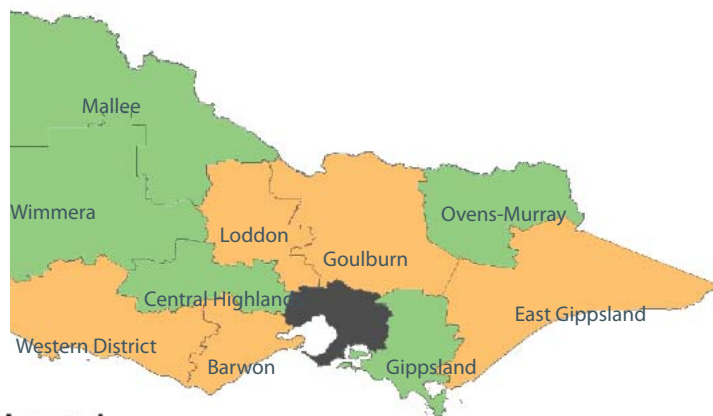


June Quarter 2009



Legend

EPI

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

"Government stimulus has helped in the current quarter but expect business to slow down next quarter"

Agricultural Machinery Manufacturing, Ovens-Murray

This report discusses the Westpac / Charles Sturt University (CSU) Agribusiness Index for Victoria in the June Quarter of 2009. 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 improved in the June Quarter of 2009, but remained in negative territory. The EPI of -0.01 for the June Quarter places Victoria as the worst performing state, although exhibiting a marginal improvement over the March Quarter. This result represents a marginal decrease compared with the June Quarter of 2008 (0.01), but an improvement on the same quarter of 2007 (-0.13).

The negative performance statewide is due to negative results in business performance and employment, though both recorded improved results in the June Quarter compared with the March Quarter of 2009. Capital expenditure levels fell in the June Quarter but remained positive.

Profitability was poor for producers and less than satisfactory for upstream agribusinesses in the June Quarter while downstream agribusinesses reported a shift from negative to positive territory.

Decreasing stock levels were reported from producers and upstream agribusiness while the downstream sector reported a marginal increase in stock levels between the March and June Quarters of 2009. Operating costs continued to rise with all sectors reporting an increased rate of cost increase.

Twenty seven percent of agribusinesses indicated that they had accessed finance in the last 12 months with 30% of those indicating that they had experienced difficulty obtaining finance.

The EPI for Victoria by statistical division is shown on the adjacent map. In the June Quarter, five of the ten statistical divisions registered positive economic performance. This is an improvement from three positive or satisfactory divisions in the previous quarter. Central Highlands division reported the largest improvement since the March Quarter while East Gippsland division reported the largest decrease.

Agribusiness confidence in Victoria increased this quarter, with 64% of businesses confident about the performance of their business over the next 12 months (up from 50% in the March Quarter). Alongside this, the expectation for business performance in the coming quarter is satisfactory across Victoria overall.

Victoria

SECTOR PERFORMANCE

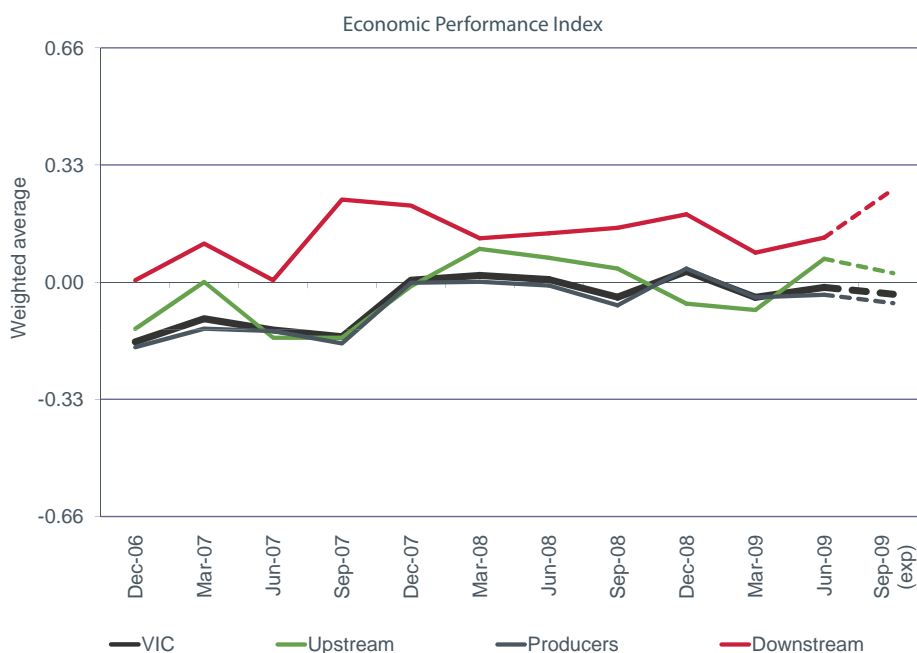
Economic Performance Index

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

- Five of the ten statistical divisions reported positive or satisfactory economic performance with Wimmera being the best performing division.
- Seven statistical divisions reported an improved result from the March Quarter with five moving from negative or satisfactory into positive territory. Goulburn and Loddon divisions showed an improvement in EPI in the June Quarter although remaining in negative territory.
- The EPI improved for upstream and downstream agribusinesses in the June Quarter while the results for producers remained unchanged from the March Quarter.
- Profitability improved for upstream and downstream agribusinesses in the June Quarter, with the downstream sector moving from negative to positive territory. However producers reported a significant decline in profitability reporting a poor result for the first time since the September Quarter of 2007.
- Upstream and production sectors reported declining stock levels while downstream agribusinesses increased their stock holdings marginally during the June Quarter.
- Both upstream and downstream agribusiness sectors reported positive business performance in the June Quarter with the upstream sector moving from negative to positive territory. While producers reported negative business performance, this reflected a significant improvement over the previous March Quarter.

