu	72%	21%	4%	68%	60%	+9%
WC-Tasman-Marlborough	80%	17%	3%	77%	50%	+27%
Canterbury	64%	26%	7%	57%	50%	+6%
Otago-Southland	75%	22%	3%	72%	64%	+8%

Future Profitability

Do you expect your farm’s after-tax profit (or loss) to improve, stay the same, or worsen over the next 12 months?

Expectations for farm after-tax profit turned negative in January 2026, with all farms’ net score falling 21 points to -3 percent from July’s +18 percent. This marks the first negative reading since early 2024, reversing the positive trend established in 2025.

Figure 3.2 Net predictions of all farm profitability (July 2009-January 2026)



Industry expectations diverged sharply. Dairy plunged 38 points to -32 per cent, extending July's 32-point decline and reflecting deepening concerns about tightening margins amid currently strong milk prices. Meat & wool bucked the trend, holding steady at +30 percent, unchanged from July and remaining the most optimistic sector. Arable slipped nine points to -3 percent, moving into negative territory after a brief positive reading in July.

Table 3.3 Predictions of farm profitability over the next 12 months: all farms

	Improve	Stay Same	Worsen	Current Net Score	Previous Net Score	Change in Net Score
Dairy	14%	39%	46%	-32%	6%	-38%
Meat & Wool	20%	56%	22%	30%	30%	0%
Arable	19%	56%	22%	-3%	6%	-9%
All Farms	25%	45%	28%	-3%	18%	-21%

Regional profit expectations weakened dramatically from July's uniformly positive results. West Coast-Tasman-Marlborough recorded the steepest fall, plummeting 42 points to -23 percent. Auckland-Northland and Waikato-Bay of Plenty, already the lowest in July at +11 percent, deteriorated further to around -20 percent. Only East Coast North Island and Otago-Southland maintained positive outlooks at +23 and +14 percent respectively, though both eased from July's stronger readings.

Table 3.4 Predictions of expected farm profitability by region

	Improve	Stay Same	Worsen	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	17%	46%	37%	-20%	11%	-31%
Waikato-Bay of Plenty	21%	37%	40%	-19%	11%	-30%
East Coast North Island	35%	51%	13%	23%	30%	-7%
Taranaki-Manawatu	24%	45%	27%	-3%	15%	-19%
WC-Tasman-Marlborough	10%	53%	33%	-23%	19%	-42%
Canterbury	22%	49%	25%	-3%	23%	-25%
Otago-Southland	32%	49%	18%	14%	18%	-5%

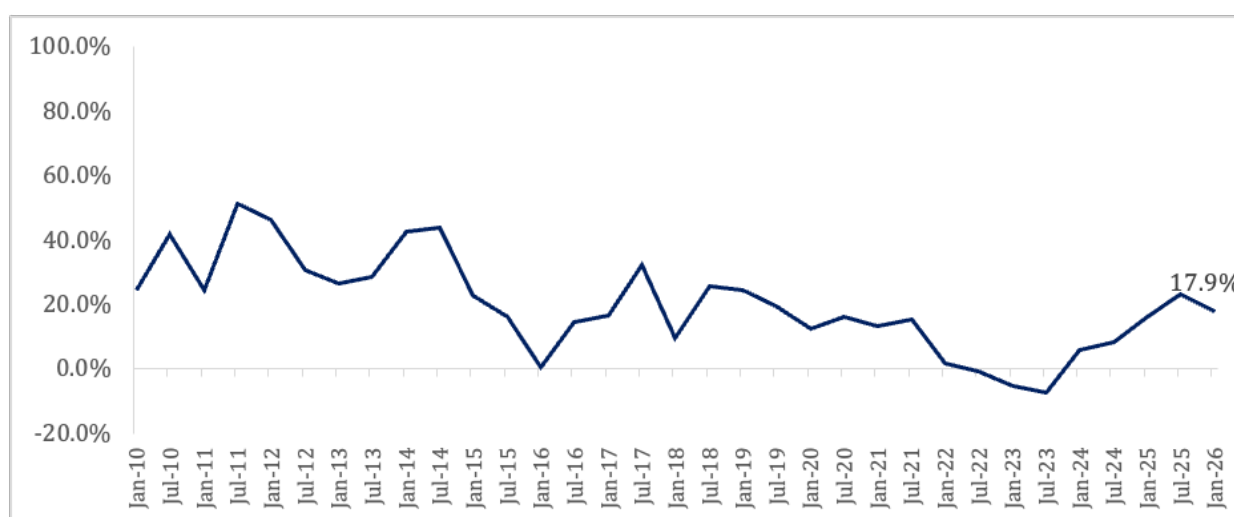
4. Farm Production

Over the next 12 months, do you expect your farm’s production to increase, stay the same, or reduce?

