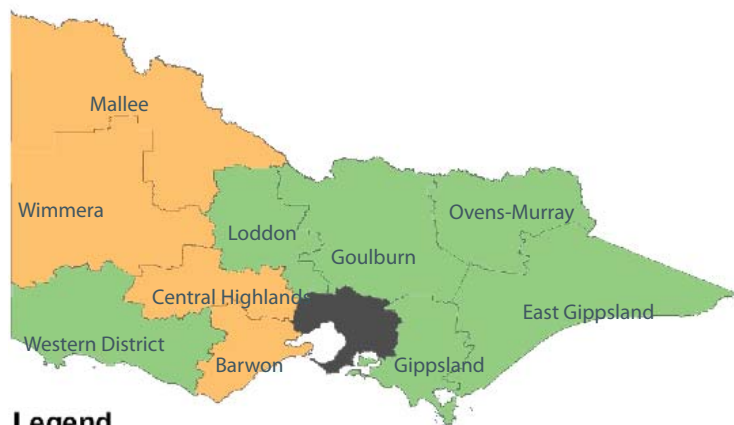


December Quarter 2008



Legend

EPI

- Poor
- Negative
- Satisfactory
- Positive
- Good
- Insufficient data
- Not applicable

"Our business is constantly updating to meet changing conditions"

Agricultural Machinery Manufacturer, Ovens-Murray

This report discusses the Westpac / Charles Sturt University (CSU) Agribusiness Index for Victoria in the December Quarter of 2008. The index is based on a nationwide survey of 1,200 businesses in the agribusiness sector. Similar reports are available for each state.

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 performance across Australia.

The Economic Performance Index (EPI) is the average of results for business performance, employment and investment (capital expenditure) indicators. The EPI for Victoria increased in the December Quarter of 2008, returning to positive territory after one quarter of negative performance. The EPI of 0.03 for the December Quarter places Victoria as the fourth best performing state. This result represents a marginal improvement on the results of the December Quarter of 2007 (0.01), and a substantial improvement on results reported in the same quarter of 2006 (-0.17).

The positive performance statewide is due to positive results in all three indicators, with business performance, capital expenditure and employment all moving from negative territory in the September Quarter to positive territory in the December Quarter.

Profitability was strongest for the downstream sector where better than satisfactory levels were reported, whilst both the upstream and producer sectors reported less than satisfactory profitability.

Decreasing stock levels were reported across Victoria with the downstream sector alone in reporting increased stock levels.

Operating costs continued to increase but the rate of increase was substantially lower than the record levels reached in previous quarters of 2008. Fuel and freight prices continue to push operating costs higher.

The EPI for Victoria by statistical division is shown on the adjacent map. In the December Quarter, six of the ten statistical divisions registered positive economic performance. This is an increase from two positive divisions in the previous quarter. Goulburn division reported the largest improvement since the September Quarter (moving from negative to positive performance).

Agribusiness confidence in Victoria increased this quarter, with 66% of businesses confident about the performance of their business over the next 12 months (up from 55% in the September Quarter). Despite this, the expectation for business performance in the coming quarter is negative across Victoria overall.

