

*"Our sugar cane has been under water for weeks- we are not sure what the harvest will be like"*

Sugar Cane Producer, Northern

This report discusses the Westpac / Charles Sturt University (CSU) Agribusiness Index for Queensland in the March 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 Queensland increased marginally in the March Quarter of 2009, remaining in positive territory. The EPI of 0.05 for the March Quarter places Queensland as the third best performing state. This result represents a marginal increase on the results of the March Quarter of 2008 (0.04), and an improvement on results reported in the same quarter of 2007 (-0.03).

The positive performance statewide is due to strengthening positive results in business performance in the March Quarter. Employment moved from negative territory in the December Quarter to satisfactory in the March Quarter. Capital expenditure levels decreased in the March Quarter however.

Upstream agribusinesses reported better than satisfactory profitability, an improvement on the December Quarter. However, producers and downstream agribusinesses reported less than satisfactory profitability.

Increasing stock levels were reported across Queensland with producers reporting the greatest increase in stock levels between the December and March quarters.

Operating costs continued to increase but the rate of increase statewide was the lowest since the March Quarter of 2007. Producers in particular reported a significant reduction in the rate of cost increases.

Twenty-nine percent of agribusinesses sought finance in the March Quarter, down from 36% in the December Quarter. Of those that sought finance, 17% indicated that they experienced difficulty gaining the finance.

The EPI for Queensland by statistical division is shown on the adjacent map. In the March Quarter, eight of the ten statistical divisions registered positive or satisfactory economic performance. This is an improvement from six positive divisions in the previous quarter. Central West division reported the largest improvement since the December Quarter while Far North and South West divisions reported the largest decrease.

Agribusiness confidence in Queensland increased this quarter, with 75% of businesses confident about the performance of their business over the next 12 months (up from 65% in the December Quarter). Improvements are expected in all indicators in the coming quarter.

# Queensland

# SECTOR PERFORMANCE

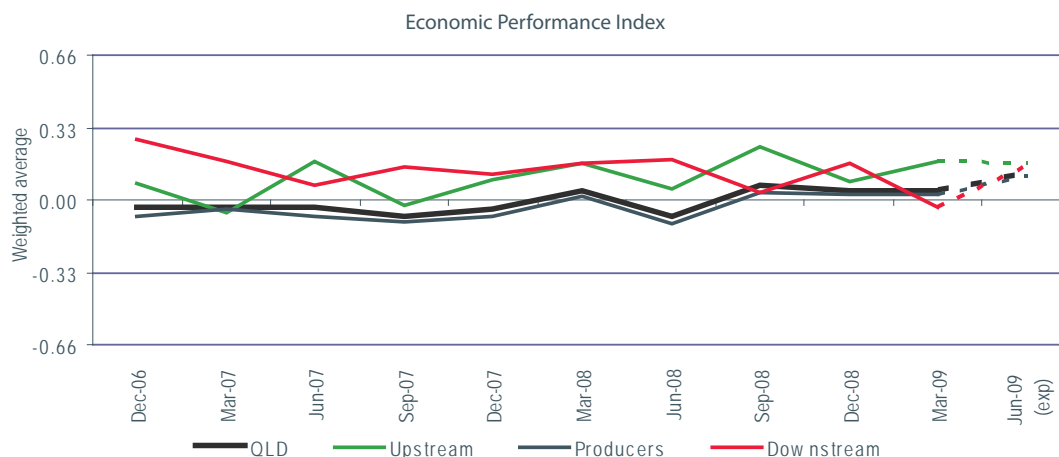
## Economic Performance Index

The economic performance results for Queensland in the March Quarter were:

- Eight of the ten statistical divisions reported positive or satisfactory economic performance with Mackay and Moreton the best performing divisions.
- Six statistical divisions reported an improved result from the December Quarter with the greatest improvement reported in Central West. Far North and South West divisions reported the greatest deterioration in performance.
- Downstream agribusinesses reported a decline in economic performance due mainly to reductions in capital expenditure and worsening employment conditions. Business performance for the sector, whilst remaining positive, was also much reduced on the good results of the previous quarter.
- The downstream sector reported deteriorating profitability and also reported the highest increase in operating costs for the quarter. Utilities costs were noted as the main items pushing up operating costs.
- Upstream agribusinesses reported positive performance in the March Quarter and the greatest improvement during the quarter. This was as a result of good business performance and positive levels of capital expenditure. Additionally, the upstream sector was alone in reporting improved employment conditions for the quarter.
- Upstream agribusinesses reported better than satisfactory profitability for the quarter. The rate of increase in operating costs was marginally lower than that reported for the December Quarter of 2008.
- The EPI for producers remained marginally positive during the March Quarter, unchanged from the previous quarter. Producers reported continued improvements in business performance, moving further into positive territory, and only marginal declines in employment. Capital expenditure amongst producers declined marginally however.

	Business Performance	Capital Expenditure	Employment	EPI Mar	Outlook Jun
Central West	0.31	0.03	-0.03	0.10	↑
Darling Downs	-0.06	-0.08	0.15	0.00	↑
Far North	0.09	-0.29	-0.07	-0.09	↑
Fitzroy	0.40	-0.14	-0.11	0.05	↑
Mackay	0.27	0.05	0.10	0.14	↑
Moreton	0.28	0.12	0.02	0.14	↑
North West	-0.01	-0.05	-0.02	-0.03	↑
Northern	0.03	0.14	0.00	0.06	↑
South West	0.20	0.07	-0.28	0.00	↑
Wide Bay-Burnett	0.30	-0.01	-0.08	0.07	↑
Upstream	0.42	0.04	0.07	0.18	↑
Producers	0.13	-0.04	-0.01	0.03	↑
Downstream	0.08	-0.05	-0.13	-0.03	↑
Queensland	0.17	-0.03	0.00	0.05	↑

- Profitability amongst producers remained less than satisfactory during the quarter. Despite this, it was the best profit result since the inception of the survey.
- The rate of operating cost increase was considerably lower this quarter in comparison to the December Quarter of 2008 and producers continued to increase stock levels during the quarter.
- The outlook for Queensland for the coming quarter is for an improvement overall in economic performance with the EPI increasing to 0.12. Improvements are expected amongst producers and the downstream sector while upstream agribusinesses expect performance in the coming June Quarter to be similar to the March Quarter.