Farmers’ expectations about future production softened in Jan 2026, with all farms’ net score declining five points. While this retreats from July’s highest level since January 2019, production expectations remain solidly positive, with only 6 percent anticipating reduced output.

The figure below shows that net production expectations have fluctuated between approximately +10 and +30 percent since 2019, with the current reading sitting in the middle of this range, indicating cautious but sustained confidence in maintaining output levels.

Figure 4.1 Net predictions of farm production: all farms (January 2010 – January 2026)



Industry expectations varied. Dairy farmers’ predictions declined 11 points, retreating from July’s strong +29 percent. Meat & wool held steady at +20 percent, unchanged from July and now the most optimistic sector. Arable eased slightly, down to +16 percent. Despite the declines, all sectors maintain positive production outlooks, with the vast majority expecting output to remain stable or increase.

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

	Increase	Stay Same	Reduce	Current Net Score	Previous Net Score	Change in Net Score
Dairy	24%	70%	6%	18%	29%	-11%
Meat & Wool	32%	62%	4%	20%	20%	0%
Arable	22%	72%	6%	16%	17%	-2%
All Farms	24%	69%	6%	18%	23%	-5%

Regional variations diverged from July's trends. Taranaki-Manawatu led gains, climbing 11 points, while Auckland-Northland added eight points. Conversely, West Coast-Tasman-Marlborough fell 19 points to just +3 percent, the weakest regional result, while Waikato-Bay of Plenty dropped 16 points and Otago-Southland declined 11 points, reversing much of July's regional strength.

Table 4.2 Predictions of future farm production by region

	Increase	Stay Same	Reduce	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	22%	74%	4%	17%	9%	+8%
Waikato-Bay of Plenty	16%	76%	7%	9%	25%	-16%
East Coast North Island	31%	64%	4%	27%	23%	+4%
Taranaki-Manawatu	31%	64%	4%	26%	16%	+11%
WC-Tasman-Marlborough	17%	70%	13%	3%	23%	-19%
Canterbury	26%	65%	6%	19%	24%	-5%
Otago-Southland	27%	67%	6%	20%	31%	-11%

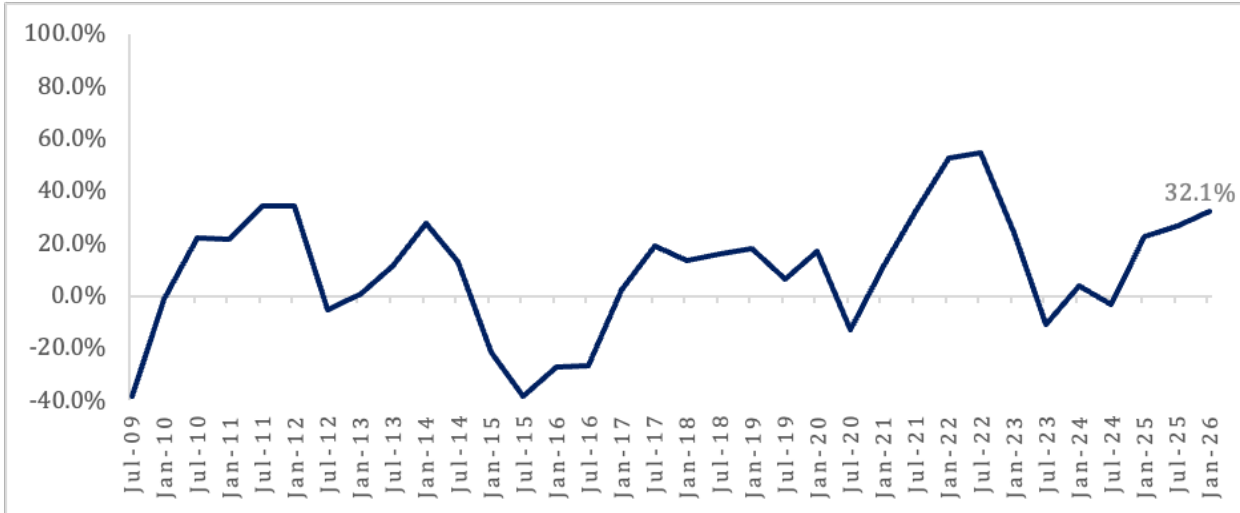
5. Farm Spending

Over the next 12 months, do you expect your farm’s on-farm spending to increase, stay the same, or reduce?