	Business Performance	Capital Expenditure	Employment	EPI Jun	Outlook Sept
Barwon	-0.31	-0.07	0.02	-0.12	↓
Central Highlands	-0.18	0.24	-0.01	0.02	↓
East Gippsland	-0.37	0.10	-0.01	-0.09	↓
Gippsland	0.20	0.10	-0.09	0.07	↓
Goulburn	-0.19	0.08	-0.02	-0.04	↓
Loddon	-0.02	0.03	-0.16	-0.05	↑
Mallee	0.20	0.05	-0.13	0.04	↑
Ovens-Murray	0.00	0.13	-0.03	0.03	↑
Western District	-0.01	0.04	-0.11	-0.03	↓
Wimmera	0.12	0.11	0.00	0.08	↑
Upstream	0.10	0.20	-0.11	0.07	↑
Producers	-0.10	0.05	-0.05	-0.04	↓
Downstream	0.17	0.17	0.04	0.13	↑
Victoria	-0.06	0.07	-0.05	-0.01	↓

- All sectors reported increased operating costs with producers reported the highest increase. This was due primarily to increases in fertiliser and chemical costs.
- Employment conditions deteriorated in the downstream sector but remained positive. Producers reported marginal improvements while upstream agribusinesses saw no change in the June Quarter.
- The outlook for Victoria for the coming quarter is for a decline in overall economic performance with the EPI falling to -0.03. Improvements are expected among downstream agribusinesses. Upstream agribusinesses and producers are expecting slight falls in economic performance in the coming September Quarter, but the upstream sector is expected to remain in positive territory.



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.

Agribusiness Index

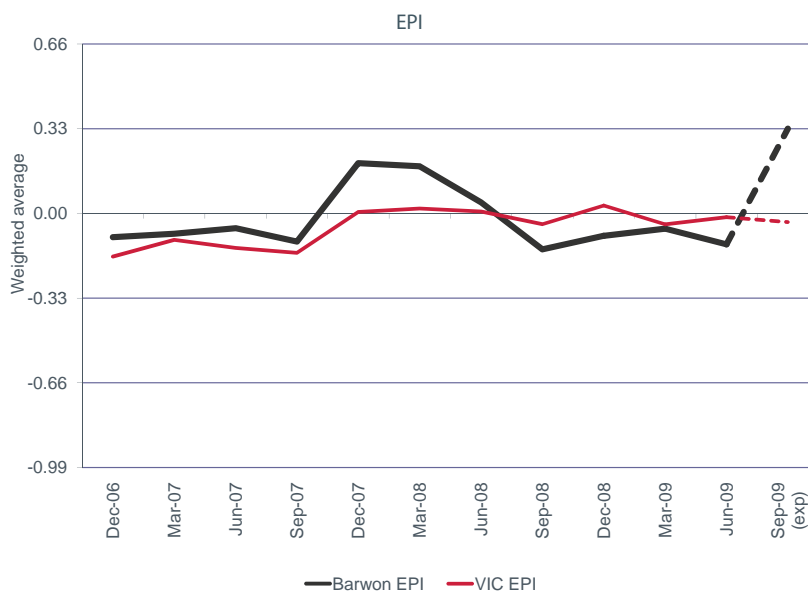
REGIONAL PERFORMANCE

Barwon

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.06	0.04	-0.06	-0.12	0.33	▲
Business Performance	-0.20	0.06	-0.28	-0.31	-0.08	▼
Capital Expenditure	0.18	-0.01	0.12	-0.07	0.03	▲
Employment	-0.16	0.08	-0.02	0.02	-0.05	▼
Profit	-0.27	-0.04	-0.32	-0.38		
Stock Levels	-0.33	0.18	-0.25	-0.30	-0.08	▼
Operating Costs	0.69	0.94	0.40	0.66		

Economic performance in Barwon statistical division was the lowest in the state in the June Quarter (-0.12), decreasing since the March Quarter (-0.06). Economic performance in the June Quarter was the second worst result on record for Barwon and the worst since the September Quarter of 2008.

- The decline in economic performance was mainly a result of a significant fall in capital expenditure which moved from positive to negative territory. Business performance in the June Quarter remained negative recording its worst result since the September Quarter of 2007. However employment conditions improved moving from negative to marginally positive territory.
- Stock levels continued to fall in the June Quarter (-0.30) at an increasing rate over the March Quarter (-0.25). Operating cost increases in Barwon division (0.66) were significantly higher than in the previous March Quarter (0.40) and the state as a whole (0.45), with fuel and freight costs being the main contributors.
- Profitability amongst Barwon agribusinesses was poor in the June Quarter, with a further decline on the less than satisfactory result recorded in the March Quarter.



- In the June Quarter of 2009, 22% of respondents in Barwon statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 17% in the March Quarter however lower than the 31% who accessed finance in the June Quarter of 2008. Of those who had sought finance, a significant proportion (62%) indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter, 61% of agribusinesses across Barwon statistical division felt confident about the performance of their business over the next 12 months. This is an increase on confidence levels expressed during the March Quarter (50%). Barwon division expects improvements in both business performance and capital expenditure with the latter expected to move into positive territory. Employment conditions are expected to worsen in the coming September Quarter.