Victoria

SECTOR PERFORMANCE

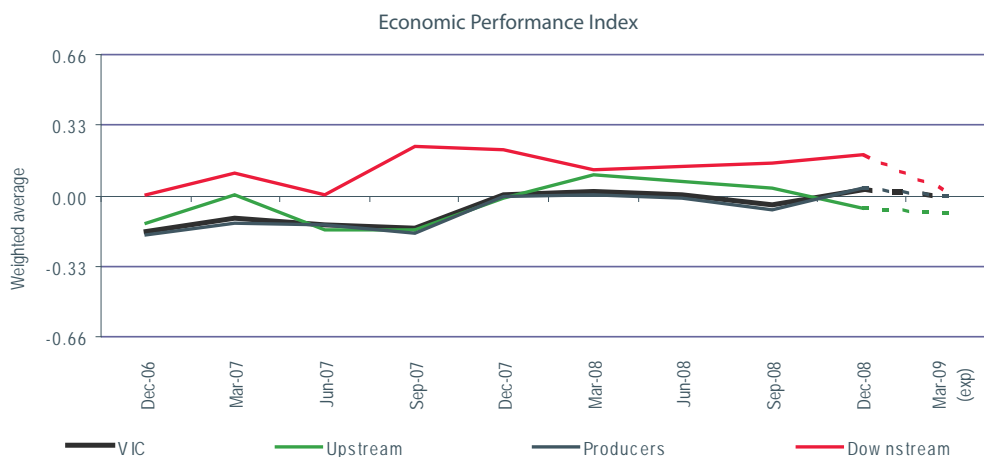
Economic Performance Index

The economic performance results for Victoria in the December Quarter were:

- Six of the ten statistical divisions reported positive economic performance with Western District the best performing division for the second consecutive quarter.
- Seven statistical divisions reported an improved result from the September Quarter with East Gippsland, Goulburn, Loddon and Ovens-Murray moving from negative to positive territory.
- The EPI for the downstream sector improved for the fourth consecutive quarter boosted by good business performance during the December Quarter. Despite the improvement, the index is slightly lower than for the December Quarter of 2007.
- Profitability in the downstream sector improved during the quarter, moving into positive territory. The sector reported increases in stock levels during the quarter. Operating costs continued to increase in line with September Quarter increases, however, at a lower rate than that reported for the first two quarters of 2008.
- Producer performance improved to positive territory for the first time with all three indicators reporting positive results.
- Profitability amongst producers remained less than satisfactory despite some improvement from the September Quarter. Operating costs continued to increase in the producer sector, however at a lower rate than that reported for the last year. Stock levels also continued to decline.
- The upstream sector reported its worst performance in five quarters with the EPI returning to negative territory for the first time since the December Quarter of 2007. This result is due to an overall decline in business performance and staffing levels across the sector.

	Business Performance	Capital Expenditure	Employment	EPI Dec	Outlook Mar
Barwon	-0.29	-0.01	0.03	-0.09	↓
Central Highlands	-0.13	0.07	0.00	-0.02	↓
East Gippsland	-0.05	0.18	0.07	0.07	↑
Gippsland	0.37	0.06	-0.11	0.11	↑
Goulburn	-0.02	0.17	0.06	0.07	↓
Loddon	0.08	0.01	-0.06	0.01	↓
Mallee	-0.51	-0.22	-0.06	-0.26	↓
Ovens-Murray	0.02	0.05	0.03	0.03	↓
Western District	0.48	0.19	0.16	0.28	↑
Wimmera	-0.07	-0.07	-0.02	-0.05	↓
Upstream	-0.13	0.01	-0.05	-0.06	↓
Producers	0.01	0.07	0.03	0.04	●
Downstream	0.41	0.09	0.08	0.19	↑
Victoria	0.01	0.06	0.02	0.03	↓

- Profitability fell in the upstream sector in the December Quarter with the worst result for the sector in seven quarters. Operating costs increased, however at a significantly lower rate than that reported in the September Quarter.
- The outlook for Victoria for the coming quarter is for a slight decline overall in economic performance with the EPI falling to -0.01. A decline in performance is expected in all three sectors however the downstream sector is expected to remain in positive territory. Producers are expecting satisfactory performance, and the upstream sector continued negative performance.



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.

