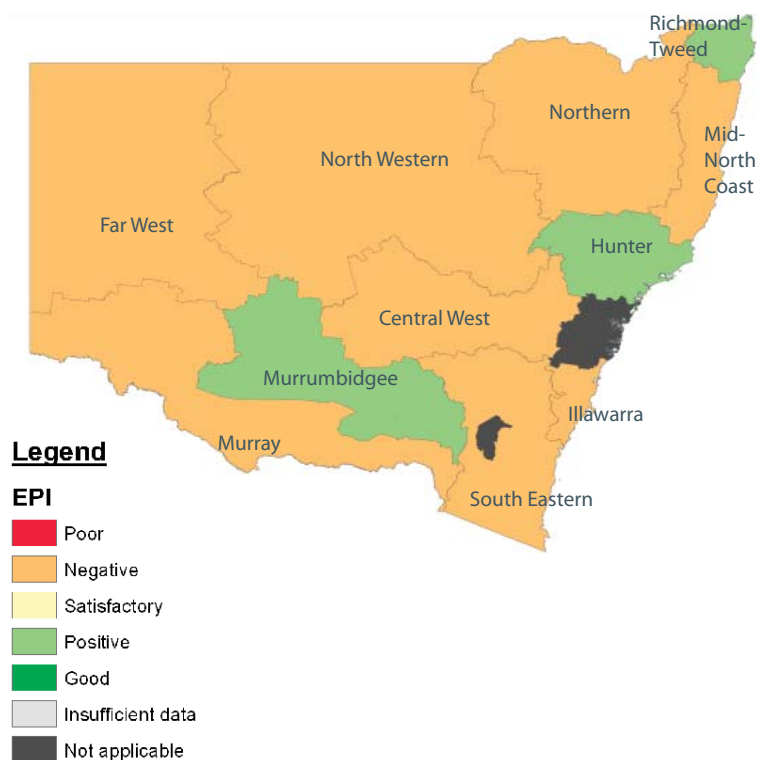


December Quarter 2006



This report discusses the Westpac / Charles Sturt University (CSU) Agribusiness Index for New South Wales in the December Quarter of 2006. The index is based on a nationwide survey of 1,200 businesses in the agribusiness sector. Similar reports are available for each state as well as an overall national report.

The survey includes agricultural producers as well as suppliers to agriculture (upstream) and related transport, manufacturing, wholesale and retail businesses (downstream). The aim of the survey is to provide a timely snapshot of agribusiness across Australia.

The Economic Performance Index (EPI) is the average of results for business performance, employment and investment (capital expenditure). The EPI for New South Wales by statistical division is shown on the adjacent map.

The EPI for New South Wales agribusinesses was negative in the December Quarter, a result of negative business performance and reductions in both capital expenditure and employment.

Most statistical divisions across the state had negative EPIs, with the exception of Richmond-Tweed, Hunter and Murrumbidgee regions. These statistical divisions, like most others, experienced reduced investment and employment but overall reported positive business performance.

In line with results across much of Australia, producers in New South Wales reported negative business performance as a result of climatic conditions. Conversely, upstream and downstream agribusinesses had positive and good performance, largely influenced by seasonal factors and increased consumer demand.

On average, agribusinesses in New South Wales expect improved conditions in the March Quarter, with positive performance overall.

Despite negative performance across much of the state, agribusinesses in New South Wales are generally positive about performance in the next twelve months.

"From over forty-five years in the business this is the toughest I've seen it."

Aerial Farm Photographer, Central West.

