

Media Release

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Farmers seek cut in agricultural interest rates

The NSW Farmers' Association is hopeful that today's one per cent official interest rate cut, announced by the Reserve Bank this afternoon, will be passed on to farmers.

NSW Farmers' Association President Jock Laurie is calling on the banking sector to assist an industry still recovering from several prolonged years of drought.

"Farmers are languishing, with high interest rates continuing to put severe constraints on the agricultural industry, particularly at a time when other input prices, such as fuel and fertiliser are also high," said Mr Laurie.

"It is disappointing that only one of the banks, Rabobank, passed on the last reduction with immediate effect on variable interest rates for agriculture loans, with the other major banks lagging by a matter of weeks in following suite."

"We are hopeful that today's announcement will prompt other banks to follow Rabobank's lead."

According to Mr Laurie, today's interest rate announcement is an indication of the Reserve Bank's confidence in the Australian economy and its ability to withstand what might otherwise be an inflation stimulus, to support the long-term health of the economy as a whole.

"We welcome the Reserve Bank's attempt to support the lauded strength of our banking system by alleviating some of the pressure on interest rates," said Mr Laurie.

"Australia's banking structure is well regulated and the fact that the financial lending institutions have been so squarely in the Government's focus indicates how seriously the Government is taking the present situation."

"Today's interest rate cuts indicate the confidence of the Reserve Bank, and we are hopeful that any benefits that will be passed on to variable home loan rates are also passed on to the agricultural community," Mr Laurie concluded.

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