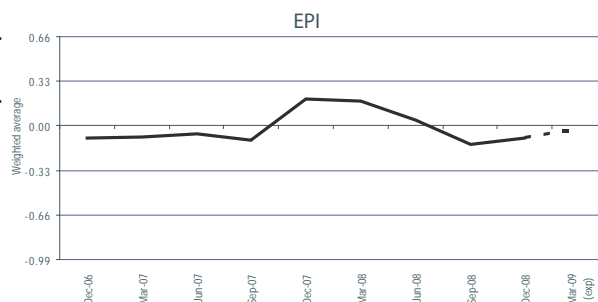
REGIONAL PERFORMANCE

Barwon

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.09	0.20	-0.14	-0.09	-0.03	↓
Business Performance	-0.02	0.63	-0.25	-0.29	-0.10	↓
Capital Expenditure	-0.31	-0.02	-0.12	-0.01	-0.03	↓
Employment	0.05	-0.02	-0.05	0.03	0.05	↑
Profit	-0.23	0.20	-0.53	-0.39	-	↓
Stock Levels	-0.16	-0.08	-0.02	-0.27	-0.15	↓
Operating Costs	0.49	0.47	0.55	0.01	-	↓

Economic performance in Barwon statistical division remained negative in the December Quarter although this was a slight improvement on the September Quarter. The negative result was a large decline from the December Quarter in 2007, however a similar result to the same quarter in 2006.

- The decline in economic performance was due to deteriorating business performance for the second consecutive quarter. The negative business performance was attributed to poor climatic conditions in the division. Additionally, decreases in capital expenditure were reported during the quarter with the indicator remaining negative.
- In contrast, employment conditions were positive (0.03), an improvement on the negative results of the September Quarter.
- Profitability across Barwon agribusinesses was reported as poor for the December Quarter, however this was an



improvement on September Quarter results. Stock levels were again reduced during the quarter, at a higher rate than in the September Quarter.

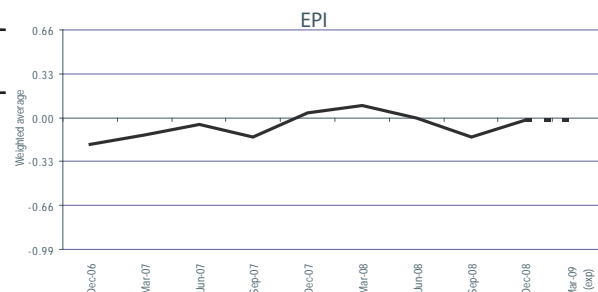
- Operating costs only increased marginally in the December Quarter which is a greatly improved result from the previous quarter and from similar periods in 2006 and 2007.
- In the December Quarter of 2008, 59% of agribusinesses across Barwon statistical division felt confident about the performance of their business over the next 12 months. This is the fourth consecutive decline in business confidence.
- The outlook for the coming March Quarter of 2009 is for continuing negative economic performance with the EPI expected to remain negative. Business performance and capital expenditure are also expected to remain negative in the March Quarter.

Central Highlands

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.20	0.04	-0.15	-0.02	-0.02	↓
Business Performance	-0.05	0.16	-0.26	-0.13	-0.25	↓
Capital Expenditure	-0.39	-0.13	-0.17	0.07	0.16	↑
Employment	-0.15	0.07	0.00	0.00	0.05	↑
Profit	-0.28	-0.05	-0.28	-0.31	-	↓
Stock Levels	-0.25	-0.12	-0.20	-0.34	0.24	↑
Operating Costs	0.19	0.46	0.48	0.23	-	↓

Economic performance in Central Highlands statistical division remained negative in the December Quarter however the result was an improvement from the September Quarter. The negative EPI also represents a decline from the positive result recorded in the December Quarter of 2007.

- The decline in economic performance was a result of negative business performance, despite an improvement since the September Quarter. The negative business performance was attributed to poor climatic conditions in the division.
- In contrast, capital expenditure increased in the Central Highlands statistical division, the first positive result in seven quarters. Employment levels remained stable for the second consecutive quarter.
- Profitability across Central Highlands agribusinesses continued to decline with levels significantly lower than



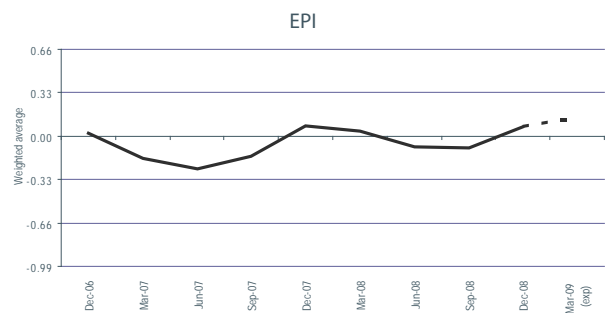
the December quarter last year. Stock levels were also significantly reduced during the quarter.

