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## Pass us a lifeline: Farmers call for interest rate cuts

The NSW Farmers' Association has welcomed the first official interest rate cut of 100 base points from the Reserve Bank of Australia (RBA) for 2009, bringing the current rate to 3.25 per cent, and is hopeful that this cut will be passed on to farmers and agribusiness customers in full.

"This rate cut is designed to be a stimulus to our faltering economy, and to have full effect, it is imperative that it is passed on to farmers and agribusinesses in full and in a timely manner," NSW Farmers' Association President Jock Laurie said.

"There is no doubt that the agricultural industry, like many other sectors, is doing it extremely tough at the moment, and we need these incentives to ensure we can continue to contribute some \$36 billion to our economy each year.

"Recent revisions in economic forecasts indicate that Australia is likely to have negative growth of -0.2 per cent this year, so there has never been a greater time or need for the cuts to be passed on," Mr Laurie said.

Today's interest rate cut is the fifth consecutive cut by the RBA in as many months, totaling 400 base points. At the same time, repeated calls from rural Australia to pass the cuts on to farmers appear to have fallen on deaf ears, with many commercial borrowers in the farming sector failing to announce corresponding reductions in their loans.

"A failure to pass on interest rate cuts is a failure by lenders to support farmers and the agricultural industry," Mr Laurie said.

"While most variable home loan rates have experienced reductions over the past five months mirroring the interest rate cuts, most commercial borrowers in the farming sector have not passed on the cuts in-full.

"This is despite our economy being on the verge of recession, a situation most of our major trading partners, including the US, Japan and Europe, are already in.

"This is a critical time for Australia's agricultural industry, particularly due to ongoing drought and unstable economic conditions which have sent most commodity markets into a state of flux, affecting both the prices farmers are paying for their inputs and the prices they are receiving for their outputs," Mr Laurie said.

For this reason, the Association is calling upon all agricultural lenders to mimic reductions to the official cash rate in their agricultural loan portfolios in a bid to assist NSW's agricultural sector.

"And as always, we are encouraging all farmers to shop around for the best available rate on their commercial loans," Mr Laurie said.

*\*Note for Radio: An audio grab from NSW Farmers' Association President Jock Laurie is available from our website ([www.nswfarmers.org.au/media\\_centre/audio\\_grabs](http://www.nswfarmers.org.au/media_centre/audio_grabs)). However, if you would prefer to conduct your own interview, please contact Ruth Redfern on the number listed below.*

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