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.

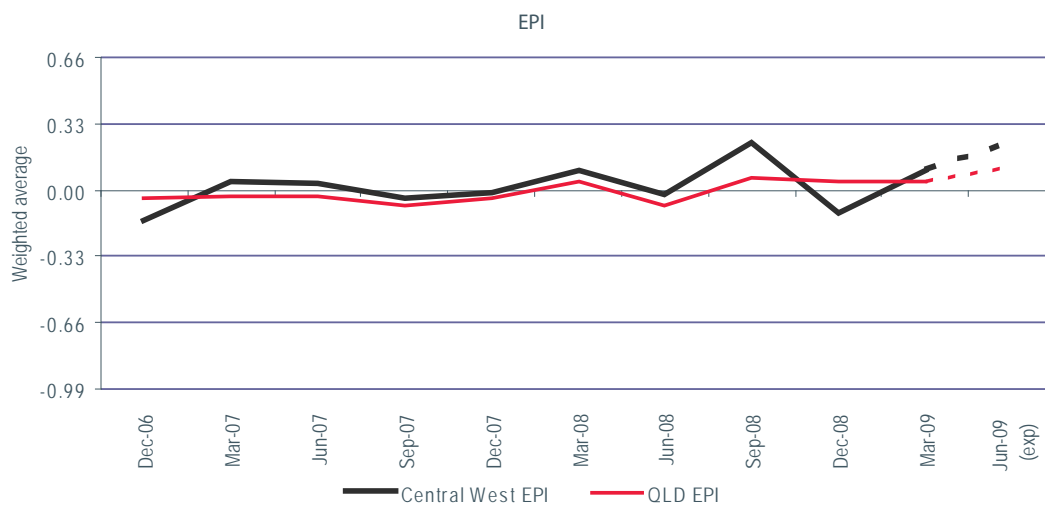
# REGIONAL PERFORMANCE

## Central West

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.04	0.10	-0.12	0.10	0.24	↑
Business Performance	-0.17	-0.01	-0.23	0.31	0.49	↑
Capital Expenditure	0.37	0.29	-0.12	0.03	0.15	↑
Employment	-0.08	0.02	-0.01	-0.03	0.08	↑
Profit	-0.46	-0.16	-0.40	-0.12	-	
Stock Levels	0.08	0.12	-0.06	0.40	-0.11	↓
Operating Costs	0.37	0.59	0.38	0.31	-	

Economic performance in Central West statistical division showed the greatest improvement in the state, increasing from negative territory in the December Quarter (-0.12) to positive territory in the March Quarter (0.10). A similar level was reported in the March Quarter of 2008.

- The improvement in economic performance was driven by a massive increase in business performance which rose from -0.23 in the December Quarter to 0.31 in the March Quarter. This was supported by increased capital expenditure. Central West agribusinesses reported a very slight deterioration in employment conditions.
- Stock levels increased significantly in the March Quarter while the rate of increase in costs was lower than at any time since the June Quarter of 2007.
- Profitability amongst Central West agribusinesses was less than satisfactory in the March Quarter although an improvement on the poor result recorded in the December Quarter.



- In the March Quarter of 2009, 24% of respondents in Central West statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 17% in the December Quarter and higher than the 16% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 35% indicated that they had experienced difficulty obtaining the finance.
- Despite the strong performance in the March Quarter of 2009, 69% of agribusinesses across Central West statistical division felt confident about the performance of their business over the next 12 months, compared with an average of 75% across the state. This is a decrease on confidence levels expressed during the December Quarter (77%).
- Central West division expects significant improvements in business performance, capital expenditure and employment conditions in the coming June Quarter.

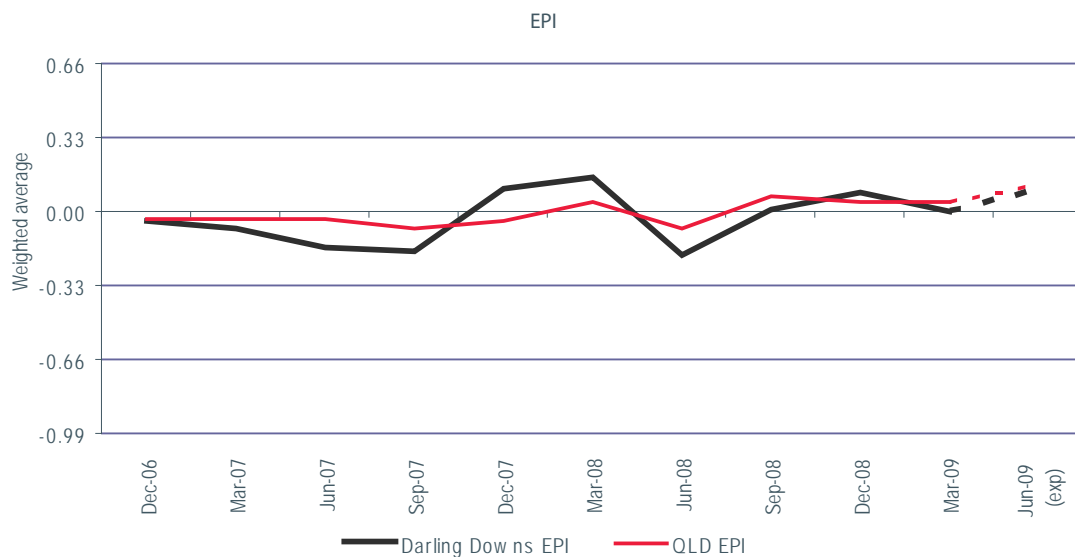
# REGIONAL PERFORMANCE

## Darling Downs

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.07	0.16	0.08	0.00	0.09	↑
Business Performance	-0.07	0.20	0.33	-0.06	0.19	↑
Capital Expenditure	-0.15	0.17	-0.02	-0.08	0.12	↑
Employment	0.00	0.10	-0.06	0.15	-0.03	↓
Profit	-0.19	0.08	-0.21	-0.13	-	↑
Stock Levels	0.04	0.18	0.17	0.20	0.16	↑
Operating Costs	-0.15	0.59	0.39	0.32	-	