Expected farm spending rose further in Jan 2026, reaching +32 percent, up five points from July’s +27 percent and the highest level since July 2022.

On-farm spending can be interpreted in two ways: rising costs or greater investment confidence. The figure below shows that spending expectations have climbed steadily from around +5 percent in early 2024. With 44 percent expecting spending to increase against only 12 percent anticipating reductions, this likely reflects a combination of unavoidable cost pressures and selective reinvestment, particularly given the simultaneous decline in profit expectations.

Figure 5.1 Farm Spending - all farms (January 2010 – January 2026)



Industry expectations revealed contrasting dynamics. Meat & wool’s 22-point surge aligns with stable profit expectations at +30 percent, suggesting genuine reinvestment confidence. Arable’s 15-point climb to +13 percent occurred as profit expectations turned negative at -3 percent, pointing to unavoidable cost pressures rather than discretionary investment. Dairy’s 12-point decline to +22 percent reflects cost caution, though spending expectations remain elevated even as profit forecasts plunged to -32 percent.

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

	Increase	Stay Same	Reduce	Current Net Score	Previous Net Score	Change in Net Score
Dairy	38%	46%	16%	22%	34%	-12%
Meat & Wool	41%	46%	13%	45%	23%	+22%
Arable	28%	56%	16%	13%	-3%	+15%
All Farms	44%	44%	12%	32%	27%	+5%

Regional spending patterns reveal mixed drivers. Otago-Southland's strong +42 percent aligns with positive profit expectations at +14 percent, suggesting confident investment. East Coast North Island's 19-point jump to +39 percent, however, occurred as profit expectations eased to +23 percent. West Coast-Tasman-Marlborough's 15-point fall to +10 percent mirrors sharply negative profit expectations at -23 percent. These divergent patterns suggest spending is dependent on regional circumstances.

Table 5.2 Predictions of expected farm spending by region

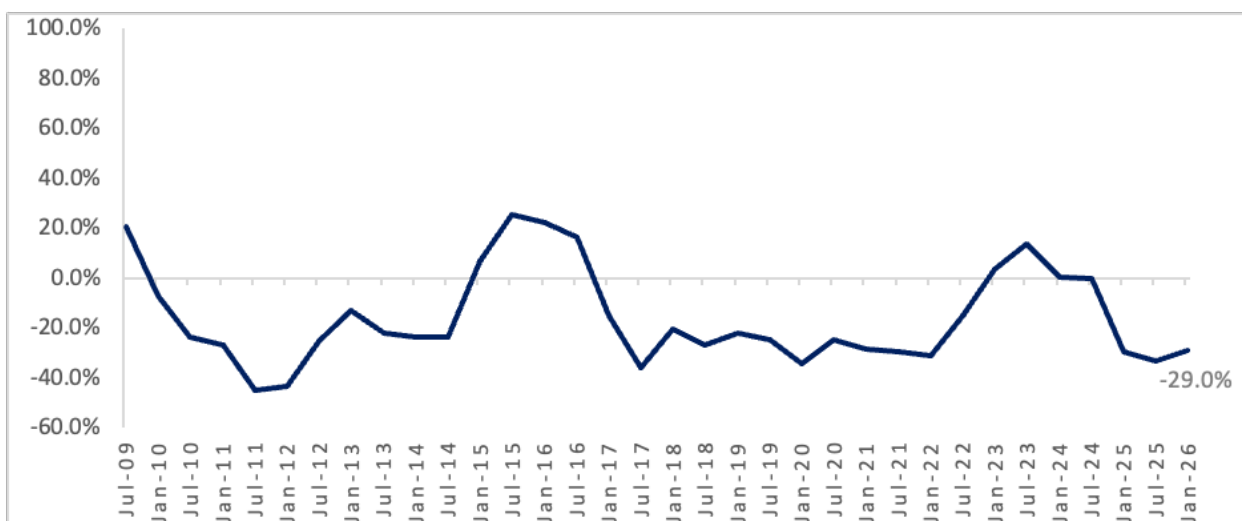
	Increase	Stay Same	Reduce	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	47%	42%	11%	36%	23%	+13%
Waikato-Bay of Plenty	46%	39%	14%	32%	30%	+2%
East Coast North Island	46%	47%	7%	39%	20%	+19%
Taranaki-Manawatu	45%	43%	10%	35%	33%	+2%
WC-Tasman-Marlborough	31%	48%	21%	10%	25%	-15%
Canterbury	34%	51%	12%	22%	25%	-3%
Otago-Southland	51%	40%	9%	42%	25%	+17%

6. Farm Debt

Over the next 12 months, do you expect your farm business’s debt to increase, stay the same, or reduce?