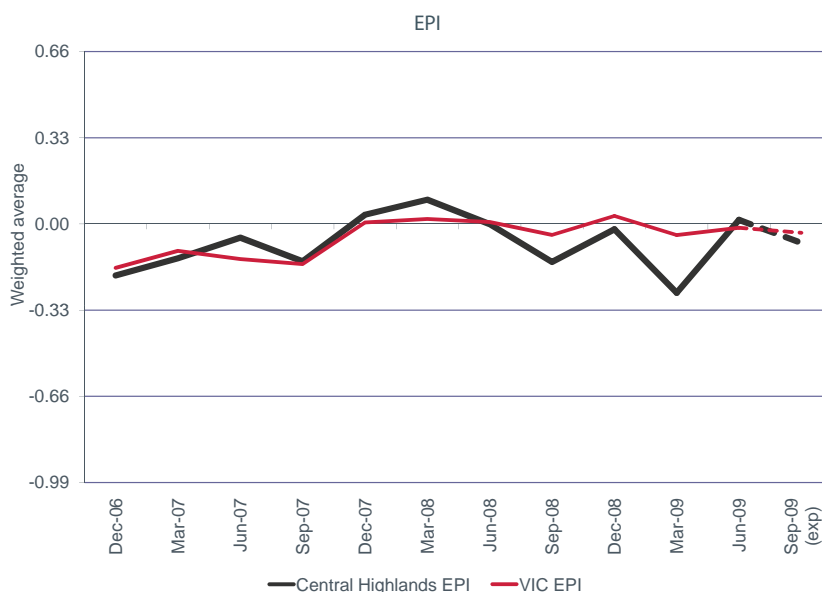
REGIONAL PERFORMANCE

Central Highlands

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.05	0.00	-0.26	0.02	-0.07	↓
Business Performance	-0.12	0.10	-0.46	-0.18	-0.04	↓
Capital Expenditure	0.06	-0.15	-0.09	0.24	-0.06	↓
Employment	-0.10	0.05	-0.24	-0.01	-0.12	↓
Profit	-0.32	-0.18	-0.47	-0.03		
Stock Levels	-0.19	-0.21	-0.53	-0.42	-0.22	↓
Operating Costs	0.43	0.61	0.25	0.34		

Economic performance in Central Highlands statistical division improved significantly in the June Quarter moving from strongly negative to positive territory (0.02). This was the strongest performance and the first positive result for the division since the March Quarter of 2008.

- The positive economic performance was due to improvements in all three indicators. Capital expenditure moved from negative to positive territory while business performance moved from poor to negative. Employment conditions, while still remaining negative, also improved substantially in the June Quarter.
- Stock levels continued to decrease in the June Quarter (-0.42) albeit at a lesser rate than in the March Quarter (-0.53). This was still significantly higher than the state average. Operating costs increased again during the quarter (0.34) although at a lower rate than the state average (0.45).
- Profitability amongst Central Highlands agribusinesses was less than satisfactory in the June Quarter but represented a significant improvement on the poor result in the March Quarter.



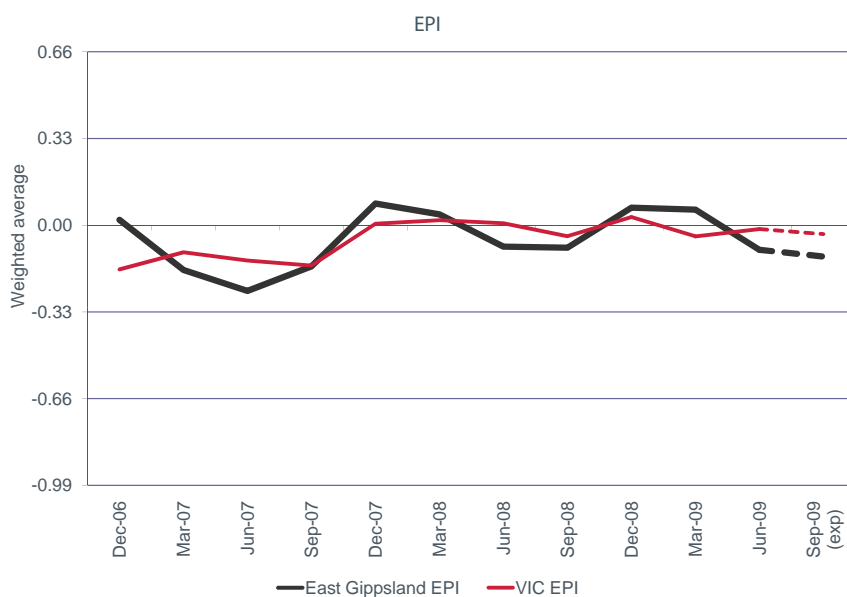
- In the June Quarter of 2009, 15% of respondents in Central Highlands statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 42% in the March Quarter and significantly lower than the June Quarter of 2008. Of those who had sought finance, 18% indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter of 2009, 50% of agribusinesses across Central Highlands statistical division felt confident about the performance of their business over the next 12 months, a decrease from the March Quarter level of 56%. The result for the June Quarter compares with the state average of 64%. Central Highlands division expects improvements in business performance although still remaining negative. Decreases in capital expenditure and employment conditions are anticipated in the coming September Quarter.

East Gippsland

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.25	-0.08	0.06	-0.09	-0.12	↓
Business Performance	-0.31	-0.24	-0.02	-0.37	-0.30	↓
Capital Expenditure	-0.36	0.08	0.20	0.10	0.00	●
Employment	-0.08	-0.08	0.00	-0.01	-0.06	↓
Profit	-0.30	-0.47	-0.18	-0.58		
Stock Levels	-0.56	-0.22	-0.31	-0.17	-0.39	↓
Operating Costs	0.41	0.58	0.73	0.60		

Economic performance in East Gippsland statistical division declined considerably in the June Quarter of 2009 entering negative territory (-0.09) after two quarters of positive performance. This makes East Gippsland the second worst performing division in the state for the June Quarter after Barwon division.