Economic performance in Darling Downs statistical division was satisfactory in the March Quarter, a decrease in performance from the December Quarter (0.08). This is considerably lower than the result for the March Quarter of 2008 (0.16) although an improvement on the corresponding quarter in 2007 (-0.07).

- The decrease in economic performance was due in the main to a substantial fall in business performance which moved into negative territory. Capital expenditure also decreased although Darling Downs division did report significant improvements in employment conditions, which moved into positive territory.
- Stock levels continued to increase in the March Quarter at the highest rate ever for the division, and significantly higher than the state average rate. At the same time the rate of cost increase reported during the quarter was lower than that reported at any time since the March Quarter of 2007.
- Profitability amongst Darling Downs agribusinesses was less than satisfactory in the March Quarter although showing an improvement compared with the previous three quarters.



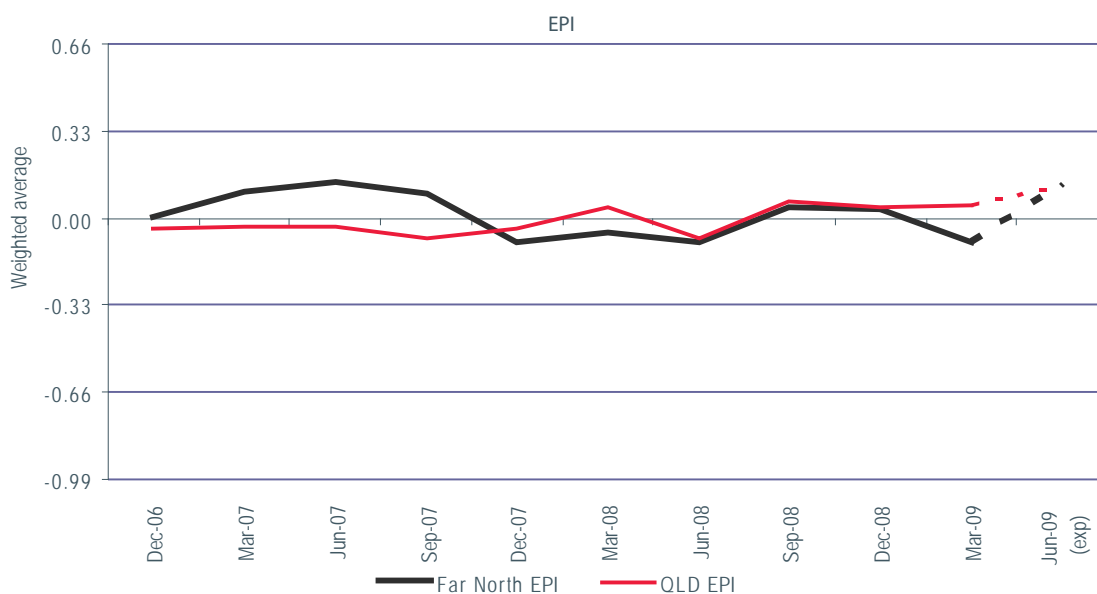
- In the March Quarter of 2009, 31% of respondents in Darling Downs statistical division indicated that they had accessed finance in the last 12 months. This is lower than the 44% in the December Quarter and lower than the 39% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 16% indicated that they had experienced difficulty obtaining the finance.
- Despite the decrease in performance in the March Quarter of 2009, 73% of agribusinesses across Darling Downs statistical division felt confident about the performance of their business over the next 12 months, compared with 69% in the December Quarter. In line with this, Darling Downs division expects significant improvements in business performance and capital expenditure in the coming June Quarter.

## Far North

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.10	-0.05	0.03	-0.09	0.13	↑
Business Performance	-0.21	0.18	0.06	0.09	0.38	↑
Capital Expenditure	0.43	-0.29	-0.01	-0.29	0.00	●
Employment	0.08	-0.05	0.04	-0.07	0.00	●
Profit	-0.14	-0.23	-0.13	-0.21	-	
Stock Levels	0.36	0.13	0.17	0.11	0.14	↑
Operating Costs	0.43	0.38	0.39	-0.22	-	

Economic performance in Far North statistical division decreased in the March Quarter of 2009 to -0.09. This was the equal largest decrease in performance in the state, falling from the December Quarter index of 0.03. It was also the second lowest economic performance ever recorded for Far North division.

- The decrease in performance was attributable mainly to a significant reduction in capital expenditure and deteriorating employment conditions. Far North agribusinesses did report marginal improvements in business performance however.
- Stock levels continued to increase in the March Quarter albeit at a lower rate than in the previous two quarters. Operating costs in the March Quarter were reported to have decreased in comparison with the December Quarter as a result of reductions in fuel and freight costs, but also reductions in wages associated with deteriorating employment conditions.
- Profitability amongst Far North agribusinesses was less than satisfactory in the March Quarter and has been deteriorating over the past three quarters.



- In the March Quarter of 2009, 30% of respondents in Far North statistical division indicated that they had accessed finance in the last 12 months. This is down from 55% in the December Quarter however higher than the 29% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 16% indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter, 78% of agribusinesses across Far North 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 December Quarter (57%). In line with this, Far North division expects major improvements in business performance in the coming June Quarter. Improvements are also expected in employment conditions and capital expenditure, which are both expected to be stable.

