

Media Release

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Ag rates should be reduced too

The NSW Farmers' Association says farmers expect to see banks reduce variable interest rates for agricultural loans.

NSW Farmers' Association Business Economics and Trade Committee Chair Susan McLeish says given the major trading banks have reduced their variable home loan rates to mimic the reduction in official cash rates, the agricultural community expects to see the same in its variable rates.

"High interest rates have been putting severe constraints on the agricultural sector particularly at a time when other input prices, such as fuel and fertiliser, have also been rising," Mrs McLeish said.

"At this point in time, no bank has indicated whether or not they will reduce their interest rates on variable rate agricultural loans," she said.

"Agriculture, which uses a range of loan instruments for the purchase of land and capital equipment, needs some clarity that they will also benefit from announcements such as those made this week by the Reserve Bank" she said.

According to the Federal Government the average debt of farmers in Australia has increased from \$238 000 in 2001-02 to \$702 000 in 2006-07.

"Increased costs remain an ongoing issue for farmers who are trying to compete on international markets," Mrs McLeish said.

"A variable rate reduction will assist the agricultural sector which is still in many areas gripped by the ongoing affects of a prolonged drought," Mrs McLeish concluded.

Contact:

Amanda Barwick (Media Manager) 0428 400 736
Ellen McNamara (Media Officer) 0429 990 218