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## Interest rates fall again, so will farmers see the benefit?

The NSW Farmers' Association has once again called for interest rate cuts to be passed on in full to agricultural borrowers, following today's twenty five base point rate cut by the Reserve Bank of Australia (RBA).

NSW Farmers' Association President Jock Laurie reiterated the importance of the rate cuts to the agricultural industry.

"I've said it before, and I'll say it again – it is imperative that rate cuts are passed on to farmers and agricultural borrowers in full and as soon as possible," Mr Laurie said.

"This is the sixth rate cut by the RBA board and still we are yet to see the same level of reductions in our loans as other sectors are experiencing.

"This is despite agriculture being widely recognised as one of the most resilient sectors of the economy in weathering the current economic storm. In fact, it was the only sector of the economy to grow in the December quarter, rising 10.9 per cent while the overall economy contracted by 0.5 per cent," Mr Laurie said.

According to Mr Laurie, recent predictions of the fallout of the global financial crisis on the economy continue to paint a bleak picture, with the International Monetary Fund (IMF) predicting economic growth will contract by 0.5 percent to one per cent in 2009.

"While we're still yet to hear if Australia has joined the majority of Western economies in a technical recession, stimulating the domestic economy remains pivotal if we are to pull ourselves out of this situation as soon as possible," Mr Laurie said.

"Today's announcement will also help to combat the loss in export competitiveness resulting from the recent rallying of the Australian dollar.

"Interest rate cuts, especially in times when the inflation rate is on the way down, not only boosts domestic economic activity but helps us regain some of this competitiveness.

"Reserve Bank Treasurer Glenn Stevens has recently inferred that he is less than impressed in the way banks have been passing on cuts to commercial agricultural borrowers, compared to their mortgage customers.

"And, of course, this is on top of the worst drought on record, with more than half of NSW drought declared.

"This is why we continue to urge the Australian Government to increase pressure on agricultural lenders to pass on today's reduction in full," Mr Laurie concluded.

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