- Operating costs continued to increase during the quarter, however the rate of increase declined for the fourth consecutive quarter.
- In the December Quarter of 2008, 63% of agribusinesses across Central Highlands statistical division felt confident about the performance of their business over the next 12 months. This is down on confidence levels expressed during the September Quarter (81%) and the December Quarter of 2007 (86%).
- Barwon statistical division expects further declines in business performance in the coming March Quarter to be countered by an increase in employment levels and capital expenditure, resulting in a slightly negative EPI.

REGIONAL PERFORMANCE

East Gippsland

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	0.02	0.08	-0.09	0.07	0.14	▲
Business Performance	0.00	-0.04	0.01	-0.05	0.12	▲
Capital Expenditure	0.13	0.10	-0.21	0.18	0.26	▲
Employment	-0.07	0.19	-0.07	0.07	0.03	▲
Profit	-0.25	-0.15	0.11	0.05		
Stock Levels	-0.03	-0.58	-0.16	-0.18	-0.26	▼
Operating Costs	0.78	0.60	0.08	0.28		



Economic performance in East Gippsland statistical division returned to positive territory after two quarters of negative results. However, the positive result was marginally lower than that for the December Quarter of 2007.

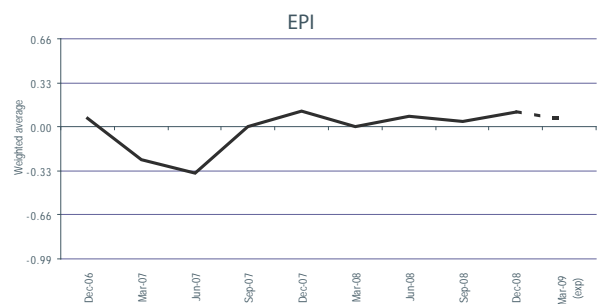
- The improvement in economic performance was due to increases in capital expenditure and employment levels, with both indicators recording improvement from the September Quarter.
- In contrast, business performance returned to negative territory after a marginally positive performance in the September Quarter. The negative business performance was attributed to poor climatic conditions in the division.
- Better than satisfactory profitability was reported in East Gippsland statistical division for the second consecutive quarter. Stock levels continued to decline in the December

Quarter, however, at a lower rate of decline than that recorded in the December Quarter of 2007.

- Operating costs increased during the quarter, at a rate greater than that reported for the September Quarter of 2008.
- In the December Quarter of 2008, 67% of agribusinesses across East Gippsland statistical division felt confident about the performance of their business over the next 12 months. This is a significant decline on confidence levels expressed during the September Quarter (80%). Despite this, East Gippsland division expects improved business performance and capital expenditure, along with continued positive employment conditions in the coming March Quarter, to result in a positive EPI.

Gippsland

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	0.07	0.11	0.04	0.11	0.05	▲
Business Performance	0.19	0.35	0.24	0.37	0.13	▲
Capital Expenditure	-0.11	-0.07	-0.07	0.06	0.06	▲
Employment	0.12	0.07	-0.05	-0.11	-0.05	▼
Profit	-0.04	-0.14	-0.02	0.32		
Stock Levels	0.02	-0.03	-0.03	-0.15	-0.12	▼
Operating Costs	0.45	0.75	0.70	0.22		



Economic performance in Gippsland statistical division was positive for the third consecutive quarter, an improvement on the September Quarter result.

