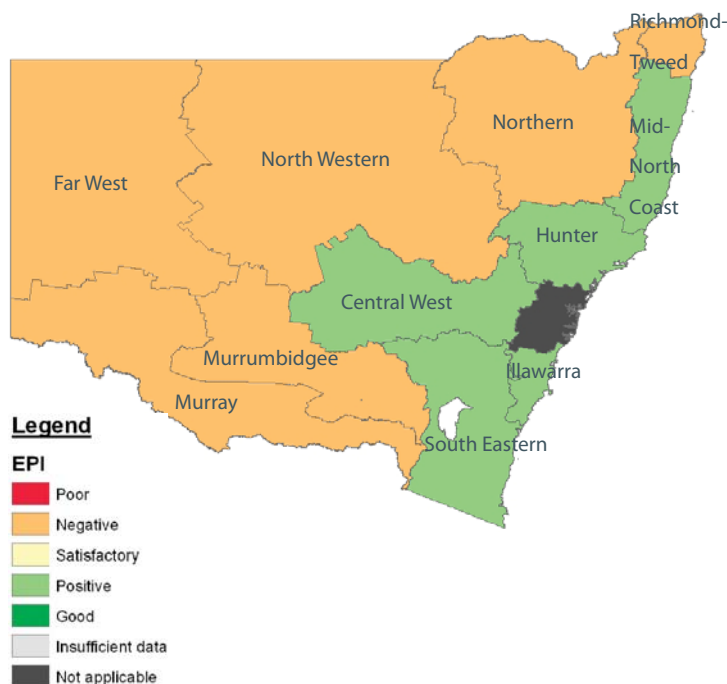


September Quarter 2009



The Economic Performance Index (EPI) is the average of results for business performance, employment and investment (capital expenditure) indicators. The EPI for New South Wales fell slightly in the September Quarter, returning to a negative position (-0.01) after a satisfactory result in the June Quarter. New South Wales was one of only two states with a negative EPI for the September Quarter and is placed below the national average of 0.02.

The decline in performance statewide is largely the result of reduced capital expenditure across all sectors, with a significant decline in the upstream sector. Despite remaining negative, business performance improved during the quarter, with both the upstream and downstream sectors reporting improved positions. Producer performance remained relatively stable, despite remaining negative. Overall employment conditions improved, with agribusinesses across the state reporting moderate increases in employment levels. This was the first increase in employment since March 2008.

Less than satisfactory profitability amongst producers and upstream agribusinesses resulted in a negative result across the state. In contrast, profitability amongst downstream agribusinesses improved, moving further into positive territory.

The rate of increase of operating costs for the state slowed from the previous quarter, despite a marked increase among upstream agribusinesses.

Thirty-one percent of agribusinesses indicated that they had accessed finance in the last 12 months. Of those that had sought finance, 15% indicated that they had experienced difficulty obtaining the finance.

The EPI for New South Wales by statistical division is shown on the adjacent map. In the September Quarter, five of the eleven statistical divisions registered positive economic performance, down from seven in the previous quarter. Six statistical divisions registered negative economic performance this quarter.

Agribusiness confidence in New South Wales increased marginally this quarter, with 67% of businesses confident about the performance of their business over the next 12 months (up from 66% in the June Quarter). Statewide, the expectation for the December Quarter is for further decline in the EPI despite ongoing employment increases.

"The premium end of the market is down, leading to a downturn in sales"

Beef Producer, Murrumbidgee

This report discusses the Westpac / Charles Sturt University (CSU) Agribusiness Index for New South Wales in the September 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.

New South Wales

SECTOR PERFORMANCE

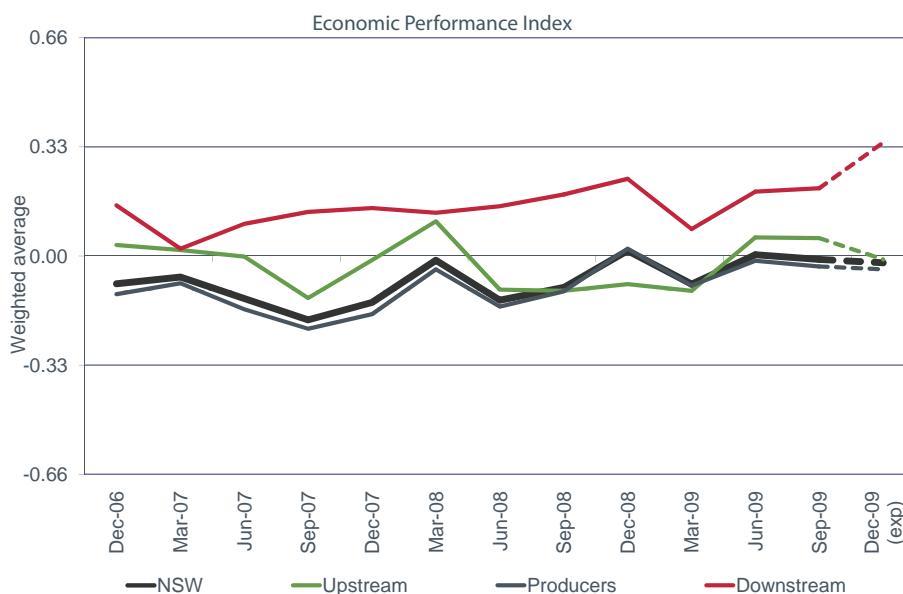
Economic Performance Index

The economic performance results for New South Wales in the September Quarter were:

- Overall, economic performance declined over the September Quarter with only five of the eleven statistical divisions recording positive economic performance. This is however, an improvement on the September Quarter over the past two years.
- The best performance occurred in the Hunter division, while the greatest improvement was recorded in the Mid-North Coast division which turned around from negative performance in the June Quarter.
- Far West division reported the worst economic performance for the quarter. This region also recorded the largest declines in profit and business confidence across the state.
- The largest declines in performance were recorded in Far West, Northern and Richmond-Tweed divisions, which fell into negative territory.
- The downstream sector remains strong, with a positive EPI and further improvement since the June Quarter. A slight decline in capital expenditure during the quarter was offset by good business performance and improved employment conditions.
- The rate of increase in operating costs in the downstream sector slowed significantly during the September Quarter, while profit levels improved.
- A slight decline in the performance of the producer sector was mostly influenced by a lower rate of capital expenditure over the quarter. Business performance remained negative, though steady.
- Producers reported a marginal increase in employment during the September Quarter, which moved from negative to positive territory for the first time since the December Quarter of 2008.

	Business Performance	Capital Expenditure	Employment	EPI Sep	Outlook Dec
Central West	0.05	0.12	0.08	0.08	↓
Far West	-0.27	-0.02	-0.17	-0.15	↓
Hunter	0.31	0.20	0.18	0.23	↑
Illawarra	0.17	0.25	0.05	0.16	↑
Mid-North Coast	-0.03	0.23	-0.03	0.06	↑
Murray	-0.25	-0.11	0.13	-0.08	↓
Murrumbidgee	0.00	0.04	-0.23	-0.07	↓
North Western	-0.19	-0.10	0.00	-0.10	↓
Northern	-0.23	-0.14	0.04	-0.11	↓
Richmond-Tweed	-0.32	-0.04	-0.04	-0.13	↓
South Eastern	0.14	0.00	0.03	0.06	↑
Upstream	0.15	-0.09	0.09	0.05	↓
Producers	-0.13	0.03	0.01	-0.03	↓
Downstream	0.49	0.12	0.01	0.20	↑
New South Wales	-0.06	0.02	0.02	-0.01	↓

- The upstream sector also reported a small decline in performance, but remained in positive territory. A significant decline in capital expenditure was offset to some degree by large improvements in employment. The positive employment result was the first since the March Quarter 2008.
- The rate of increase in operating costs in the upstream sector rose sharply over the September Quarter and profits moved into negative territory.
- Overall business confidence remained steady over the quarter, with those in Hunter division the most optimistic. The outlook for New South Wales for the coming quarter is for a slight decline in overall economic performance, with only four of the eleven statistical divisions anticipating positive results. Illawarra and Mid-North Coast are the only divisions to expect an improvement.



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.

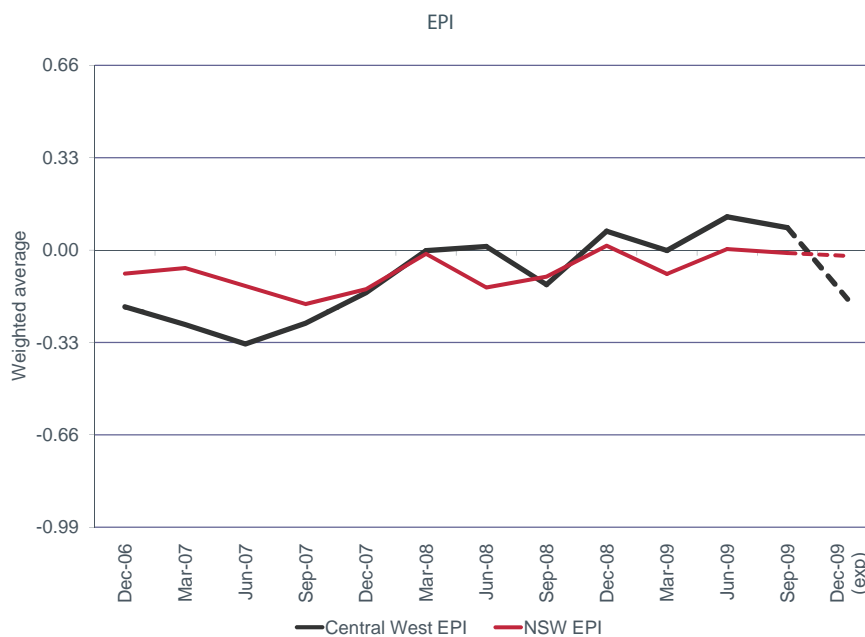
REGIONAL PERFORMANCE

Central West

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.26	-0.12	0.14	0.08	-0.18	↓
Business Performance	-0.35	-0.21	0.10	0.05	-0.28	↓
Capital Expenditure	-0.35	-0.20	0.27	0.12	-0.33	↓
Employment	-0.08	0.05	0.04	0.08	0.08	↑
Profit	-0.53	-0.39	0.04	-0.18	-	↓
Stock Levels	-0.22	-0.13	0.04	0.14	-0.35	↓
Operating Costs	0.32	0.64	0.58	0.41	-	

Although remaining positive, Central West statistical division recorded a slight decline in economic performance over the September Quarter, with further declines expected to December. Despite the decline, this was the best September Quarter on record for the division.