- A significant fall in business performance from negative to poor was the main contributor combined with a decrease in capital expenditure and a marginal worsening of employment conditions.
- Stock levels continued to decrease in the June Quarter but at a lower rate than the March Quarter of 2009. Increases in operating costs remained well above the state average though at a decreased rate to that reported in the March quarter. Increases in feed prices were the single biggest contributor to increased operating costs.
- Profitability amongst East Gippsland agribusinesses moved from less than satisfactory to poor in the June Quarter producing the worst result on record for the division and the poorest profitability in the state along with Goulburn division.



- In the June Quarter of 2009, 16% of respondents in East Gippsland statistical division indicated that they had accessed finance in the last 12 months. This is a slight decline from 17% in the March Quarter and substantially lower than the 36% from the June Quarter of 2008. Of those who had sought finance, none indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter only a third (33%) of agribusinesses across East Gippsland statistical division felt confident about the performance of their business over the next 12 months. This is a further significant decline on confidence levels expressed during the March Quarter (47%) and represents the lowest level in Victoria. However, East Gippsland division expects business performance to improve slightly, moving from poor into negative territory in the coming September Quarter although decreases in capital expenditure and worsening employment conditions are also expected.

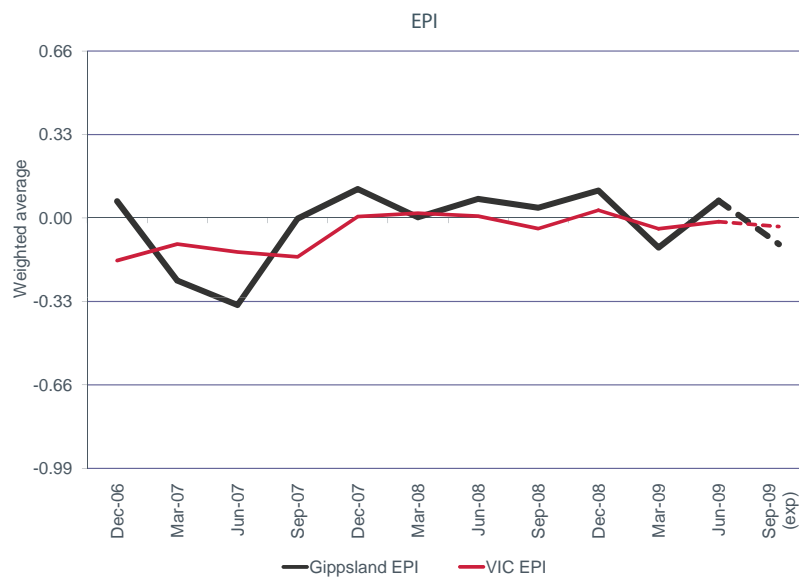
REGIONAL PERFORMANCE

Gippsland

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.34	0.08	-0.12	0.07	-0.10	↓
Business Performance	-0.60	0.29	-0.43	0.20	-0.11	↓
Capital Expenditure	-0.27	-0.10	0.16	0.10	-0.01	↓
Employment	-0.16	0.05	-0.09	-0.09	-0.19	↓
Profit	-0.67	0.03	-0.24	-0.24		
Stock Levels	-0.27	-0.02	0.02	0.06	-0.03	↓
Operating Costs	0.55	0.87	0.29	0.19		

Economic performance in Gippsland statistical division was positive (0.07) in the June Quarter of 2009, a significant increase from the negative March Quarter result (-0.12). This was the second highest division result in Victoria and is higher than the state average for the June Quarter (-0.01).

- The positive economic performance was due to a large increase in business performance which moved from poor in the March Quarter (-0.43) to strongly positive in the June Quarter (0.20). At the same time capital expenditure remained positive but declined slightly in the June Quarter while employment conditions remained unchanged in negative territory.
- Stock levels continued to increase in the June Quarter (0.06). Operating costs also continued to increase as a result of increases in the cost of fertilisers, chemicals and raw materials. However, the rate of increase has slowed and is the lowest recorded for Gippsland division.



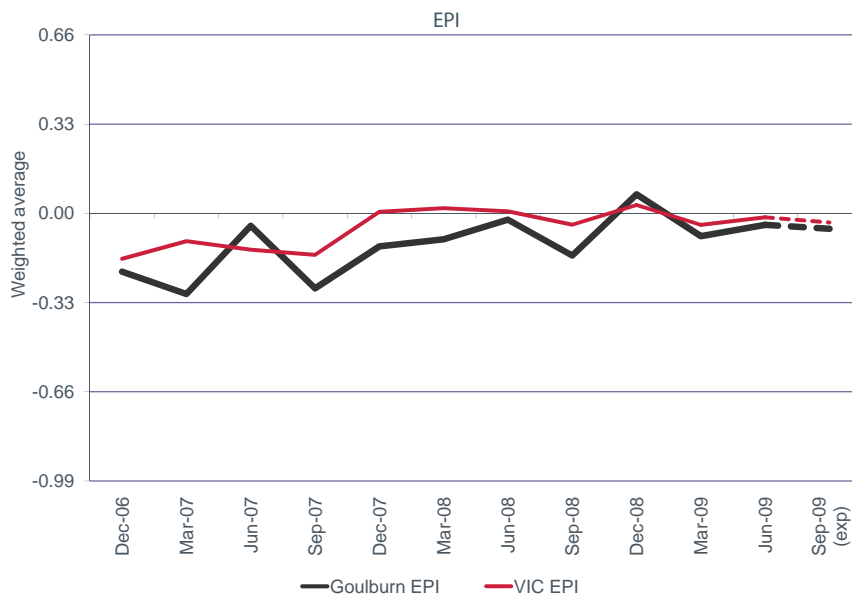
- Profitability amongst Gippsland agribusinesses remained unchanged between the March and June Quarters with both recording less than satisfactory scores of -0.24.
- In the June Quarter of 2009, 26% of respondents in Gippsland statistical division indicated that they had accessed finance in the last 12 months. This is a slight increase from 18% in the March Quarter and marginally lower than the 27% from the June Quarter of 2008. Of those who had sought finance, 16% indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter 59% of agribusinesses across Gippsland statistical division felt confident about the performance of their business over the next 12 months. This represents a slight decrease on confidence levels expressed during the March Quarter (61%). In line with this, Gippsland division expects a decline in all indicators with both business performance and capital expenditure expected to move into negative territory in the coming September Quarter.