- The increase in economic performance was due to good business performance as a result of increased consumer demand. In addition, capital expenditure increased for the first time in five quarters.
- Employment levels in Gippsland declined for the second consecutive quarter, in contrast to the increases of the previous two December Quarters.
- Profitability across Gippsland statistical division was better than satisfactory in the December Quarter, a significant improvement on the September quarter and the previous two December quarters.

- Operating costs increased in the December Quarter, however the rate of increase was significantly lower than the record levels recorded in 2008.
- In the December Quarter of 2008, 67% of agribusinesses across Gippsland statistical division felt confident about the performance of their business over the next 12 months. This is an increase from the confidence levels expressed during the September Quarter (53%) and the December Quarter of 2007 (65%).
- Agribusinesses across the Gippsland statistical division are expecting economic performance to remain positive in the coming March Quarter, although slightly lower than in the December Quarter.

DECEMBER QUARTER 2008

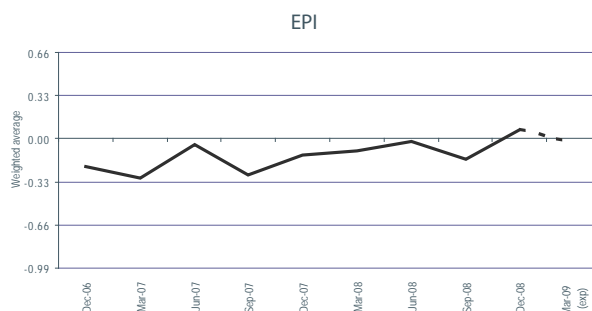
Goulburn

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.22	-0.12	-0.16	0.07	-0.04	↓
Business Performance	-0.25	-0.13	-0.17	-0.02	-0.07	↓
Capital Expenditure	-0.14	-0.20	-0.20	0.17	0.01	↑
Employment	-0.26	-0.03	-0.09	0.06	-0.05	↓
Profit	-0.36	-0.24	-0.24	-0.42		
Stock Levels	0.71	0.00	-0.13	-0.16	0.18	↑
Operating Costs	0.23	0.50	0.71	0.56		

Economic performance in Goulburn statistical division moved into positive territory in the December Quarter for the first time on record.

- The improved performance can be attributed to a significant increase in capital expenditure and increased employment levels.
- In contrast, business performance in the December Quarter was negative, although an improvement on the results of the September Quarter and the previous two December Quarters. The negative business performance was a result of poor climatic conditions across the division.
- Profitability across Goulburn agribusinesses was reported as poor for the December Quarter, the worst result since September 2007. Stock levels were again reduced during the quarter, at a higher rate than in the September Quarter.

- Operating costs continued to increase during the quarter, though the rate of increase was down from the record increases of 2008. Despite this, the rate of cost increase was still higher than that reported for the past two December quarters.
- In the December Quarter of 2008, 54% of agribusinesses across Goulburn statistical division felt confident about the performance of their business over the next 12 months. This is a significant increase from the confidence levels expressed during the September Quarter (30%), though remains lower than confidence for the December Quarter of 2007 (65%).
- Despite the increased confidence, agribusinesses across Goulburn statistical division expect deteriorating business performance and employment levels in the coming March Quarter resulting in a negative EPI.



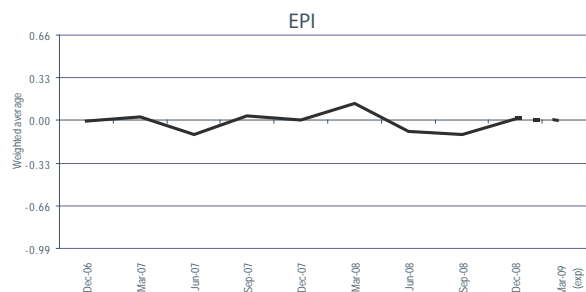
Loddon

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.01	0.01	-0.11	0.01	-0.01	↓
Business Performance	0.03	-0.04	-0.13	0.08	0.11	↑
Capital Expenditure	-0.07	-0.05	-0.02	0.01	-0.09	↓
Employment	0.02	0.10	-0.19	-0.06	-0.04	↓
Profit	0.02	-0.18	-0.24	-0.34		
Stock Levels	-0.06	-0.03	0.07	0.00	-0.06	↓
Operating Costs	0.44	0.46	0.72	0.34		