Farm debt reduction expectations eased in Jan 2026, with the net score rising slightly to -29 percent from July’s -33 percent, marking the first reversal of a downward trend that had been building since mid-2023. While 43 percent still expect to reduce debt, the proportion expecting increases rose from 10 percent to 14 percent.

Figure 6.1 Farm Debt - all farms (January 2010 – January 2026)



Industry divergence reveals contrasting financial pressures. Dairy’s debt-reduction expectations weakened sharply, with the net score rising by 13 points, as deteriorating profit forecasts constrain paydown capacity. Arable turned positive at +9 percent from -9 percent, meaning more farmers expect to increase rather than reduce debt. This is a concerning signal when combined with negative profit expectations. Only meat & wool strengthened debt reduction to -30 percent from -23 percent, supported by stable profit forecasts.

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

	Increase	Stay Same	Reduce	No Debt	Current Net Score	Previous Net Score	Change in Net Score
Dairy	14%	27%	49%	10%	-35%	-49%	+13%
Meat & Wool	12%	34%	36%	19%	-30%	-23%	-7%
Arable	28%	47%	19%	6%	9%	-9%	+18%
All Farms	14%	28%	43%	14%	-29%	-33%	+4%

Mixed financial positions were reflected regionally. Otago-Southland strengthened its debt reduction sharply, with 60 per cent expecting a paydown. However, major dairy regions weakened: Waikato-Bay of Plenty rose 13 points, and Taranaki-Manawatu rose eight points. Canterbury's 19 percent expecting debt increases (the highest regionally) aligns with its weaker profit outlook, suggesting financial pressure rather than expansion-driven borrowing.

Table 6.2 Predictions of farm debt by region

	Increase	Stay Same	Reduce	No Debt	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	11%	38%	32%	19%	-21%	-25%	+4%
Waikato-Bay of Plenty	14%	30%	37%	17%	-23%	-36%	+13%
East Coast North Island	13%	31%	39%	17%	-27%	-33%	+7%
Taranaki-Manawatu	12%	26%	44%	18%	-32%	-40%	+8%
WC-Tasman-Marlborough	6%	38%	34%	22%	-28%	-28%	0%
Canterbury	19%	29%	40%	9%	-21%	-26%	+5%
Otago-Southland	11%	23%	60%	6%	-49%	-36%	-13%

