

PR/27407

Wednesday 7 November, 2007.

Early Christmas present farmers could do without

The NSW Farmers' Association says the decision by the Reserve Bank of Australia to increase interest rates to 6.75% will have a massive impact on farming families already under great stress.

NSW Farmers' Association President Jock Laurie says the increase in interest rates will have a compounding effect on farmers that have borrowed heavily to get through the drought.

"Nobody welcomes an interest rate rise, but people need to realise farmers are in an extraordinary situation," Mr Laurie said.

"They are trying to rebuild, and now a large chunk of their income will be diverted to interest repayments and not the rebuilding of their business," Mr Laurie said.

"The interest rate will have a double whammy effect on the agricultural industry with record exchange rates adversely affecting the competitiveness of Australia's agricultural exports," he said.

Jock Laurie says the drought has had a big effect on farmers debt levels with rural debt in 2006 at \$46.6 billion, up from \$43.2 billion in 2005 according to RBA figures.

"The average NSW broadacre farm debt has increased by almost 20% in the last 3 years to \$328,468 according to ABARE," Mr Laurie said.

"Exchange rates have increased by 15% in the last year to reach the highest level in 17 years at US\$0.9224, putting enormous stress on farmers. This interest rate rise will only add to that stress," Mr Laurie concluded.

Contact: Ellen McNamara (Media Officer) 0429 990 218
Amanda Barwick (nee Frame) (Media Manager) 0428 400 736

Fast fact: Standard ABS multipliers show that a \$1 million drop in agricultural output leads to a consequential loss of 13 jobs across the non-agricultural economy