Economic performance in Loddon statistical division improved to a marginally positive level in the December Quarter after two consecutive quarters of negative performance. This is the same result as that reported for the December Quarter of 2007.

- The improved EPI was due to an improvement in all three indicators with business performance and capital expenditure moving from negative to positive territory. Agribusinesses in Loddon statistical division attributed the increase in business performance to increased consumer demand.
- In contrast, employment levels declined during the quarter, though at a lower rate than in the September Quarter.
- Poor profitability was reported across Loddon agribusinesses in the December Quarter, with levels significantly worse than for the previous two December quarters. Stock levels remained stable.

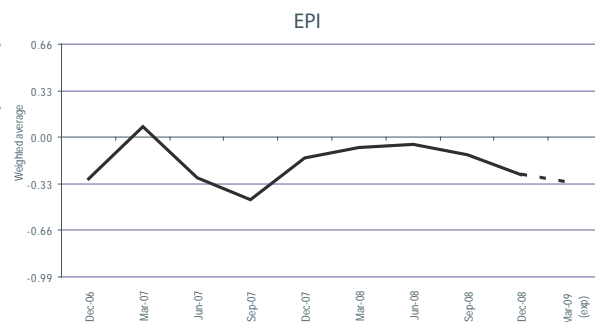
- Operating costs increased again in the December Quarter though the rate of increase was down on the record increase of the September Quarter.
- In the December Quarter of 2008, 65% of agribusinesses across Loddon statistical division felt confident about the performance of their business over the next 12 months. This is an increase from the confidence levels expressed during the September Quarter (38%) and the same as confidence in the December Quarter of 2007.
- Loddon statistical division expects business performance to remain positive in the coming March Quarter however this will be countered by declines in employment levels and capital expenditure resulting in a slightly negative EPI.



REGIONAL PERFORMANCE

Mallee

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.30	-0.14	-0.13	-0.26	-0.33	↓
Business Performance	-0.46	-0.12	-0.29	-0.51	-0.65	↓
Capital Expenditure	-0.34	-0.27	-0.09	-0.22	-0.19	↓
Employment	-0.09	-0.03	-0.01	-0.06	-0.16	↓
Profit	-0.51	-0.37	-0.59	-0.55		
Stock Levels	-0.12	0.02	-0.26	-0.24	-0.28	↓
Operating Costs	0.38	0.50	0.53	0.43		



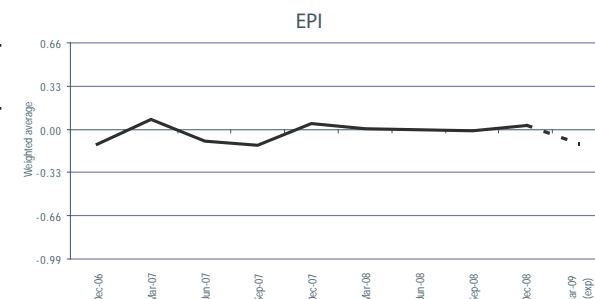
Economic performance in Mallee statistical division continued to deteriorate over the December Quarter, with a negative EPI reported for the seventh consecutive quarter.

- The decline in economic performance can be attributed to decreases in all three indicators. Poor business performance was attributed to ongoing harsh climatic conditions.
- Capital expenditure reductions continued in the December Quarter, however, the rate of reduction was slightly lower than for the same quarter last year. Employment levels also fell slightly in December Quarter.
- Poor profitability was reported for the second consecutive quarter in Mallee statistical division. The profitability indicator is similar to that reported in the December Quarter of 2006, but considerably worse than that reported in the December Quarter of 2007.