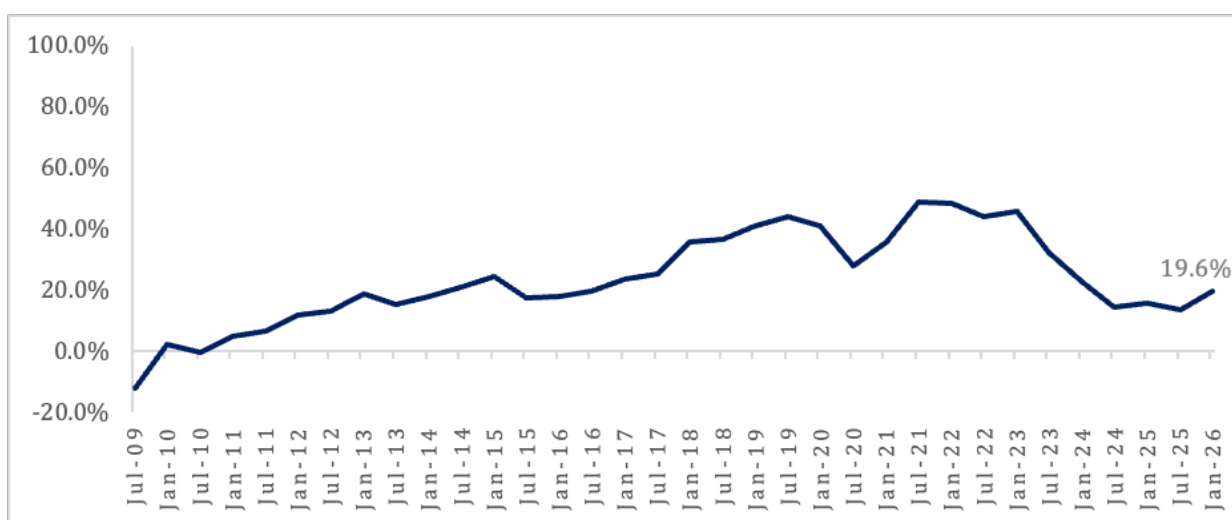


7. Ability to Recruit

Over the past six months, have you been finding it harder or easier to find skilled and /or motivated staff to work on your farm?

Recruitment difficulty for skilled and motivated farm staff worsened in Jan 2026, with the net score rising to 20 percent from July’s 14 percent. This is the first reversal since improvement began from the 2022 peak of 49 percent. With 23 percent finding it harder and only 3 percent easier, this appears disconnected from the weak broader labour market, suggesting structural issues specific to agricultural employment.

Figure 7.1 Ability to recruit - all farms (January 2010 - July 2025)



Dairy farmers experienced the sharpest deterioration, with recruitment difficulty rising eight points to a net 27 percent, the highest among sectors. Meat & wool rose four points to 13 percent, while arable remained relatively stable at 13 percent. The dairy sector’s struggle reflects its year-round staffing demands and remote locations, making it difficult to attract workers even when urban employment opportunities are limited, suggesting farm work’s attractiveness remains a persistent challenge.

Table 7.1 Ability to recruit skilled and motivated staff in the previous six months: all farms

	Harder	No Change	Easier	Don't Employ	Current Net Score	Previous Net Score	Change in Net Score
Dairy	30%	43%	3%	15%	27%	19%	+8%
Meat & Wool	31%	31%	2%	40%	13%	9%	+4%
Arable	16%	41%	3%	31%	13%	11%	+1%
All Farms	23%	39%	3%	28%	20%	14%	+6%

Regional patterns revealed stark contrasts. Otago-Southland showed the most dramatic deterioration, rising 17 points to net 28 percent, while Canterbury rose 11 points and East Coast North Island climbed nine points. West Coast-Tasman-Marlborough improved 16 points to neutral. The deterioration across most regions suggests systemic challenges in agricultural employment persist regardless of broader economic conditions.

Table 7.2 Difficulty to recruit skilled and motivated staff by region

	Harder	No Change	Easier	Don't Employ	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	21%	38%	4%	26%	17%	17%	0%
Waikato-Bay of Plenty	27%	35%	4%	28%	23%	19%	+5%
East Coast North Island	21%	48%	6%	23%	15%	7%	+9%
Taranaki-Manawatu	21%	42%	1%	27%	20%	24%	-4%
WC-Tasman-Marlborough	7%	33%	7%	40%	0%	16%	-16%
Canterbury	19%	39%	4%	31%	15%	5%	+11%
Otago-Southland	28%	38%	1%	25%	28%	10%	+17%

8. Mental Health

Considering economic conditions, weather, government policy and regulation, or other forms of pressure, do you feel like your mental health and wellbeing is being affected?

Mental health pressures eased further to -28 percent from -26 percent, though 30 percent of farmers (nearly one in three) still report their wellbeing is affected, down slightly from 32 percent in July.

The figure below shows the downward trend continuing from the 2023 peak of 52 percent. This sustained improvement occurs despite deteriorating profit expectations and stalled debt-reduction momentum, suggesting farmers' resilience may stem from factors beyond immediate financial conditions, such as improved weather patterns or reduced regulatory pressures.

Figure 8.1 Mental Health (all farms) (January 2010 - July 2025)