Goulburn

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.05	-0.02	-0.08	-0.04	-0.06	↓
Business Performance	-0.03	0.00	-0.45	-0.19	-0.06	↓
Capital Expenditure	0.02	-0.15	0.22	0.08	-0.11	↓
Employment	-0.13	0.08	-0.02	-0.02	0.00	●
Profit	-0.29	-0.18	-0.56	-0.58		
Stock Levels	-0.36	-0.13	-0.31	-0.12	-0.14	↓
Operating Costs	0.57	0.74	0.12	0.27		

Economic performance in Goulburn statistical division improved marginally in the March Quarter of 2009 although it remained negative at -0.04. This is comparable with the previous two June Quarters (-0.02 in 2008 and -0.05 in 2007).

- The improved economic performance was due to a significant improvement in business performance which moved from poor to negative. Capital expenditure levels reduced substantially although remained positive. Employment conditions in the June Quarter remained unchanged from the previous March Quarter.
- Stock levels continued to decrease in the June Quarter for the sixth consecutive quarter although at a decreased rate. At the same time the rate of operating cost increases reported during the quarter increased substantially, from the record low rate of increase recorded in the March Quarter.
- Profitability amongst Goulburn agribusinesses deteriorated slightly again in the March Quarter continuing a six quarter downward trend. Profitability in Goulburn division was the equal worst in the state along with East Gippsland division.



- In the June Quarter of 2009, 38% of respondents in Goulburn statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 30% in the March Quarter however lower than the 43% from the June Quarter of 2008. Of those who had sought finance, 27% indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter over half (61%) of agribusinesses across Goulburn statistical division felt confident about the performance of their business over the next 12 months. This is a significant increase on confidence levels expressed during the March Quarter (40%). Marginal improvements are expected in employment conditions and business performance although business performance is anticipated to remain negative. Goulburn division expects capital expenditure to decline significantly in the coming September Quarter, moving from positive to negative territory.

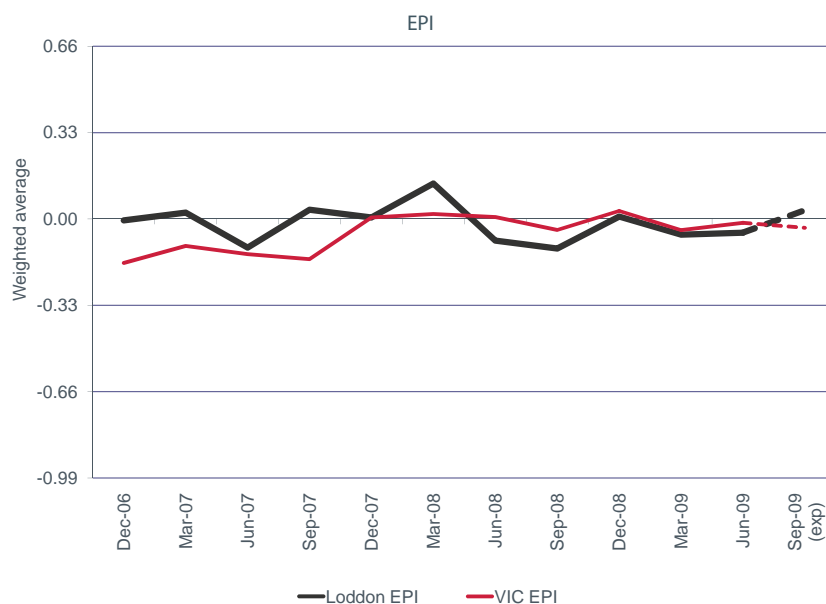
REGIONAL PERFORMANCE

Loddon

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.11	-0.08	-0.06	-0.05	0.03	↑
Business Performance	-0.02	-0.21	-0.37	-0.02	0.26	↑
Capital Expenditure	-0.26	-0.08	0.37	0.03	-0.04	↓
Employment	-0.05	0.05	-0.18	-0.16	-0.12	↓
Profit	-0.14	-0.40	-0.51	-0.53		
Stock Levels	-0.28	0.02	0.19	-0.44	-0.26	↓
Operating Costs	0.45	0.71	0.34	0.43		

Economic performance in Loddon statistical division remained in negative territory in the June Quarter of 2009 at -0.05, a marginal improvement on the March Quarter of 2009 (-0.06).

- The negative economic performance was primarily due to a substantial fall in capital expenditure from good territory in the March Quarter (0.37) to positive in the June Quarter (0.03). This was offset by a significant improvement in business performance moving from poor to negative. Employment conditions remained in negative territory, albeit exhibiting a slight improvement.
- Stock levels fell markedly in the June Quarter to record the greatest rate of decline in Victoria and the second greatest fall ever recorded in Loddon. Operating costs continued to increase although at a much lower rate than in the corresponding quarter in 2008. Fuel and freight charges were the main contributor.
- Profitability amongst Loddon agribusinesses deteriorated again in the June Quarter to be at the poorest level since the start of this index.