- Operating costs continued to increase during the quarter, though the rate of increase was down on the September quarter.
- Stock levels fell in all four quarters in 2008, after a small increase in levels in the December Quarter of 2007.
- In the December Quarter of 2008, only 47% of agribusinesses across Mallee statistical division felt confident about the performance of their business over the next 12 months. This is a slight increase in confidence levels expressed during the September Quarter (45%).
- Agribusinesses across the Mallee are expecting poor economic performance for the coming March Quarter, with business performance, employment and capital expenditure all expected to decline.

Ovens-Murray

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.11	0.04	-0.01	0.03	-0.11	↓
Business Performance	-0.13	0.06	-0.16	0.02	-0.40	↓
Capital Expenditure	-0.17	0.14	0.03	0.05	0.10	↑
Employment	-0.03	-0.07	0.10	0.03	-0.03	↓
Profit	-0.26	-0.43	-0.09	-0.36		
Stock Levels	-0.13	-0.33	0.01	-0.17	-0.23	↓
Operating Costs	0.34	0.49	0.68	0.40		



Economic performance in Ovens-Murray statistical division returned to positive territory in the December Quarter after two quarters of negative performance. Despite the increased performance, the index is slightly lower than for the same quarter in 2007.

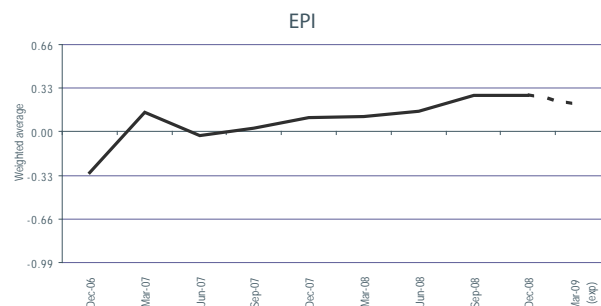
- The increase in economic performance was due to improved business performance which moved from negative to positive territory. Alongside this, increased capital expenditure and positive employment levels improved the EPI.
- Poor profitability was reported by Ovens-Murray agribusinesses which was a significant decline on profit levels reported in the September Quarter. Despite the poor position, profit levels were an improvement on the levels reported in the December Quarter of 2007.

- Operating costs increased in the December Quarter, however the rate of increase was significantly lower than the record levels recorded during 2008.
- Stock levels declined in Ovens-Murray division in the December Quarter after one quarter of increases.
- In the December Quarter of 2008, 65% of agribusinesses across Ovens-Murray statistical division felt confident about the performance of their business over the next 12 months. This is an increase from the confidence levels expressed during the September Quarter (52%) and the December Quarter of 2007 (54%).
- Despite the increased confidence, Ovens-Murray division expects economic performance in the coming March Quarter to return to a negative position due to a significant decline in business performance and a fall in employment levels.

DECEMBER QUARTER 2008

Western District

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.31	0.11	0.28	0.28	0.20	↑
Business Performance	-0.58	0.63	0.51	0.48	0.27	↑
Capital Expenditure	-0.29	-0.15	0.11	0.19	0.36	↑
Employment	-0.07	-0.16	0.21	0.16	-0.05	↓
Profit	-0.50	0.30	-0.25	0.44		
Stock Levels	0.01	-0.07	0.34	-0.22	-0.30	↓
Operating Costs	0.29	0.85	0.47	0.43		



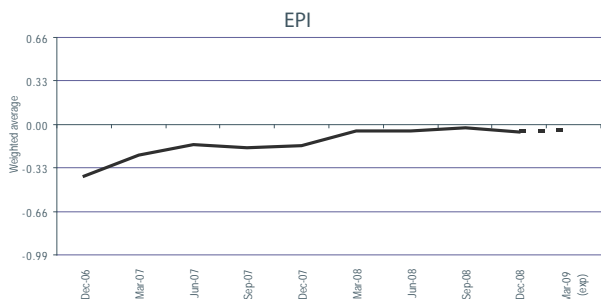
Economic performance in Western District statistical division remained positive in the December Quarter for the sixth consecutive quarter. In addition, the EPI was significantly higher than in the two previous December Quarters.