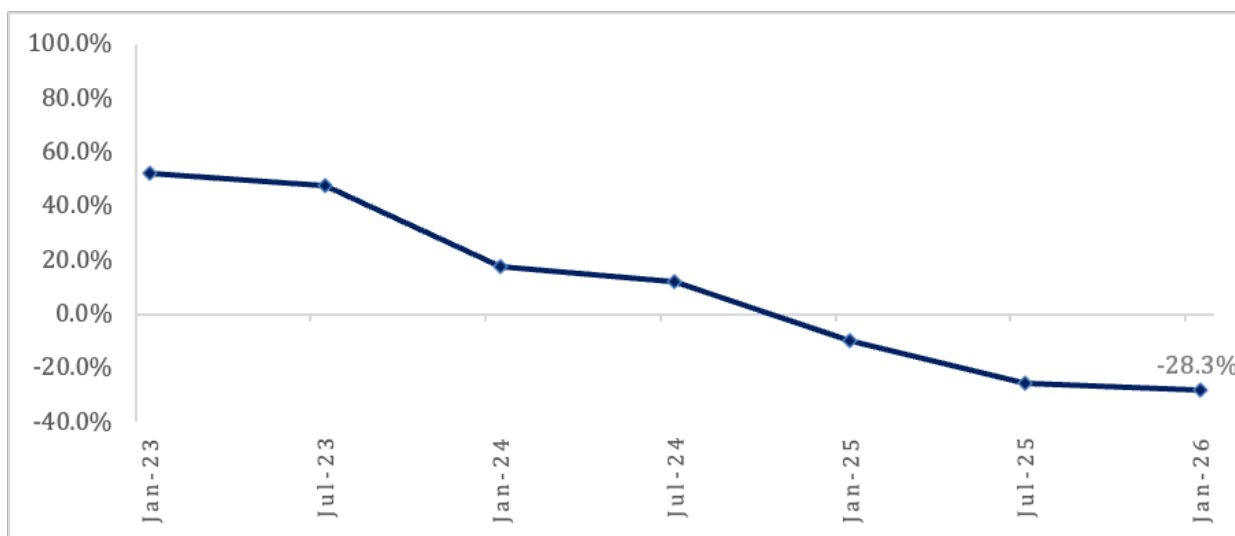


Figure 8.1 Mental Health Affected

	No	Yes	Current Net Score	Previous Net Score	Change in Net Score
Dairy	58%	30%	-28%	-27%	-1%
Meat & Wool	62%	28%	-33%	-27%	-6%
Arable	41%	41%	0%	0%	0%
All Farms	58%	30%	-28%	-26%	-3%

There were mixed results industry-wise. Meat & wool farmers demonstrated the greatest improvement. Dairy eased marginally, with 30 percent reporting impacts. Arable remained unchanged at net 0 percent. But with two in five farmers reporting affected wellbeing, this is a concerning signal given this sector's negative profit expectations and turn toward increased debt.

Table 8.1 Mental Health Affected staff by region

	No	Yes	Current Net Score	Previous Net Score	Change in Net Score
Auckland-Northland	50%	41%	-9%	-9%	+1%
Waikato-Bay of Plenty	59%	27%	-33%	-23%	-9%
East Coast North Island	75%	18%	-56%	-41%	-16%
Taranaki-Manawatu	60%	30%	-31%	-28%	-2%
WC-Tasman-Marlborough	67%	17%	-50%	-13%	-37%
Canterbury	51%	36%	-15%	-19%	+4%
Otago-Southland	51%	37%	-15%	-32%	+18%

9. Greatest Concerns

All respondents were asked to identify their three greatest front-of-mind concerns. **In January 2026, the pattern shows a notable shift from financial and policy concerns toward operational pressures.** Input costs and commodity prices have risen as immediate concerns, while debt worries and climate policy anxiety have eased. This suggests farmers are adapting to the policy environment but facing renewed pressure from cost inflation and market uncertainties.

- 1. Regulation & Compliance Costs** have retained the top spot unchanged since January 2025, reflecting sustained frustration with complex and costly regulatory requirements that show no sign of easing.
- 2. Input Costs** have risen back to second place. While inflation has eased across the broader economy, on-farm expenses for essentials such as electricity and feed remain elevated, continuing to pressure cash flow and profitability.
- 3. Farmgate & Commodity Prices** have jumped sharply to third place, representing a 50 percent increase in concern. This rise coincides with deteriorating profit expectations, particularly in dairy, where forecasts plunged to a net -32 percent, suggesting farmers are increasingly anxious about price volatility and tightening margins despite recent improvements following the 2023-24 downturn.
- 4. Local Government & Rates** remained steady, holding fourth place. Farmers continue to express frustration with local council decision-making, rate increases, and perceived inequities affecting rural communities and infrastructure.
- 5. Blanket Forestry Conversion** eased slightly but remains substantially higher than in January 2025, reflecting ongoing concern about productive farmland being lost to large-scale carbon forestry.