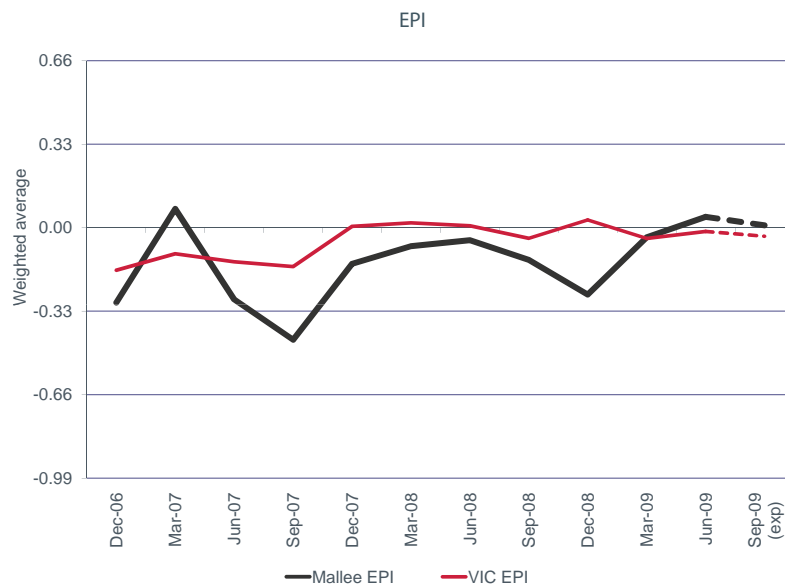
- In the June Quarter of 2009, 37% of respondents in Loddon statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 31% in the March Quarter and significantly higher than the 19% from the June Quarter of 2008. Of those who had sought finance, more than half (53%) indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter, three quarters (75%) of agribusinesses across Loddon statistical division felt confident about the performance of their business over the next 12 months. This is a significant increase on confidence levels expressed during the March Quarter (42%) and is the highest since the March Quarter of 2008. Loddon division expects business performance to improve considerably in the coming September Quarter moving from negative to strongly positive territory. Capital expenditure is expected to decline while employment conditions are expected to improve marginally.

Mallee

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.28	-0.05	-0.04	0.04	0.01	↑
Business Performance	-0.31	-0.20	-0.12	0.20	0.34	↑
Capital Expenditure	-0.25	-0.03	0.12	0.05	-0.16	↓
Employment	-0.29	0.08	-0.11	-0.13	-0.14	↓
Profit	-0.28	-0.11	-0.31	0.04		
Stock Levels	-0.01	-0.05	-0.09	-0.25	-0.22	↓
Operating Costs	0.50	0.79	0.09	0.53		

Economic performance in Mallee statistical division improved in the June Quarter moving into positive territory for the first time since the March Quarter of 2007.

- The improved economic performance was due to a substantial improvement in business performance from negative (-0.12) in the March Quarter to strongly positive (0.20) in the June Quarter. However both capital expenditure and employment conditions in Mallee division softened in the March Quarter, with the latter remaining less than satisfactory.
- Stock levels decreased further in the June Quarter (-0.25) with a significantly higher rate of reduction than that reported in the March Quarter (-0.09). Operating cost increases reported during the quarter rose significantly compared with the record low in the previous quarter.
- Profitability amongst Mallee agribusinesses turned around in the March Quarter with the first better than satisfactory result recorded since the inception of the index in the division and the only positive result recorded in the state.



- In the June Quarter of 2009, 22% of respondents in Mallee statistical division indicated that they had accessed finance in the last 12 months. This is marginally up from 21% in the March Quarter but considerably lower than the 48% from the June Quarter of 2008. Of those who had sought finance, 27% indicated that they had experienced difficulty obtaining the finance.
- In line with the improvements in performance in the June Quarter of 2009, 83% of agribusinesses across Mallee statistical division felt confident about the performance of their business over the next 12 months, the highest level on record for the division and the highest level in Victoria for the June Quarter. Notwithstanding the confidence level, Mallee division expects a decline in capital expenditure levels and a marginal worsening in employment conditions in the coming June Quarter. However a substantial increase in business performance is expected with a move into good territory anticipated.

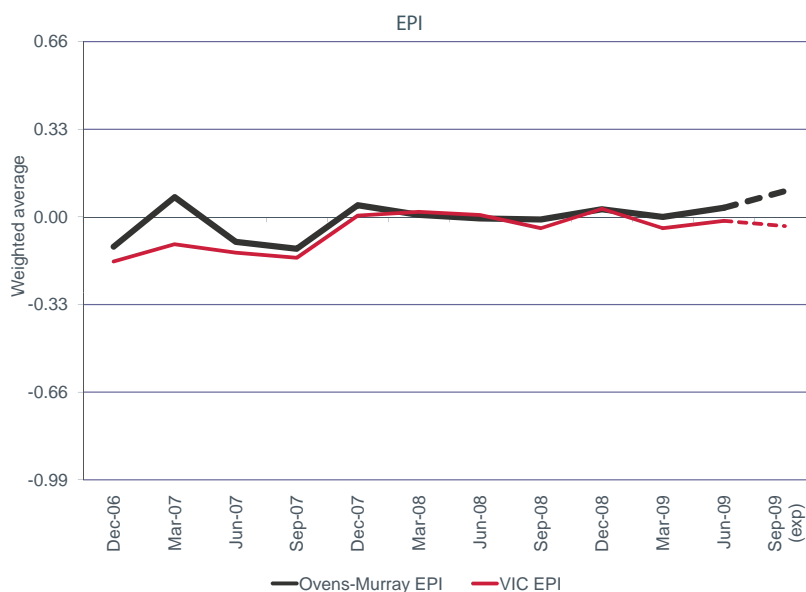
REGIONAL PERFORMANCE

Ovens-Murray

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.09	-0.01	0.00	0.03	0.10	↑
Business Performance	-0.16	0.14	-0.22	0.00	0.11	↑
Capital Expenditure	0.12	-0.14	0.22	0.13	0.19	↑
Employment	-0.24	-0.01	0.00	-0.03	-0.01	↓
Profit	-0.35	-0.07	-0.17	-0.29		
Stock Levels	-0.30	-0.03	-0.09	-0.23	-0.24	↓
Operating Costs	0.48	0.78	0.69	0.37		

Economic performance in Ovens-Murray statistical division improved from satisfactory in the March Quarter of 2009 to positive (0.03) in the June Quarter. This was better than the state average of -0.01. This compares with an EPI of -0.01 in the June Quarter of 2008 and -0.09 in the corresponding quarter of 2007.