- Despite remaining positive, capital expenditure and business performance declined over the quarter. This was not offset by a slight improvement in employment resulting in a slightly reduced EPI.
- Profit levels again dipped into negative territory for Central West division, with the third largest decline across the state.
- Stock levels continued to increase for agribusinesses across the Central West. Current levels now match the high recorded in the December Quarter of 2008.
- The rate of increase in operating costs declined somewhat over the quarter, but remained above the state average.



- The number of agribusinesses seeking finance in the past 12 months across Central West division increased slightly during the September Quarter to 21%, up from 18% in the June Quarter. Of those who had sought finance, 16% indicated that they had experienced some difficulty in obtaining the finance.
- In the September Quarter, 61% of agribusinesses across Central West statistical division felt confident about the performance of their business over the next 12 months. The decline from the June Quarter (73%) is less than similar declines experienced at this time over the past two years.
- Central West division expects economic performance in the coming quarter to decline to levels not seen since December 2007. While employment is expected to increase slightly, declines in business performance, capital expenditure and stock levels are anticipated.

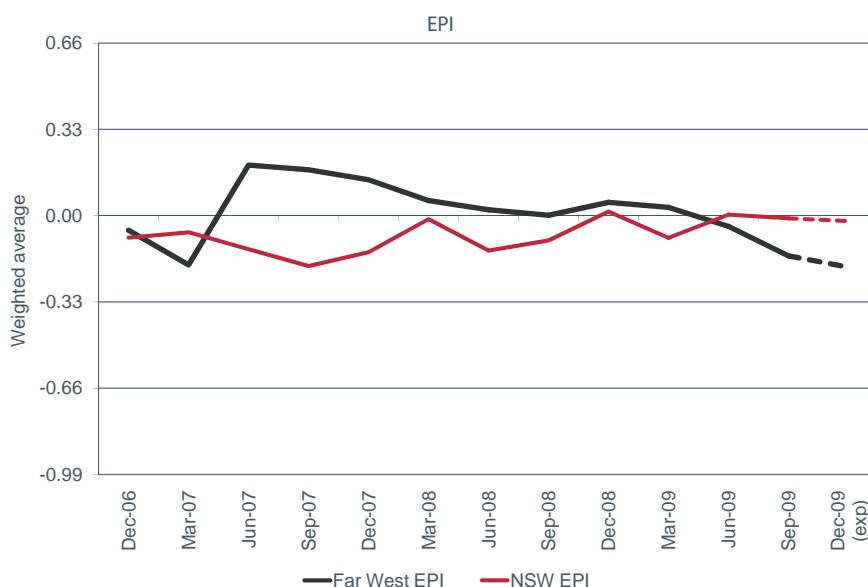
REGIONAL PERFORMANCE

Far West

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	0.18	0.00	0.04	-0.15	-0.20	↓
Business Performance	0.30	0.02	-0.04	-0.27	-0.53	↓
Capital Expenditure	0.09	-0.05	0.31	-0.02	0.05	↑
Employment	0.13	0.03	-0.16	-0.17	-0.11	↓
Profit	0.16	-0.01	-0.13	-0.42	-	↓
Stock Levels	0.11	-0.21	-0.67	-0.75	-0.78	↓
Operating Costs	0.42	0.43	0.30	0.38	-	

Economic performance in Far West statistical division declined once again to a low similar to that of the March Quarter 2007. This was the worst September Quarter result on record for the division.

- Large declines in business performance and capital expenditure affected the EPI, which was the lowest recorded across the state. Employment in Far West division also continued to decline throughout the quarter.
- Agribusinesses across the Far West division reported poor profitability for the first time since March 2007. This result was not only the largest decline for the state, but also the largest decline on record for the division.
- The rate of increase in operating costs continued to rise from the March Quarter resulting in the highest rate of increase in twelve months.
- Stock levels continued to decline, with agribusinesses in Far West division reporting a rate of reduction significantly greater than any other statistical division in the state.