Other key concerns showed varied patterns. Climate Change Policy & ETS declined from July's peak to sixth place, while **Freshwater Policy** fell to its lowest level over the past year, suggesting Resource Management Act changes and greater policy certainty may be reducing these as primary concerns. **Debt, Interest, and Banks** continued their decline, reflecting RBNZ rate cuts to 2.25 percent and improved debt servicing conditions, though elevated borrowing levels remain a constraint. **Economic Situation, Poor State of Rural Infrastructure, and Viability & Profitability** held relatively steady, with farmers focusing on sector-specific operational challenges rather than broader economic concerns. **Political Situation** emerged as a new concern, replacing Weather, potentially reflecting uncertainty around coalition government policies as 2026 progresses.

Table 9.1 shows how farmers' main concerns have continued to evolve, with notable shifts in the top priorities reported in the January 2026 survey. The percentages reflect the average of each of the three choices

January 2025		July 2025		January 2026	
Regulation & Compliance Costs	14%	Regulations & Compliance costs	14%	Regulation & Compliance Costs	14%
Debt, Interest, Banks	12%	Climate Change Policy & ETS	11%	Input Costs	10%
Input Costs	10%	Local Government & Rates	10%	Farmgate & Commodity Prices	9%
Climate Change Policy & ETS	10%	Blanket Forestry Conversion	9%	Local Govt & Rates	9%
Local Govt & Rates	9%	Input Costs	9%	Blanket Forestry Conversion	8%
Farmgate & Commodity Prices	6%	Debt & Interest Rates	7%	Climate Change Policy & ETS	8%
Economic Situation	6%	Farmgate & Commodity prices	6%	Debt, Interest, Banks	6%
Viability & Profitability	5%	Economic Situation	5%	Economic Situation	5%
Blanket Forestry Conversion	5%	Poor state of rural infrastructure (e.g., roading, communications, electricity)	5%	Poor state of rural infrastructure (e.g., roading, communications, electricity)	5%
Freshwater Policy	4%	Freshwater Policy	4%	Political Situation	4%
Poor state of rural infrastructure (e.g., roading, communications, electricity)	4%	Viability & profitability	3%	Freshwater Policy	3%
Weather	3%	Weather	3%	Viability & Profitability	3%

10. Highest Government Priorities

In January 2026, farmers' government priorities emphasise economic fundamentals and fiscal management amid a weak broader economy that weighs on the sector. Regulatory and local government concerns persist, while Climate Change Policy & ETS has declined sharply, mirroring its fall in main concerns. Re-Election emerged as a new priority, suggesting electoral positioning is gaining attention as 2026 progresses

1. **Fiscal Policy** retained first place, reflecting sustained concern around government spending, taxation, and debt levels as farmers continue watching whether fiscal restraint promises will translate into meaningful action.
2. **Economy & Business Environment** moved up to second place, with farmers remaining concerned about business confidence, sluggish growth, and the weak broader economy affecting the rural sector.
3. **Regulation & Compliance Costs** slipped to third place but remain a strong focus, with continued frustration around burdensome, impractical, and costly rules.
4. **Local Government Reform** held steady in fourth place, with ongoing dissatisfaction around council rates, spending, and service delivery in rural areas despite government announcements on reforms and potential rates capping.
5. **Biosecurity** rose to fifth place, reflecting continued support for robust border protection and rapid response to pest and disease risks.
6. **Other government priorities showed notable shifts. Re-Election** emerged as a new sixth-place priority, suggesting farmers are considering political positioning and policy continuity as 2026 progresses. **Monetary Policy** remained steady in seventh place despite OCR cuts, while **Supporting Agriculture & Exporters** held eighth place. **Transport, Communication, and Energy Infrastructure** dropped to ninth but remains important for rural roading, connectivity, and power reliability. **Climate Change Policy & ETS** fell sharply from fifth to tenth place, mirroring its decline in main concerns and suggesting reduced urgency. **Rural & Regions** remained at eleventh place, indicating baseline concern about regional inequality, while **Research & Science** dropped out of the top rankings despite its relevance to farming's long-term productivity.

Table 10.1 shows how farmers' main Government priorities have shifted, with some notable changes since the January 2025 and July 2024 surveys. The percentages reflect the average of each priority's three choices.