- The increase in economic performance was due to an improvement in business performance from negative to satisfactory. Employment conditions softened from satisfactory to marginally negative. Capital expenditure levels also declined in the June Quarter but remained positive.
- Stock levels continued to decrease in the June Quarter with the rate of reduction being significantly higher than that reported in the March Quarter. The rate of operating cost increases reported during the quarter were lower than at any time since the December Quarter of 2006.
- Profitability amongst Ovens-Murray agribusinesses remained less than satisfactory in the June Quarter exhibiting a further decline into negative territory compared with the March Quarter.



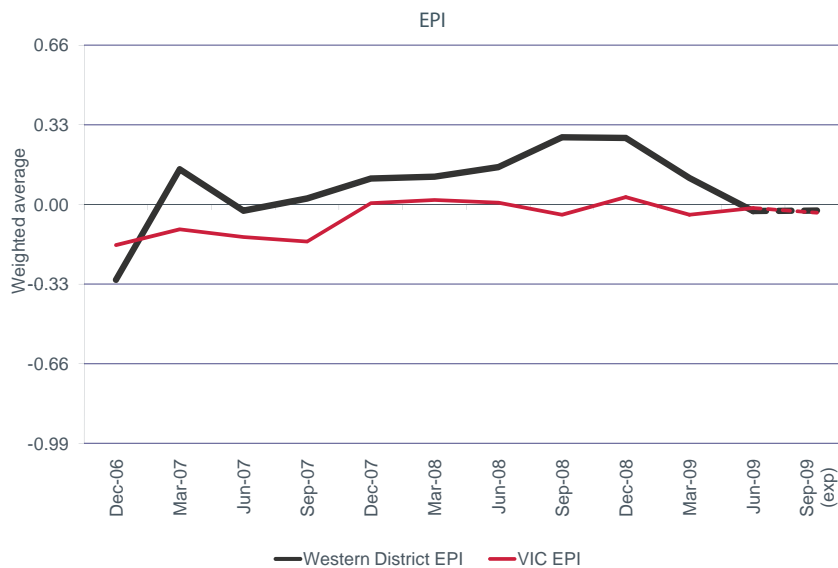
- In the June Quarter of 2009, 23% of respondents in Ovens-Murray statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 36% in the March Quarter and lower than the 37% from the June Quarter of 2008. Of those who had sought finance, almost one third (31%) indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter, two thirds (67%) of agribusinesses across Ovens-Murray statistical division felt confident about the performance of their business over the next 12 months, a dramatic increase from the statewide low of 22% in the March Quarter. In line with this, Ovens-Murray division expects strong increases in business performance and capital expenditure in the coming September Quarter, with a marginal improvement in employment conditions also anticipated.

Western District

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.03	0.15	0.11	-0.03	-0.03	↓
Business Performance	0.04	0.49	0.16	-0.01	-0.07	↓
Capital Expenditure	0.01	-0.05	0.16	0.04	-0.10	↓
Employment	-0.12	0.03	0.01	-0.11	0.09	↑
Profit	-0.19	0.18	0.14	-0.27		
Stock Levels	-0.06	0.12	0.00	-0.13	0.08	↑
Operating Costs	0.71	0.79	0.26	0.56		

Economic performance in Western District statistical division declined significantly in the June Quarter of 2009 entering negative territory at -0.03, the first time a negative result has been recorded since the June Quarter of 2007.

- The negative economic performance was due to all three indicators falling significantly in the June Quarter (business performance at -0.01 and employment conditions at -0.11) with only capital expenditure remaining positive at 0.04.
- Stock levels fell in the June Quarter after remaining stable in the March Quarter. Operating costs continued to increase with the rate of increase the highest reported since the June Quarter of 2008. Increased chemical and fertiliser costs were the main contributors to increased operating costs this quarter.
- Profitability amongst Western District agribusinesses decreased dramatically from positive in the March Quarter (0.14) to less than satisfactory in the June Quarter (-0.27).



- In the June Quarter of 2009, 23% of respondents in Western District statistical division indicated that they had accessed finance in the last 12 months. This is marginally up from 20% in the March Quarter but lower than the 40% in the June Quarter of 2008. Of those who had sought finance, more than half (55%) indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter 73% of agribusinesses across Western District division felt confident about the performance of their business over the next 12 months. This is a decrease from the March Quarter (78%) and the lowest level since the September Quarter of 2007. In line with this, Western District division expects declines in business performance and capital expenditure in the coming September Quarter. At the same time employment conditions are expected to improve significantly.