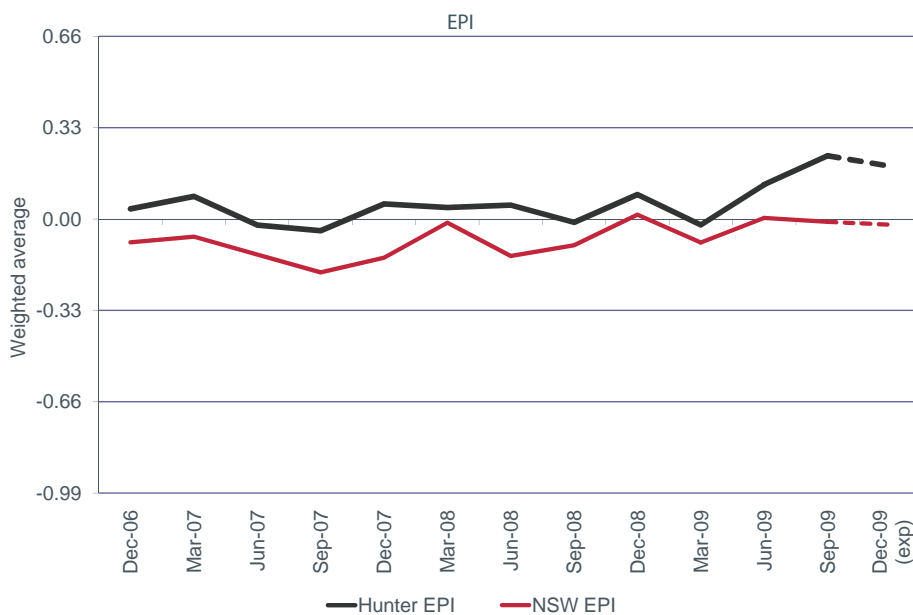
- In the September Quarter, almost one-third of agribusinesses in the Far West division (31%) reported that they had sought finance over the past 12 months. This is almost double the number in the June Quarter (16%) and the highest level since the June Quarter of 2007. Of those who had accessed finance during the quarter, 14% reported having had difficulty in obtaining the finance.
- Less than half (48%) of agribusinesses across the Far West statistical division felt confident about the performance of their business over the next 12 months. This represents a significant decline from the June Quarter (72%), the largest decline in confidence across the eleven statistical divisions.
- Moderate improvements in capital expenditure over the December Quarter are not expected to offset poor business performance and continuing declines in employment for Far West division.

Hunter

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.04	-0.01	-0.04	0.23	0.19	↑
Business Performance	-0.14	0.15	-0.20	0.31	0.29	↑
Capital Expenditure	-0.03	-0.02	0.07	0.20	0.07	↑
Employment	0.05	-0.17	-0.01	0.18	0.21	↑
Profit	-0.26	-0.12	-0.22	0.02	-	
Stock Levels	-0.17	0.14	0.21	-0.11	-0.15	↓
Operating Costs	0.43	0.75	0.32	0.39	-	

The Hunter statistical division recorded the strongest economic performance across New South Wales for the September Quarter. This was the best result on record for the division.

- In a turnaround from the June Quarter, Hunter division reported large improvements in business performance, capital expenditure, employment and profitability. Employment increases in the Hunter division were the highest in New South Wales.
- Stock level reductions were reported for the first time since the June Quarter of 2008, at a greater rate than the state average.
- Hunter and Illawarra divisions reported the largest improvement in profitability across the state with better than satisfactory results.
- Two in five agribusinesses (41%) across Hunter division had accessed finance in the last 12 months, almost double the number who had accessed finance in the previous two quarters. This is the highest level on record for this statistical division. Of those who had sought finance, 12% indicated that they had experienced difficulty obtaining the finance.



- In the September Quarter, 89% of agribusinesses across Hunter statistical division felt confident about the performance of their business over the next 12 months. This was the largest increase in confidence levels compared with the June Quarter (71%) and much higher than the state average (67%).
- While agribusinesses in Hunter division expect positive performance to continue throughout the December Quarter, business performance and capital expenditure are expected to decline slightly. Further improvements in employment are anticipated for the division.