January 2025		July 2025		January 2026	
Economy & Business Environment	17%	Fiscal Policy	15%	Fiscal Policy	17%
Fiscal Policy	15%	Regulation & Compliance Costs	15%	Economy & Business Environment	14%
Regulation & Compliance Costs	14%	Economy & Business Environment	14%	Regulation & Compliance Costs	13%
Supporting Ag & Exporters	6%	Local Govt Reform	7%	Local Govt Reform	7%
Monetary Policy	6%	Climate Change Policy & ETS	6%	Biosecurity	6%
Biosecurity	5%	Biosecurity	5%	Re-Election	5%
Social Issues	5%	Social Issues	5%	Monetary Policy	5%
Local Govt Reform	4%	Monetary Policy	5%	Social Issues	4%
Transport, Communication, Energy	4%	Supporting Ag & Exporters	5%	Supporting Ag & Exporters	4%
Research & Science	4%	Transport, Communication, Energy	3%	Climate Change Policy & ETS	4%
Climate Change Policy & ETS	3%	Research & Science	3%	Transport, Communication, Energy	3%
Employment & Skills	2%	Rural & Regions	2%	Rural & Regions	3%

11. Farm Sentiment

The analysis of comments received from just under one-fifth of respondents reveals a **highly politicised environment with strong anxieties about the upcoming election**, alongside persistent concerns about regulatory burden and financial pressures.

Theme	Key subthemes	Farmer's comments
Political concerns	<p>Very strong emotional language around the potential for an opposition victory. Many farmers link their confidence directly to election outcomes.</p> <p>Key subthemes:</p> <ul style="list-style-type: none"> • Government support • Election anxiety • Opposition fears • Government priorities 	<p>“For the first time ever, I have ticked the re-election box as a priority. I have real concerns that unless this Government gets some runs on the board with the voters, they will lose the election, and all the good things they have achieved for our benefit will be unravelled.”</p> <p>“Under the last government, I really struggled to sleep; I was so stressed about the future of farming. The current government has given me hope, which is just fantastic. I am loving getting up every morning to milk cows again.”</p> <p>“Farming is now a more attractive proposition for the future after the disasters of the previous Labour/Green administration.”</p>
Regulatory burden	<p>Farmers feel over-regulated compared to international competitors. Specific mentions of some councils and expensive compliance costs.</p> <p>Key subthemes</p> <ul style="list-style-type: none"> • Compliance costs • Freshwater farm plans • Regional Council rules • RMA reform 	<p>“Regional Councils need to look at the costs that they are putting on farmers. i.e., the costs of changing their policy in effluent distribution that costs the farmer far in excess of what they have, that has not been a problem for years...”</p> <p>“Freshwater farm plans are a waste of time and money, a huge cost to every farmer.”</p> <p>“Do not lose focus on [the] RMA fast track process; it is vital to get infrastructure and development moving.”</p>
Financial pressures	<p>Some farmers are experiencing good revenues but are concerned about their margins. Young farmers are struggling to enter the industry. Fixed costs (rates, labour) are not dropping when prices fall.</p> <p>Key subthemes</p> <ul style="list-style-type: none"> • Farm purchase context • Replacement stock costs • Input costs • Banking issues 	<p>“No government has addressed the real issue facing the NZ economy: inflation in the non-traded sector. Till this is addressed, we will continue to struggle.”</p> <p>“The gap between the OCR and interest rates has sneaked out larger over the last 5 years or so, usually with no or little reason.”</p> <p>“Costs [are] always going to increase faster than income returns so farming will always be as tight as it is now, unless there are major changes in costs. It's a different world now, not much point trying to compare to the old days.”</p>

12. About this Survey

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 conducted from 6 January to 11 February 2026 and received 639 responses from farmers in four industry groups across 24 provinces (condensed into seven regions) in New Zealand.

Table 12.1 Completed surveys by region

	Number of Respondents	%
Auckland-Northland	47	7%
Waikato-Bay of Plenty	166	26%
East Coast North Island	71	11%
Taranaki-Manawatu	98	15%
WC-Tasman-Marlborough	30	5%
Canterbury	113	18%
Otago-Southland	109	17%

Table 12.2 Completed surveys by industry group

	Number of responses	%
Dairy	294	48%
Meat & Wool	253	42%
Arable	32	5%
Other	30	5%

Like all Federated Farmers' Farm Confidence Surveys, results must be treated cautiously. Although the sample reported here is large, it is self-selected. 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.

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.

13. Appendix

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.

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

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

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.

Our Partners



0800
327
646 | **FED**
FARM
.ORG.NZ