New South Wales

PERFORMANCE INDICATORS

Business Performance

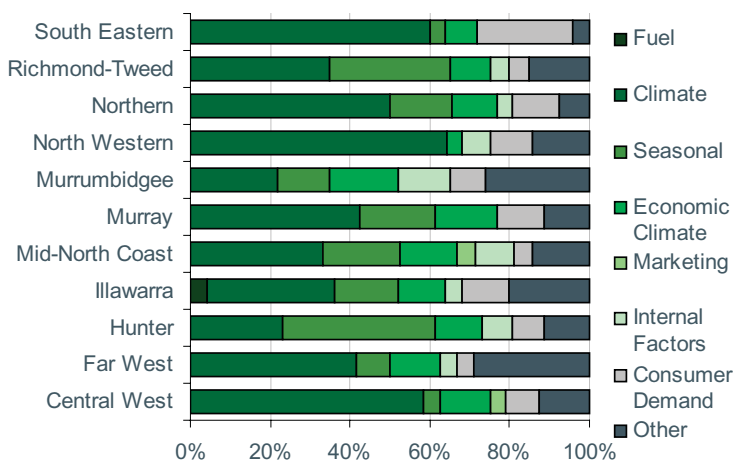
	December Qtr	March Qtr	Outlook
Central West	-0.25	-0.02	↑
Far West	-0.07	-0.27	↓
Hunter	0.28	-0.10	↓
Illawarra	-0.20	-0.39	↓
Mid-North Coast	-0.31	0.22	↑
Murray	-0.03	0.02	↑
Murrumbidgee	0.31	0.16	↓
North Western	-0.40	-0.18	↑
Northern	-0.28	-0.19	↑
Richmond-Tweed	0.25	0.04	↓
South Eastern	-0.43	0.37	↑
New South Wales	-0.12	0.01	↑

On average, agribusinesses across New South Wales experienced negative performance in the December Quarter of 2006.

- Hunter, Murrumbidgee and Richmond-Tweed statistical divisions reported positive performance, going against state and national trends.
- Business performance is expected to improve across New South Wales in the March Quarter of 2007, with positive performance expected on average.
- South Eastern statistical division is expecting the greatest improvement in performance in the coming quarter, while Mid-North Coast and Murray regions are expecting to move from negative to positive territory.

In line with national results, climate had the most significant negative impact on business performance in the agribusiness sector. Climate also had a positive impact in some areas, as did seasonal factors and increased consumer demand.

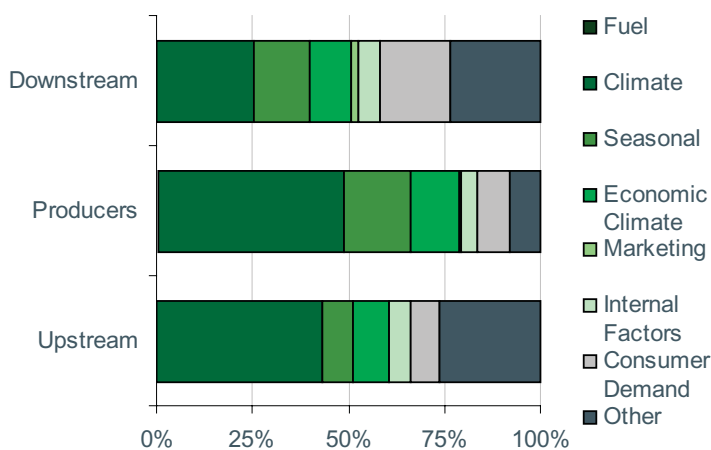
- Mid-North Coast and Murray statistical divisions were not as severely impacted by climate as other regions.
- Internal factors were of more importance to businesses in Murrumbidgee region.
- Increased consumer demand was of more significance in Murray, Northern and South Eastern statistical divisions than other regions.



Negative performance reported across the state in the agribusiness sector was heavily influenced by the performance of producers.

- Producers and upstream businesses were most affected by climate.
- Downstream businesses benefited from seasonal factors and increased consumer demand.
- The positive influence of seasonal factors and increased consumer demand offset to some extent the negative impact of climate on producers.
- Improved performance expected across New South Wales in the March Quarter is largely driven by expectations for improvement in the producer sector.

	December Qtr	March Qtr	Outlook
Upstream	0.19	0.12	↓
Producers	-0.20	-0.02	↑
Downstream	0.37	0.22	↓
New South Wales	-0.12	0.01	↑



N.B. Each indicator is measured by a weighted average on a scale from -1 to 1, where 0 signifies satisfactory performance. Results less than -0.33 are considered to be poor, between -0.33 and 0 negative, between 0 and 0.33 positive and greater than 0.33 good.

PERFORMANCE INDICATORS

Capital Expenditure

Capital expenditure was reduced in the agribusiness sector across New South Wales.