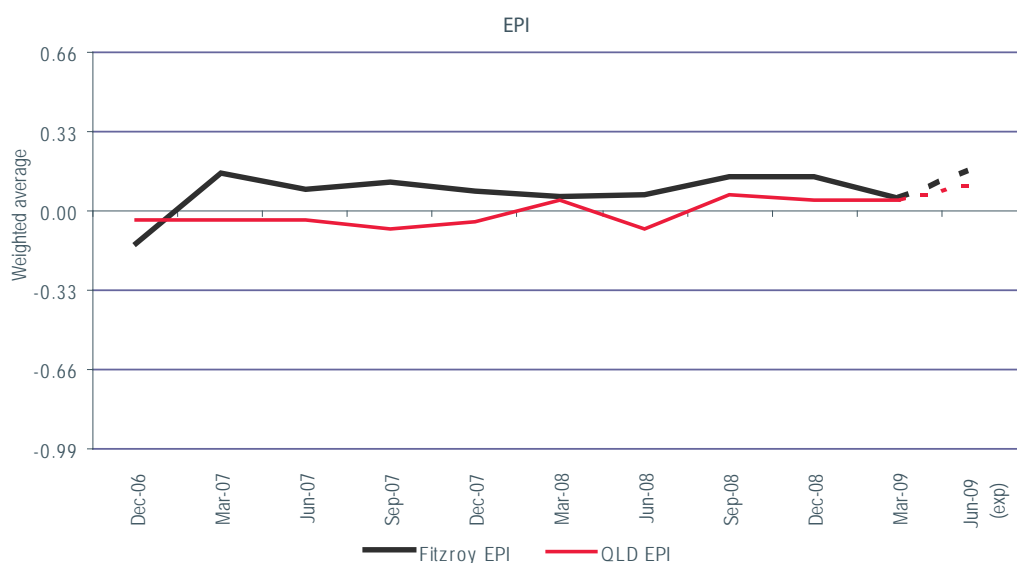
# REGIONAL PERFORMANCE

## Fitzroy

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.16	0.06	0.14	0.05	0.19	▲
Business Performance	-0.17	0.16	0.37	0.40	0.18	▲
Capital Expenditure	0.43	0.08	-0.02	-0.14	0.33	▲
Employment	0.21	-0.06	0.07	-0.11	0.05	▲
Profit	-0.35	-0.24	0.17	0.04	-	
Stock Levels	0.03	0.22	0.36	-0.03	0.10	▲
Operating Costs	0.43	0.64	0.35	0.54	-	

Economic performance in Fitzroy statistical division remained positive at 0.05 in the March Quarter of 2009, which represented a decrease from the December Quarter (0.14). This was the second lowest level ever recorded for the division.

- The reduction in economic performance was due to further decreases in capital expenditure and considerable weakening in employment conditions which moved from positive to negative territory. At the same time, agribusinesses in Fitzroy reported business performance to be good for the second consecutive quarter.
- Stock levels decreased in the March Quarter for the first time since the September Quarter of 2007. Operating costs across Fitzroy continued to increase, primarily due to the cost of raw materials, with the rate of increase being the highest in the state.
- Profitability amongst Fitzroy agribusinesses was better than satisfactory and this was one of only three statistical divisions in Queensland to report better than satisfactory profitability. Despite this, profitability for the division has fallen in comparison to that reported for the previous quarter.



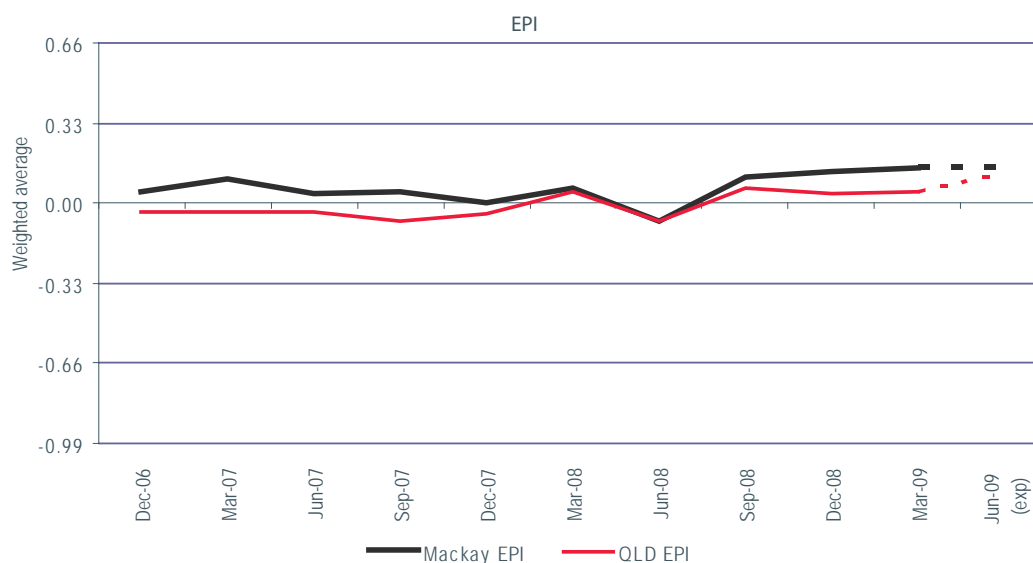
- In the March Quarter of 2009, 33% of respondents in Fitzroy statistical division indicated that they had accessed finance in the last 12 months. This is down from 41% in the December Quarter however higher than the 27% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 16% indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter, 75% of agribusinesses across Fitzroy statistical division felt confident about the performance of their business over the next 12 months. This is similar to the state average and similar to the December Quarter for the division. In line with this, Fitzroy division expects major improvements in capital expenditure and employment conditions in the coming June Quarter. Business performance is expected to decline but to remain firmly positive.