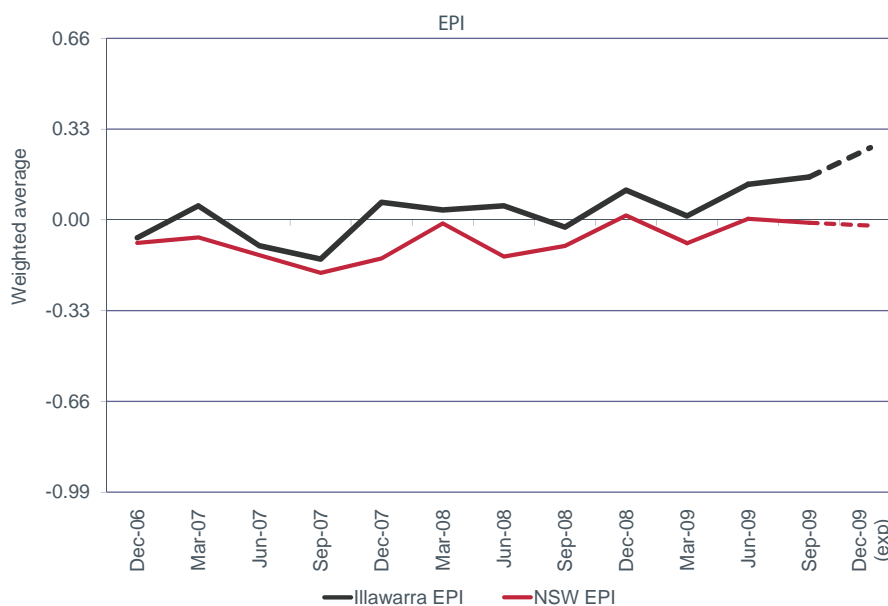
REGIONAL PERFORMANCE

Illawarra

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.14	-0.03	0.11	0.16	0.26	↑
Business Performance	-0.30	-0.08	0.12	0.17	0.28	↑
Capital Expenditure	-0.21	-0.02	0.17	0.25	0.36	↑
Employment	0.08	0.02	0.05	0.05	0.15	↑
Profit	-0.30	-0.45	-0.22	0.02	-	
Stock Levels	0.13	0.25	0.08	0.11	0.27	↑
Operating Costs	0.64	0.50	0.05	0.36	-	

The Illawarra statistical division recorded its best economic performance on record during the September Quarter 2009. This result ensured that the Illawarra division remained one of the top performing regions in the state.

- The rise in economic performance was mostly due to increased capital expenditure, exceeding the high recorded in the June Quarter. Employment continued to grow and there was a slight improvement in business performance overall.
- Stock levels increased from the June Quarter, one of the highest rates of increase across the state.
- The rate of increase in operating costs jumped sharply after less significant increases in the first half of 2009. Despite these increases, profitability improved for agribusinesses in Illawarra division during the September Quarter, moving to a positive level. This was the first positive profit result on record and one of the best results in the state.
- Illawarra division recorded the lowest levels of finance across the state, with only 13% of agribusinesses indicating that they had sought finance over the past quarter. This is up only marginally from 11% in the June Quarter. Of those who had sought finance, only 2% indicated that they had experienced some difficulty in obtaining the finance.



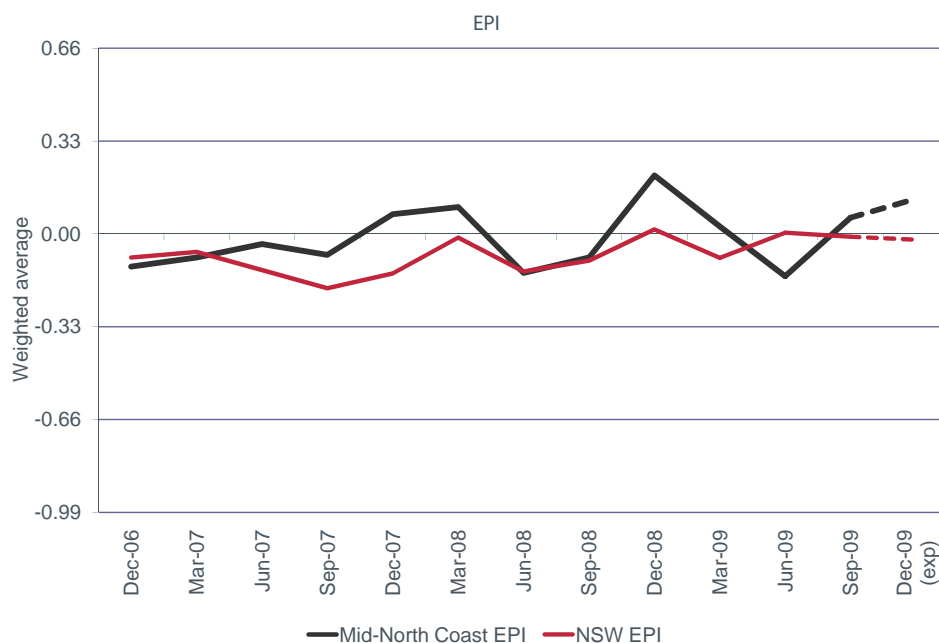
- In the September Quarter, 79% of agribusinesses across Illawarra statistical division felt confident about the performance of their business over the next 12 months. This result indicates that confidence remains steady across the region.
- The Illawarra statistical division expects improvements across the board for the December Quarter. Large increases are expected in business performance, capital expenditure, employment and stock levels over the next three months.

Mid-North Coast

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.07	-0.08	-0.24	0.06	0.13	↑
Business Performance	-0.01	-0.05	-0.30	-0.03	0.33	↑
Capital Expenditure	-0.20	-0.04	-0.32	0.23	0.07	↑
Employment	-0.01	-0.16	-0.10	-0.03	-0.03	↓
Profit	-0.09	-0.23	-0.37	-0.18	-	
Stock Levels	0.21	0.03	0.18	0.05	0.25	↑
Operating Costs	0.64	0.52	0.45	0.40	-	

The economic performance of Mid-North Coast statistical division improved during the September Quarter, returning once again to positive territory. This turn-around was the largest improvement in the state and reversed the negative swing recorded in the June Quarter.

- The strong performance was attributed to increased capital expenditure coupled with improved, though still negative, business performance.
- While agribusinesses in Mid-North Coast division continue to reduce employment levels, the rate of decline has reduced. The rate of increase in operating costs also declined slightly during the September Quarter and was much lower than the corresponding quarters over the past two years.
- Stock levels continued to increase in the September Quarter, however at a lower rate than that reported in the June Quarter.