- Illawarra, South Eastern and Murray statistical divisions were the only regions to increase capital expenditure in the quarter.
- Producers expect to increase expenditure in the March Quarter after a decline in the December Quarter.

	December Qtr	March Qtr	Outlook
Central West	-0.29	-0.04	↑
Far West	-0.07	0.04	↑
Hunter	-0.17	0.20	↑
Illawarra	0.05	0.06	↑
Mid-North Coast	-0.05	0.10	↑
Murray	0.02	0.04	↓
Murrumbidgee	-0.09	0.04	↑
North Western	-0.15	0.03	↑
Northern	-0.11	-0.08	↑
Richmond-Tweed	-0.03	-0.01	↑
South Eastern	0.14	-0.01	↓

Employment

On average, employment in the agribusiness sector declined across New South Wales.

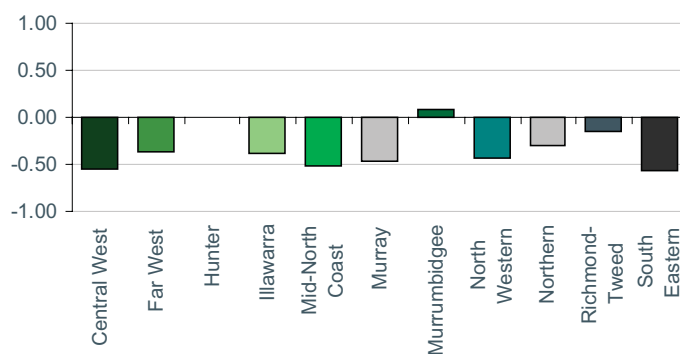
- Moderate increases were evidenced in Mid-North Coast and Murrumbidgee statistical divisions.
- Downstream businesses were the only business type to increase the number of staff employed.
- Improved employment conditions are anticipated for the March Quarter, however declines are still expected in some statistical divisions.

	December Qtr	March Qtr	Outlook
Central West	-0.07	0.07	↑
Far West	-0.03	0.16	↑
Hunter	-0.01	0.10	↑
Illawarra	-0.05	-0.05	--
Mid-North Coast	0.01	-0.12	↓
Murray	-0.15	0.13	↑
Murrumbidgee	0.06	0.12	↑
North Western	-0.15	-0.02	↑
Northern	-0.06	0.09	↑
Richmond-Tweed	-0.01	-0.17	↓
South Eastern	-0.04	-0.01	↑

Profit

Less than satisfactory profitability was evidenced in agribusiness across the majority of New South Wales in the December Quarter.

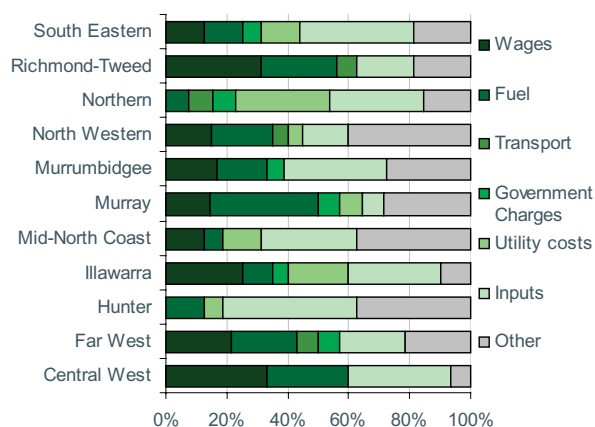
- Murrumbidgee and Hunter statistical divisions were the only regions to report satisfactory or better profitability.
- Producers experienced poor profitability in the December Quarter, while downstream businesses reported better than satisfactory profitability.



Operating Costs

On average, agribusiness operating costs increased across New South Wales in the December Quarter.

- Richmond-Tweed and South Eastern statistical divisions reported much larger increases than other regions.
- The largest increases were reported in the downstream and producer sectors.
- The most influential factors on operating costs were the cost of inputs and the drought.



PERFORMANCE INDICATORS

Stock Levels

Stock levels in the agribusiness sector were reduced in the December Quarter. However, average stock levels are anticipated to increase in the March Quarter.