## Mackay

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.10	0.06	0.13	0.14	0.14	▲
Business Performance	0.21	0.27	0.13	0.27	0.35	▲
Capital Expenditure	0.03	-0.10	0.31	0.05	-0.05	▼
Employment	0.06	0.02	-0.05	0.10	0.13	▲
Profit	-0.15	-0.28	0.02	-0.08	-	
Stock Levels	-0.06	0.10	-0.15	0.32	0.08	▲
Operating Costs	0.03	0.60	0.45	0.26	-	

Economic performance in Mackay statistical division was the equal highest in the state in the March Quarter of 2009 at 0.14. This was a marginal increase over the December Quarter and was the highest level ever recorded for Mackay division.

- The positive economic performance was due to a significant increase in business performance and considerable improvements in employment conditions which moved from negative to positive territory. Capital expenditure continued to increase, albeit at a lower rate than in the preceding quarter.
- Stock levels increased in the March Quarter for the first time since the June Quarter of 2008. Operating costs in Mackay division continued to increase, but the rate of increase was lower than at any time since the March Quarter of 2007.
- Profitability amongst Mackay agribusinesses returned to being less than satisfactory in the March Quarter after being better than satisfactory in the December Quarter. However, profitability was better than the state average in the March Quarter.



- In the March Quarter of 2009, 34% of respondents in Mackay statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 23% in the December Quarter and higher than the 15% who accessed finance in the March Quarter of 2008. Of those who had sought finance, none indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter, 88% of agribusinesses across Mackay statistical division felt confident about the performance of their business over the next 12 months, which was the highest confidence level in the state. This is a significant increase on confidence levels expressed during the December Quarter (77%).
- Mackay division expects business performance and employment conditions to improve in the coming June Quarter, although capital expenditure is expected to decrease.

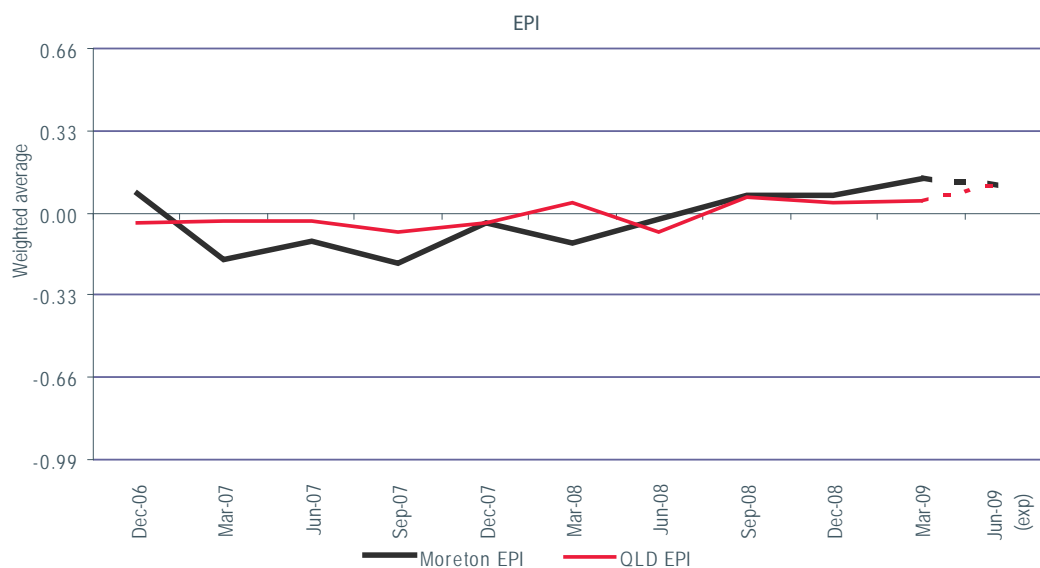
# REGIONAL PERFORMANCE

## Moreton

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.19	-0.12	0.07	0.14	0.11	↑
Business Performance	-0.37	-0.10	-0.01	0.28	0.31	↑
Capital Expenditure	-0.03	-0.15	0.11	0.12	0.03	↑
Employment	-0.16	-0.10	0.11	0.02	-0.02	↓
Profit	-0.40	-0.28	-0.27	0.02	-	
Stock Levels	0.17	0.03	0.10	0.05	-0.03	↓
Operating Costs	-0.03	0.59	0.50	0.51	-	

Economic performance in Moreton statistical division was the equal highest in the state in the March Quarter of 2009 at 0.14 and represents an improvement over the December Quarter (0.07). This compares favourably with the March Quarters of 2008 and 2007 (-0.12 and -0.19 respectively).

- The improved economic performance was primarily due to a substantial increase in business performance which moved from negative territory in the December Quarter (-0.01) to positive in the March Quarter (0.28). This was supported by a marginal increase in capital expenditure levels. Employment conditions deteriorated but still remained positive.
- Stock levels continued to increase in the March Quarter, albeit at a lower level than in the December Quarter. Operating costs increased at a similar level to that reported in the December Quarter and were among the highest in the state.
- Profitability amongst Moreton agribusinesses increased significantly in the March Quarter to be better than satisfactory, making Moreton one of only three statistical divisions to report better than satisfactory profitability levels.