- Although improving from the June Quarter, profitability levels remained less than satisfactory.
- In the September Quarter, one in five agribusinesses (20%) in the Mid-North Coast division reported that they had sought finance over the past 12 months. Of those who had accessed finance, 17% reported having had difficulty in obtaining the finance.
- Despite less than satisfactory profitability and declining employment levels, 77% of agribusinesses across Mid-North Coast statistical division felt confident about the performance of their business over the next 12 months. This is a marked improvement from the June Quarter (64%).
- In line with this, Mid-North Coast division expects business performance to improve through to the December Quarter. Employment conditions are expected to continue to decline slightly over the coming months, while capital expenditure is expected to decline, though remain positive.

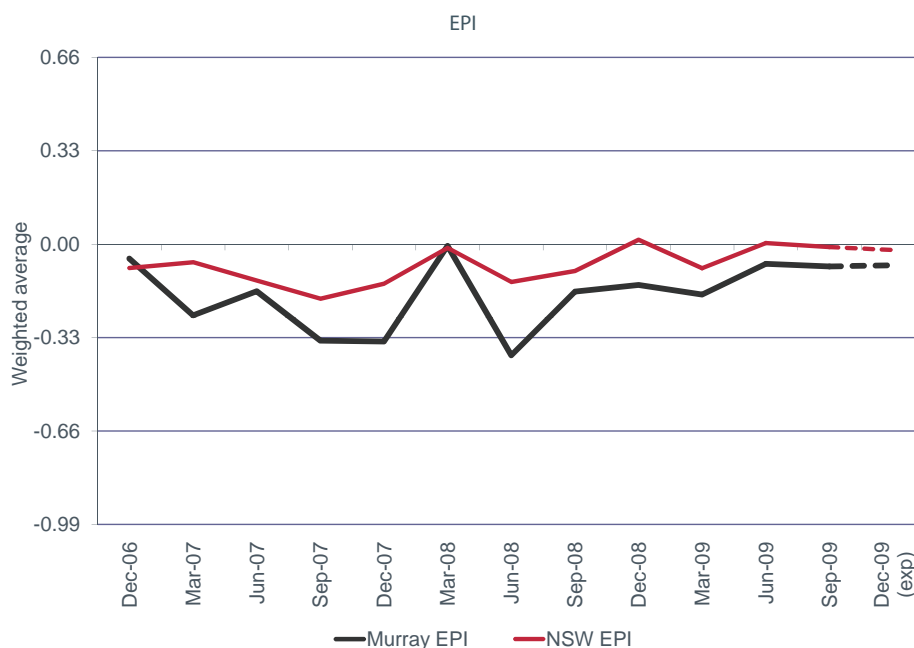
REGIONAL PERFORMANCE

Murray

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.34	-0.17	-0.11	-0.08	-0.07	↓
Business Performance	-0.47	-0.30	-0.38	-0.25	-0.15	↓
Capital Expenditure	-0.31	-0.09	0.09	-0.11	-0.07	↓
Employment	-0.25	-0.12	-0.05	0.13	0.00	●
Profit	-0.51	-0.30	-0.62	-0.55	-	
Stock Levels	-0.55	-0.05	-0.27	-0.08	-0.30	↓
Operating Costs	-0.03	0.73	0.48	0.06	-	

Although remaining negative, economic performance in Murray statistical division improved marginally in the September Quarter, with further slight improvement expected for the remainder of the year.

- Murray division reported increased employment across the agribusiness sector for the first time since March 2008. This strong result, combined with an improvement from poor to negative business performance during the quarter contributed to the higher EPI for the region.
- Capital expenditure moved back into negative territory, after an increase in the June Quarter. In addition, stock levels continued to decrease over the quarter.
- The rate of increase in operating costs eased over the September Quarter, however, little improvement was recorded in profitability which remained poor. Profitability in the Murray division was the lowest in the state.