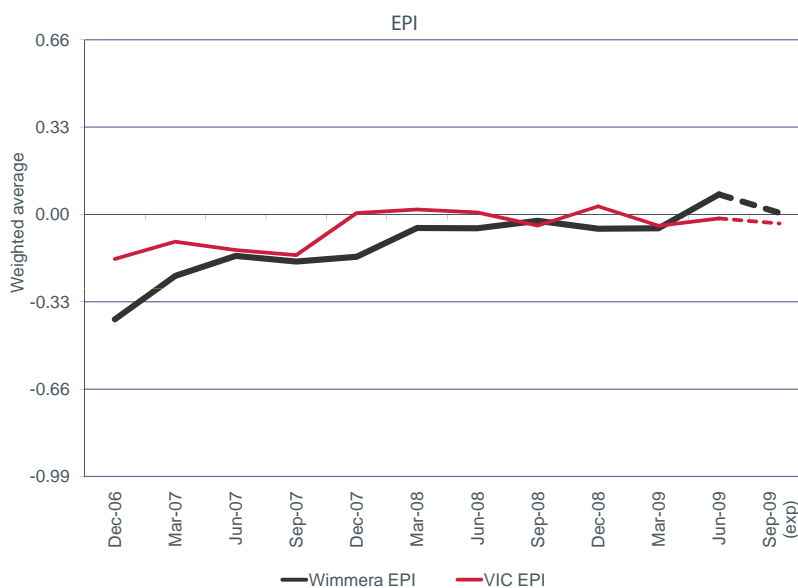
REGIONAL PERFORMANCE

Wimmera

	Jun Qtr 2007	Jun Qtr 2008	Mar Qtr 2009	Jun Qtr 2009	Sept Qtr (exp)	Outlook Sept
EPI	-0.16	-0.05	-0.05	0.08	0.01	↑
Business Performance	-0.16	-0.02	-0.31	0.12	0.14	↑
Capital Expenditure	-0.23	-0.10	0.30	0.11	-0.09	↓
Employment	-0.08	-0.04	-0.15	0.00	-0.03	↓
Profit	-0.38	-0.37	-0.47	-0.13		
Stock Levels	-0.22	-0.20	0.16	-0.23	-0.12	↓
Operating Costs	0.46	0.83	0.54	0.70		

Economic performance in Wimmera statistical division in the June Quarter of 2009, at 0.08, moved into positive territory for the first time on record.

- This positive result was due to a significant increase in business performance between the March Quarter (-0.31) and the June Quarter (0.12) coupled with employment conditions improving from negative to satisfactory. Capital expenditure fell in the June Quarter, however it still remains firmly positive.
- Stock levels fell in the June Quarter for the first time since the June Quarter of 2008. Operating cost increases continued and were the highest in the state for the June Quarter. The cost of fertilisers/chemicals and seasonal factors had the most influence on increasing operating costs.
- Profitability amongst Wimmera agribusinesses moved from poor to less than satisfactory in the June Quarter, with the best result on record for the division.



- In the June Quarter of 2009, 36% of respondents in Wimmera statistical division indicated that they had accessed finance in the last 12 months. This is a slight decline from 38% in the March Quarter but higher than the 29% from the June Quarter of 2008. Of those who had sought finance, only 2% indicated that they had experienced difficulty obtaining the finance.
- In the June Quarter of 2009, 80% of agribusinesses across Wimmera statistical division felt confident about the performance of their business over the next 12 months. This is a significant improvement on confidence levels expressed during the March Quarter (40%). Despite the confidence level, only business performance is expected to improve in the coming September Quarter in Wimmera division while capital expenditure and employment conditions are both expected to enter negative territory.

Topical Question

	Sell business	Handover business	Stop managing - receive income	Not considered	Other / don't know	Total succession plan
Barwon	17%	14%	0%	3%	0%	34%
Central Highlands	5%	27%	0%	0%	6%	39%
East Gippsland	25%	6%	0%	6%	0%	38%
Gippsland	10%	5%	5%	5%	8%	33%
Goulburn	14%	25%	0%	1%	17%	56%
Loddon	5%	30%	0%	3%	6%	45%
Mallee	6%	19%	16%	0%	9%	51%
Ovens-Murray	5%	30%	0%	0%	6%	41%
Western District	17%	23%	11%	0%	0%	51%
Wimmera	2%	30%	12%	0%	0%	44%
Victoria	12%	21%	2%	2%	7%	45%

As part of the Westpac / Charles Sturt University Agribusiness Index, a number of topical questions are asked each quarter to gather additional information about issues affecting businesses in rural and regional Australia.

In the June Quarter, businesses were asked about succession planning in their business.

- Overall, 45% of agribusinesses in Victoria reported having a succession plan. Twenty-one percent indicated that they are planning to handover the business, 12% plan to sell and 2% plan to stop managing the business and still receive income.
- Of those with a succession plan, 43% plan to retire/handover in less than five years with 17% expecting to retire/handover between 5 and 10 years. Fifteen percent plan to retire/handover in greater than 10 years.
- In Victoria, 64% of respondents indicated they would seek advice about succession planning from their accountant, with 21% seeking advice from a solicitor, 14% from their family, and 2% from a banker.
- Forty-six percent of respondents in Victoria would seek advice about succession planning locally, 26% seek advice from the nearest large city and 10% would access the capital city.
- In a similar question in the March Quarter of 2007 Index, 51% of respondents indicated that they had considered the future of their business without necessarily having a formal succession plan.

Business Confidence

Sixty-four percent of agribusinesses in Victoria felt confident about the performance of their business over the next 12 months. This represents an increase in confidence from the March Quarter when only half (50%) of businesses felt confident.

- All sectors reported significant increases in confidence levels. The greatest improvement was among upstream agribusinesses who reported confidence levels at 73% compared with 49% in the March Quarter.
- Six out of the ten statistical divisions reported increases in confidence levels with the most dramatic impact being in Ovens-Murray division which rose from 22% in the March Quarter to 67% in the June Quarter.
- Only one statistical division, East Gippsland, reported a confidence level below 50%, a remarkable improvement on the six divisions reporting below 50% confidence in the March Quarter.