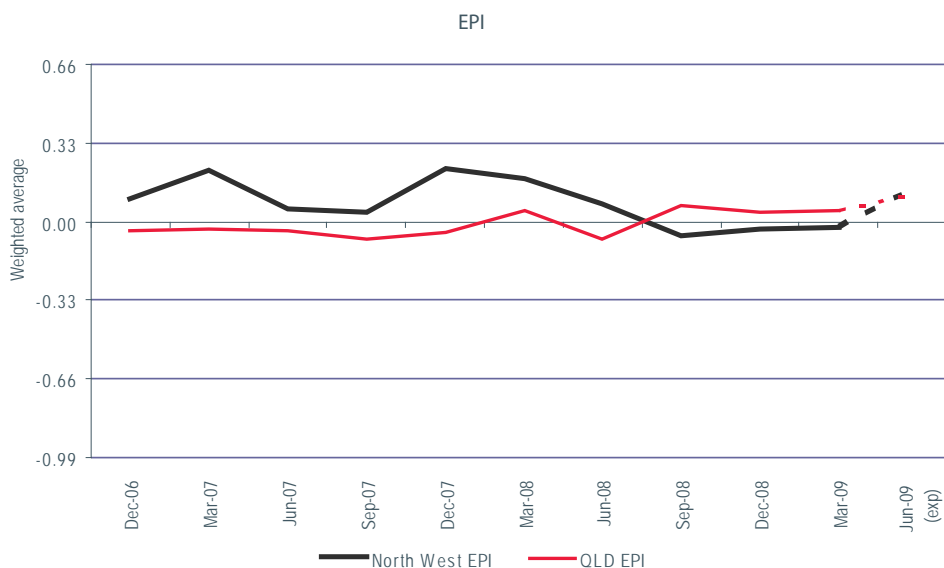
- In the March Quarter of 2009, 22% of respondents in Moreton statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 8% in the December Quarter and lower than the 27% who accessed finance in the March Quarter of 2008. Of those who had sought finance, four percent indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter, 73% of agribusinesses across Moreton statistical division felt confident about the performance of their business over the next 12 months. This is a significant rise on confidence levels expressed during the December Quarter (51%).
- Moreton division expects further improvements in business performance in the coming June Quarter. Capital expenditure levels are expected to remain positive, although at a lower level than in the March Quarter while employment conditions are expected to deteriorate slightly.

## North West

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.21	0.18	-0.03	-0.03	0.14	▲
Business Performance	0.33	0.23	-0.04	-0.01	0.13	▲
Capital Expenditure	0.35	0.30	-0.05	-0.05	0.24	▲
Employment	-0.04	0.01	-0.01	-0.02	0.05	
Profit	-0.26	-0.13	0.15	-0.63	-	
Stock Levels	0.30	0.44	-0.06	-0.53	0.07	▲
Operating Costs	0.35	0.54	0.49	-0.21	-	

Economic performance in North West statistical division remained unchanged in the March Quarter at -0.03. This is significantly lower than the March Quarters of 2008 and 2007 (0.18 and 0.21 respectively).

- The negative economic performance is a result of all three indicators being in negative territory. Business performance improved slightly in comparison with the December Quarter while employment conditions worsened marginally. Capital expenditure reductions continued at the same rate as that reported for the previous quarter.
- Stock levels fell for the third consecutive quarter but the rate of decrease in the March Quarter was significantly greater than in the preceding two quarters. Operating costs were reported to have fallen in the March Quarter as a result of drought conditions and reductions in fuel and freight costs.
- Profitability amongst North West agribusinesses was poor in the March Quarter after being better than satisfactory in the preceding quarter. North West division reported the poorest profitability levels in the state.



- In the March Quarter of 2009, 34% of respondents in North West statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 24% in the December Quarter and higher than the 19% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 27% indicated that they had experienced difficulty obtaining the finance.
- Despite the negative performance in the March Quarter of 2009, North West division reported above average confidence levels with 77% of agribusinesses feeling confident about the performance of their business over the next 12 months. This is higher than confidence levels expressed during the December Quarter (73%). In line with this, North West division expects significant improvements in business performance, capital expenditure levels and employment conditions in the coming June Quarter, with all expected to move into positive territory.

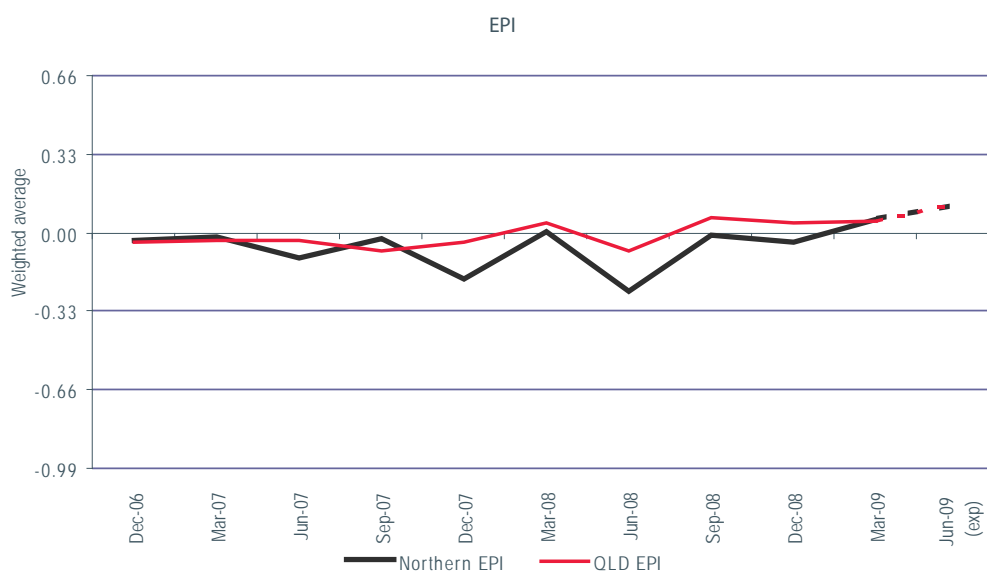
# REGIONAL PERFORMANCE

## Northern

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.02	0.00	-0.04	0.06	0.12	▲
Business Performance	-0.11	-0.05	0.21	0.03	-0.19	▼
Capital Expenditure	-0.03	0.12	-0.19	0.14	0.24	▲
Employment	0.08	-0.06	-0.15	0.00	0.30	▲
Profit	-0.28	-0.23	-0.17	-0.41	-	
Stock Levels	0.04	0.14	0.21	0.04	-0.30	▼
Operating Costs	-0.03	0.77	0.70	0.16	-	

Economic performance in Northern statistical division moved into positive territory for the first time in the March Quarter of 2009 at 0.06. This compares with satisfactory performance in the March Quarter of 2008 and negative performance in the March Quarter of 2007 (-0.02).