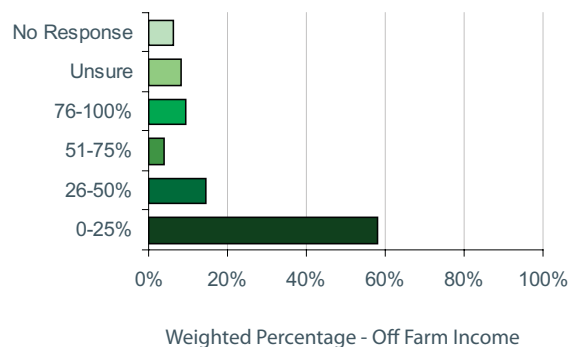
- The Far West, Richmond-Tweed and Mid-North Coast statistical divisions were the only regions to report increased stock levels.
- Producers and upstream businesses reported reduced stock levels.
- Climate, sales (reduced/increased) and seasonal factors influenced stock levels.

	December Qtr	March Qtr	Outlook
Central West	-0.19	-0.12	↑
Far West	0.18	0.04	↓
Hunter	-0.02	-0.15	↓
Illawarra	-0.36	0.06	↑
Mid-North Coast	0.63	0.03	↓
Murray	-0.34	0.03	↑
Murrumbidgee	-0.48	-0.17	↑
North Western	-0.33	-0.31	↑
Northern	-0.05	-0.11	↓
Richmond-Tweed	0.05	-0.32	↓
South Eastern	-0.35	0.06	↑

Off-Farm Income

Producers were asked what proportion of their total income is generated on the farm. Fifty-eight percent of producers rely on their farm to provide more than 75% of their household income.

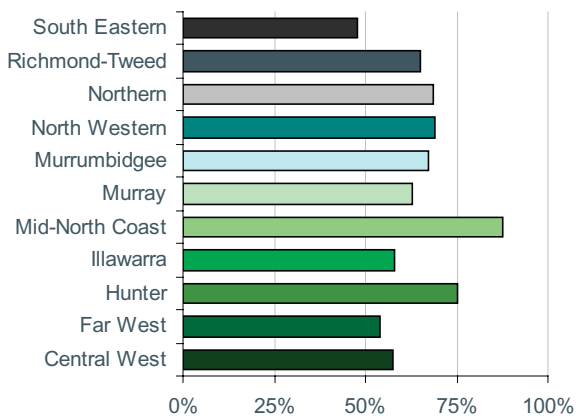
- Farmers operating in Far West, Hunter, Murray, Murrumbidgee, Northern and South Eastern statistical divisions are more reliant on their farm as a source of income.



Business Confidence

Sixty-six percent of agribusinesses in New South Wales felt confident about the performance of their business over the next 12 months.

- Upstream and downstream businesses were slightly more confident than producers.
- The highest confidence levels were observed in Mid-North Coast and Hunter statistical divisions.

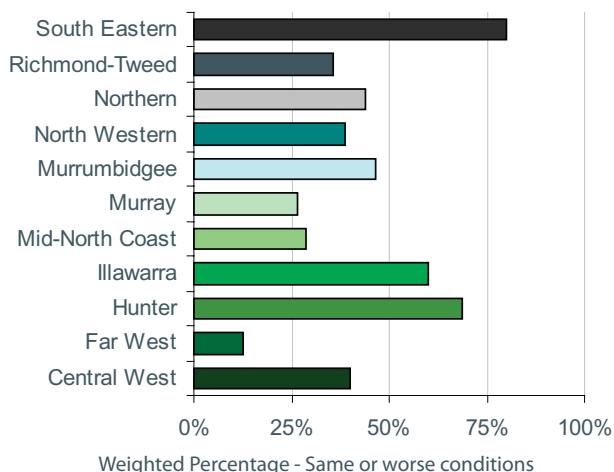


Weighted Percentage - Confident

Drought

Producers were asked if they believed conditions in 2006 to be worse than those in 2002. On average, 46% of New South Wales producers believed that conditions were the same or worse.

- The majority of farmers in Far West, Murray and Mid-North Coast statistical divisions indicated that conditions were better in 2006 than 2002.
- The worst conditions were reported in South Eastern and Hunter statistical divisions



Weighted Percentage - Same or worse conditions



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