- The positive EPI was largely a result of continued good business performance due to favourable climatic and seasonal conditions. Capital expenditure levels increased again in the December Quarter with results significantly higher than the negative results recorded in the previous two December Quarters.
- Employment levels increased across Western District division for the fourth consecutive quarter.
- Good profitability was reported across Western District agribusinesses in the December Quarter, a significant improvement on the less than satisfactory profitability reported in the September Quarter.

- Stock levels declined in the December Quarter of 2008, for the first time since the December Quarter of 2007.
- Operating costs continued to increase during the quarter, though the rate of increase was down on the record increases of the December Quarter of 2007.
- In the December Quarter of 2008, 99% of agribusinesses across Western District statistical division felt confident about the performance of their business over the next 12 months. This is an increase from the confidence levels expressed during the September Quarter and for the December Quarter of 2007 (both 81%).
- Agribusinesses in Western District division expect economic performance to remain positive in the March Quarter although down slightly on December Quarter results. Capital expenditure and business performance are expected to remain positive, offset by a decline in employment levels.

Wimmera

	Dec Qtr 2006	Dec Qtr 2007	Sep Qtr 2008	Dec Qtr 2008	Mar Qtr (exp)	Outlook Mar
EPI	-0.40	-0.16	-0.02	-0.05	-0.05	↓
Business Performance	-0.56	-0.05	-0.06	-0.07	-0.10	↓
Capital Expenditure	-0.47	-0.25	-0.06	-0.07	-0.09	↓
Employment	-0.16	-0.18	0.04	-0.02	0.05	↑
Profit	-0.51	-0.37	-0.41	-0.42		
Stock Levels	-0.39	-0.24	0.17	0.15	0.19	↑
Operating Costs	-0.11	0.66	0.61	0.45		



Economic performance in Wimmera statistical division remained negative in the December Quarter, decreasing slightly from the September Quarter. Despite the decline, this quarter's result is better than that of the two previous December quarters.

- The decrease in economic performance was due to a decline in all three indicators with all indicators reporting negative results. Employment levels fell from positive to negative between the September and December Quarters.
- Poor profitability was reported across Wimmera division agribusinesses with the indicator falling slightly from the September Quarter.
- Stock levels increased during the quarter, however at a slightly lower rate than in the September Quarter.

- Operating costs increased in the December Quarter, however the rate of increase was significantly lower than the record levels recorded in 2008.
- In the December Quarter of 2008, 72% of agribusinesses across Wimmera statistical division felt confident about the performance of their business over the next 12 months. This is an increase from the confidence levels expressed during the September Quarter (57%), however remains lower than confidence expressed in the December Quarter of 2007 (81%).
- Wimmera division's economic performance is expected to remain negative in the coming March Quarter. A decline in business performance and capital expenditure levels are expected, however employment levels are predicted to rise during the next quarter.

Business Confidence

Sixty-six percent of agribusinesses in Victoria felt confident about their business performance over the coming 12 months. This is an increase from the 55% recorded in the previous quarter, however, represents a decline from the 74% recorded at the same time last year.

- In the December Quarter of 2008, confidence was highest in Western District division (99%).
- The lowest confidence was reported in Mallee (47%) and Goulburn (54%) divisions.

- Seven of the ten statistical divisions reported increased levels of business confidence from the September Quarter, with the largest increase reported in Loddon division.
- The largest decline in business confidence was reported in Central Highlands statistical division.
- Business confidence increased in the producer sector (67%) and fell in the upstream (59%) and downstream sectors (71%). All sectoral confidence levels are lower than those reported at the same time last year.