- The improved economic performance was primarily due to a substantial increase in capital expenditure levels and stable employment conditions. Business performance remained positive but fell in comparison with the December Quarter.
- Stock levels continued to increase in the March Quarter although the rate of growth was considerably lower than that of the preceding five quarters. Operating costs continued to increase in the March Quarter but the rate of growth was lower than any reported since the March Quarter of 2007.
- Profitability amongst Northern agribusinesses deteriorated again in the March Quarter to be the second poorest in the state.



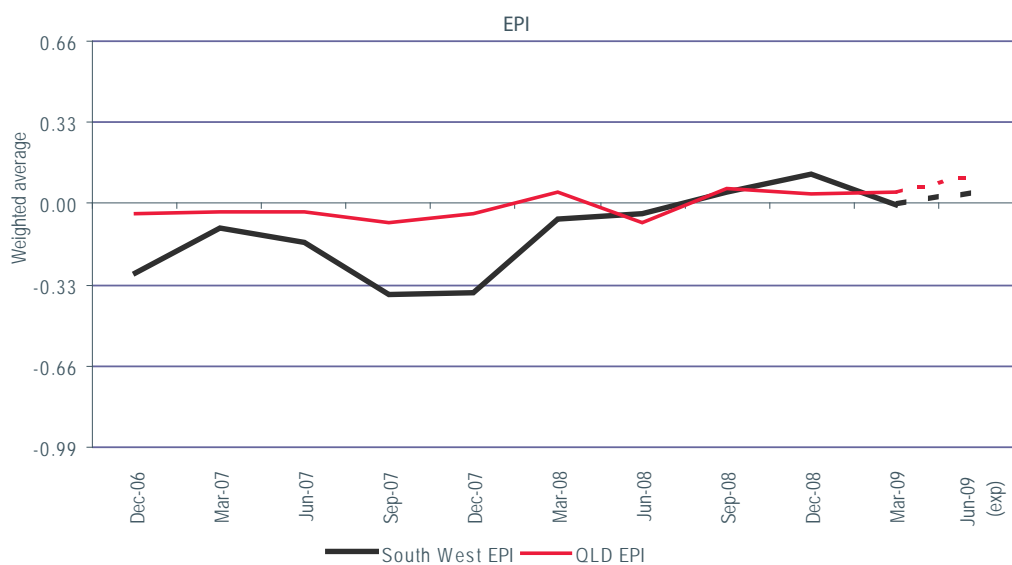
- In the March Quarter of 2009, 39% of respondents in the Northern statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 21% in the December Quarter and higher than the 27% who accessed finance in the March Quarter of 2008. Of those that had sought finance, 23% indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter, only 58% of agribusinesses across Northern statistical division felt confident about the performance of their business over the next 12 months. This is a significant reduction on confidence levels expressed during the December Quarter (72%). This is supported by an expectation among agribusinesses of a deterioration in business performance to negative territory in the coming June Quarter, although capital expenditure levels and employment conditions are expected to improve significantly.

## South West

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.10	-0.06	0.12	0.00	0.05	▲
Business Performance	-0.11	-0.27	0.12	0.20	0.22	▲
Capital Expenditure	-0.22	0.05	0.12	0.07	-0.16	▼
Employment	0.05	0.03	0.13	-0.28	0.08	▲
Profit	-0.30	-0.27	-0.16	0.01	-	
Stock Levels	0.05	-0.03	0.76	0.22	-0.06	▼
Operating Costs	-0.22	0.48	0.40	0.11	-	

Economic performance in South West statistical division declined significantly in the March Quarter with the equal largest fall in the state. While remaining satisfactory, it was a much lower level than in the December Quarter (0.12). It does however compare favourably with the March Quarters of 2008 and 2007 (-0.06 and -0.10 respectively).

- The deterioration in economic performance was due to a significant worsening in employment conditions which moved firmly into negative territory in the March Quarter. Capital expenditure levels continued to increase although at a lower rate than in the December Quarter. Business performance, on the other hand, increased in comparison with the preceding quarter.
- Stock levels continued to increase in the March Quarter albeit at a lower rate than in the previous two quarters. The rate of increase in operating costs was the lowest since the March Quarter of 2007.
- Profitability amongst South West agribusinesses was better than satisfactory, a significant improvement compared with the December Quarter. South West was one of only three statistical divisions to report better than satisfactory profitability levels.



- In the March Quarter of 2009, 27% of respondents in South West statistical division indicated that they had accessed finance in the last 12 months. This is down from 43% in the December Quarter and lower than the 31% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 18% indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter of 2009, 66% of agribusinesses across South West statistical division felt confident about the performance of their business over the next 12 months. This is slightly lower than confidence levels expressed during the December Quarter (69%) and lower than the state average (75%).
- South West division expects significant improvements in employment conditions in the coming June Quarter, while business performance is expected to increase marginally. Capital expenditure however, is expected to decrease considerably.