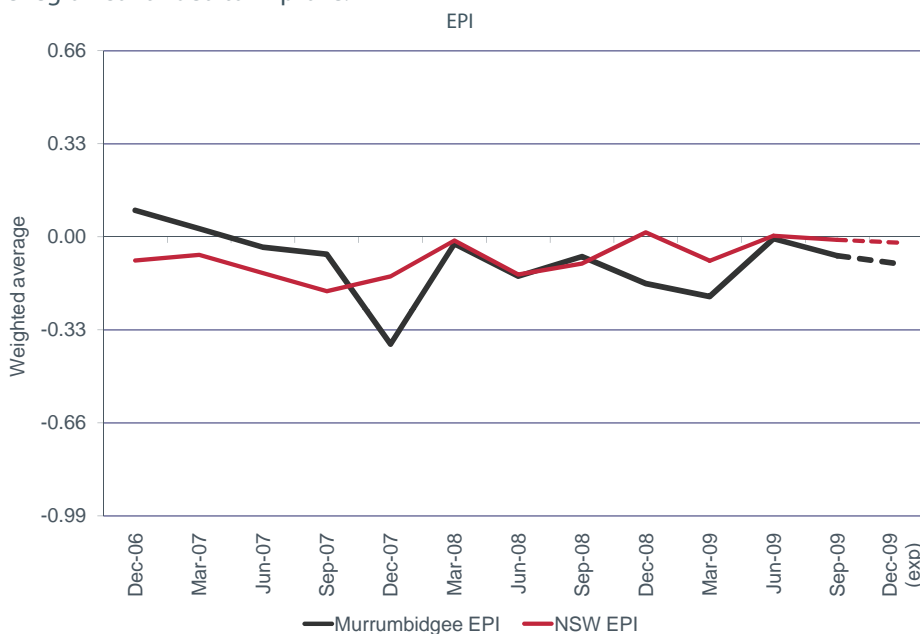
- The Murray division recorded the highest levels of finance across the state, with almost half of all agribusinesses (49%) indicating that they had sought finance over the past 12 months. This is up significantly from 34% in the June Quarter. Of those who had sought finance, 9% indicated that they had experienced some difficulty in obtaining the finance.
- Business confidence remained steady with just over half (55%) of agribusinesses across Murray statistical division felt confident about the performance of their business over the next 12 months.
- A marginal improvement in economic performance is expected in the December Quarter, however the EPI is expected to remain negative. Business performance and capital expenditure are expected to improve though remain negative, and employment is expected to remain steady.

Murrumbidgee

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.06	-0.07	0.03	-0.07	-0.10	↓
Business Performance	-0.18	0.10	0.09	0.00	-0.17	↓
Capital Expenditure	-0.07	-0.29	-0.08	0.04	-0.10	↓
Employment	0.07	-0.02	0.06	-0.23	-0.03	↓
Profit	-0.34	0.04	-0.18	-0.14	-	
Stock Levels	-0.36	0.04	-0.10	-0.05	-0.06	↓
Operating Costs	0.42	0.73	0.33	0.23	-	

Economic performance in Murrumbidgee statistical division declined in the September Quarter, returning to negative territory after the positive result in the June Quarter.

- Despite increasing capital expenditure and satisfactory business performance, declining employment across the division produced a negative EPI.
- The decline in employment among agribusinesses in Murrumbidgee statistical division was the largest in the state, a significant turnaround from the June Quarter.
- Stock levels continued to fall during the September Quarter, at a marginally lower rate than experienced in the previous three quarters.
- The rate of increase in operating costs declined compared to the June Quarter. In addition, although remaining negative, profitability across the region continued to improve.



- The number of agribusinesses accessing finance over the last 12 months declined slightly during the September Quarter to 40%. Of those who had accessed finance, 23% indicated that they had experienced difficulty in obtaining the finance.
- In the September Quarter, 61% of agribusinesses across Murrumbidgee statistical division felt confident about the performance of their business over the next 12 months. This was a moderate decline on the June Quarter (73%), which reflects the decline in performance overall.
- Agribusinesses expect negative performance across all key indicators for the December Quarter. Employment conditions, while expected to remain negative, are anticipated to improve.

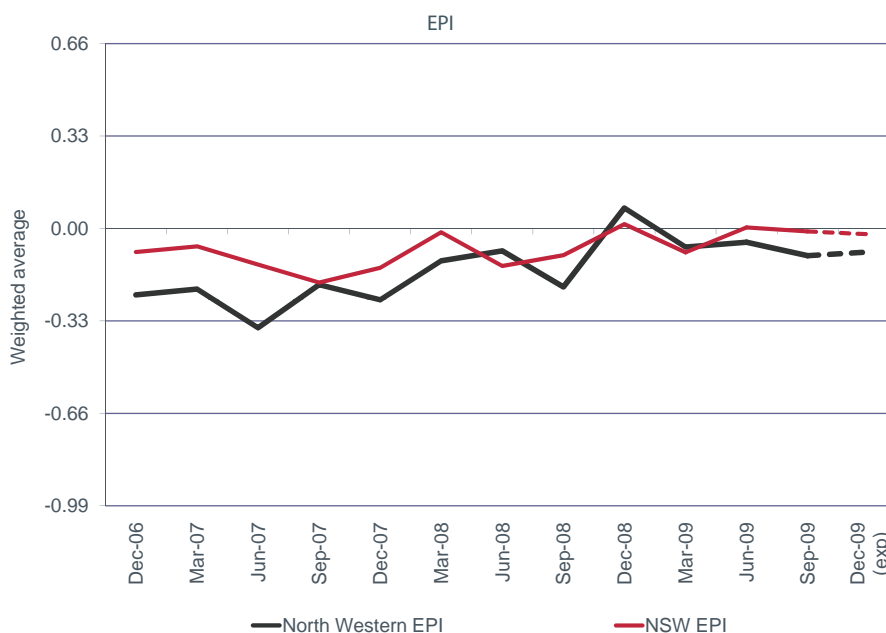
REGIONAL PERFORMANCE

North Western

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.20	-0.21	-0.05	-0.10	-0.08	↓
Business Performance	-0.37	-0.29	-0.20	-0.19	-0.39	↓
Capital Expenditure	-0.15	-0.18	0.08	-0.10	0.04	↑
Employment	-0.09	-0.16	-0.04	0.00	0.09	↑
Profit	-0.29	-0.57	-0.39	-0.21	-	●
Stock Levels	-0.28	-0.05	-0.03	-0.18	0.00	●
Operating Costs	0.69	0.73	0.38	0.36	-	

North Western statistical division continued to exhibit negative economic performance over the September Quarter, with a further decline experienced since the June Quarter.