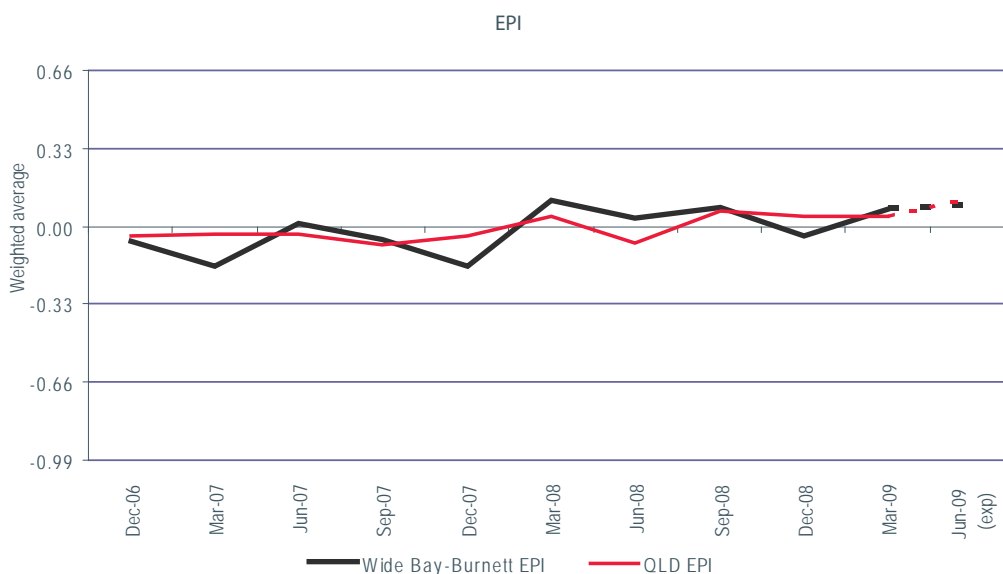
## REGIONAL PERFORMANCE

### Wide Bay-Burnett

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.17	0.11	-0.04	0.07	0.09	▲
Business Performance	-0.44	0.15	-0.03	0.30	0.16	▲
Capital Expenditure	0.04	0.08	0.08	-0.01	0.19	▲
Employment	-0.10	0.09	-0.19	-0.08	-0.08	▼
Profit	-0.70	-0.14	-0.19	0.00	-	
Stock Levels	-0.25	-0.09	-0.38	-0.08	0.12	▲
Operating Costs	0.04	0.48	0.25	0.39	-	

Economic performance in Wide Bay-Burnett statistical division moved into positive territory in the March Quarter of 2009 (0.07) compared with the negative index in the December Quarter (-0.04). Wide Bay-Burnett was the second most improved statistical division in the state in terms of economic performance in the March Quarter.

- The improvement in economic performance was due to a substantial increase in business performance from negative to strongly positive territory. Capital expenditure levels, on the other hand, were reduced in the March Quarter. Employment conditions remained negative during the quarter, despite some improvement since the December Quarter.
- Stock levels continued to decrease in the March Quarter although the rate of reduction was significantly lower than that reported in the December Quarter. At the same time, operating cost increases reported during the quarter were higher than those reported in the December Quarter and amongst the highest in the state.
- Profitability amongst Wide Bay-Burnett agribusinesses was satisfactory in the March Quarter for the first time on record.



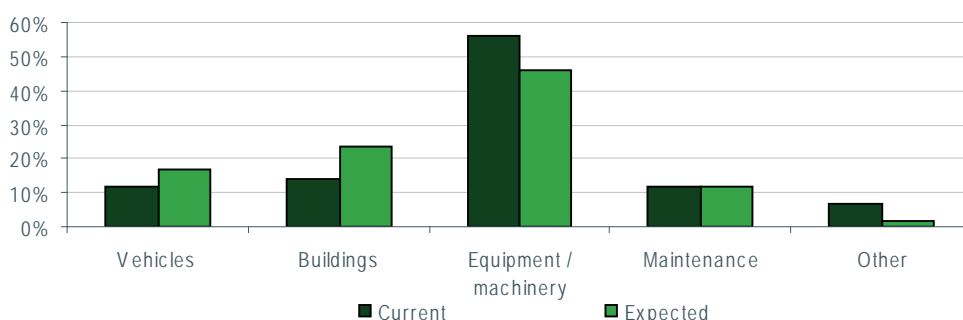
- In the March Quarter of 2009, 22% of respondents in Wide Bay-Burnett statistical division indicated that they had accessed finance in the last 12 months. This is substantially down from 54% in the December Quarter and lower than the 32% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 27% indicated that they had experienced difficulty obtaining the finance.
- Business confidence in Wide Bay-Burnett statistical division in the March Quarter of 2009 was the second highest in the state with 85% of agribusinesses across the division feeling confident about the performance of their business over the next 12 months. This is a substantial increase on confidence levels expressed during the December Quarter (56%). In line with this, Wide Bay-Burnett division expects a significant increase in capital expenditure in the coming June Quarter. Business performance is expected to remain positive, although at a lower level than in the March Quarter while employment conditions are expected to remain negative.

## Topical Question

As part of the Westpac / Charles Sturt University (CSU) 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 March Quarter of 2009 agribusinesses that had increased spending on capital expenditure were asked to describe what they purchased in the previous quarter, and what they expected to purchase in the coming quarter.

- In Queensland eight percent of respondents indicated that they had increased spending on buildings, plant or equipment during the March Quarter with 16% expected to increase spending in the coming June Quarter.
- Overall, more than half (56%) of spending was on equipment/machinery in the March Quarter followed by 14% on buildings. Twelve percent of respondents purchased vehicles or items to assist with general maintenance.
- Spending patterns varied between the sectors with 70% of the upstream sector purchasing equipment/machinery compared to 54% of producers and 43% of the downstream sector.
- In the coming June Quarter, 46% of respondents expect to invest in equipment/machinery, 24% in buildings, 17% in vehicles and 12% in general maintenance.



## Business Confidence

Seventy-five percent of agribusinesses in Queensland felt confident about the performance of their business over the next 12 months. This represents an increase in confidence from the December Quarter when 65% of businesses felt confident.

- Upstream agribusinesses and producers reported significantly improved confidence levels but the downstream sector saw confidence levels drop from 82% in the December Quarter to 70% in the March Quarter.
- Six of the ten statistical divisions reported increased confidence levels in the March Quarter. The most dramatic

increases in confidence levels were reported in Moreton (up by 22 percentage points) and Far North (up by 21 percentage points) divisions.

- Confidence levels fell in Central West, Fitzroy, Northern and South West statistical divisions. The largest decrease in confidence levels was reported in Northern division (down by 14 percentage points).