- While employment remained stable during the September Quarter, negative business performance and reduced capital expenditure resulted in a lower EPI.
- Stock levels continued to decline in the September Quarter, but are expected to remain stable over the next three months.
- Despite operating costs remaining fairly stable over the period, profitability remained less than satisfactory. Agribusinesses in North Western division reported only moderate improvement from the poor profitability recorded in the previous quarter.
- Just over one in five agribusinesses (22%) across North Western division had sought finance over the past 12 months. This is a moderate increase from 16% in the June Quarter. Almost one third (32%) of those who had sought finance reported having some difficulty in obtaining the finance.



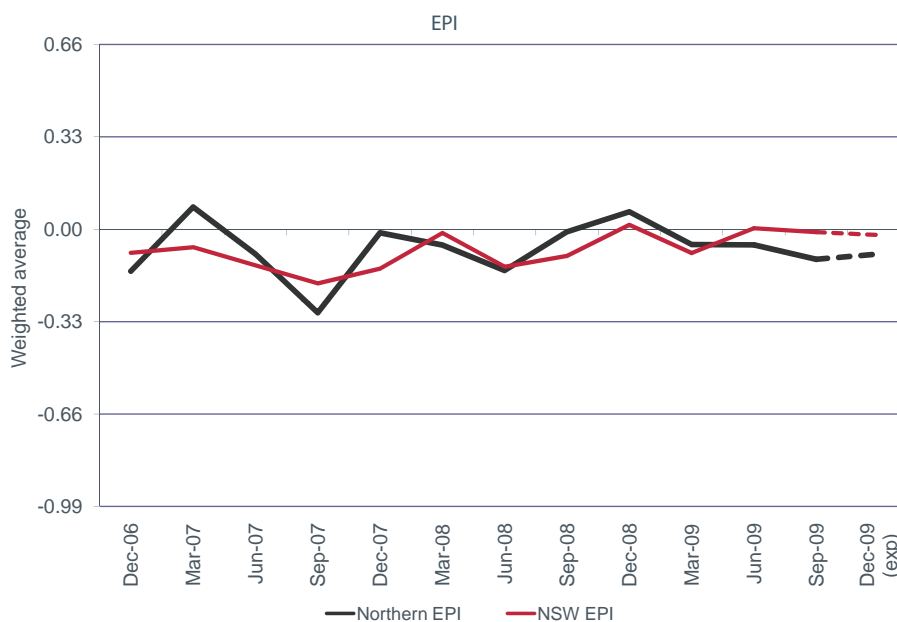
- Business confidence in North Western statistical division continues to decline with only 56% of agribusinesses indicating they felt confident about the performance of their business over the next 12 months. This is the lowest level since this time last year.
- Agribusinesses expect to increase employment and capital expenditure over the December Quarter, despite an anticipated decline in business performance. The EPI is expected to remain relatively stable, although negative, over the next quarter.

Northern

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.30	-0.01	0.03	-0.11	-0.09	↓
Business Performance	-0.26	0.13	0.04	-0.23	-0.25	↓
Capital Expenditure	-0.36	-0.10	0.15	-0.14	-0.14	↓
Employment	-0.27	-0.06	-0.09	0.04	0.12	↑
Profit	-0.42	-0.19	-0.15	-0.39	-	
Stock Levels	-0.15	0.09	0.22	-0.29	0.08	↑
Operating Costs	0.40	0.73	0.31	0.44	-	

In a turnaround from the June Quarter, economic performance in the Northern statistical division has returned to a negative position. The September Quarter result was the lowest for the region since the June Quarter of 2008.

- The decline in economic performance was due to sharp declines in business performance and capital expenditure. The Northern division recorded the largest decline in business performance and the greatest rate of reduction in capital expenditure for the state.
- Contrary to other indicators, employment increased in the Northern division agribusiness sector over the September Quarter, with further increases expected in the December Quarter.
- Stock levels were reported to have decreased for the first time since the June Quarter of 2008, with the largest decline on record for this division.



- The rate of increase in operating costs continued to rise while profitability levels declined further. Poor profitability was recorded for the first time since the December Quarter of 2008.
- In the September Quarter, 34% of agribusinesses in Northern division reported that they had sought finance over the past 12 months. Of those who had accessed finance, 16% reported having difficulty in obtaining the finance.
- Despite the negative results this quarter, 69% of agribusinesses across Northern statistical division felt confident about the performance of their business over the next 12 months. This is a further improvement on confidence levels expressed during the June Quarter (63%).
- Overall economic performance in Northern statistical division is expected to remain negative into the December Quarter, with declines in business performance and capital expenditure expected for the December Quarter. In contrast, employment conditions are expected to be positive.

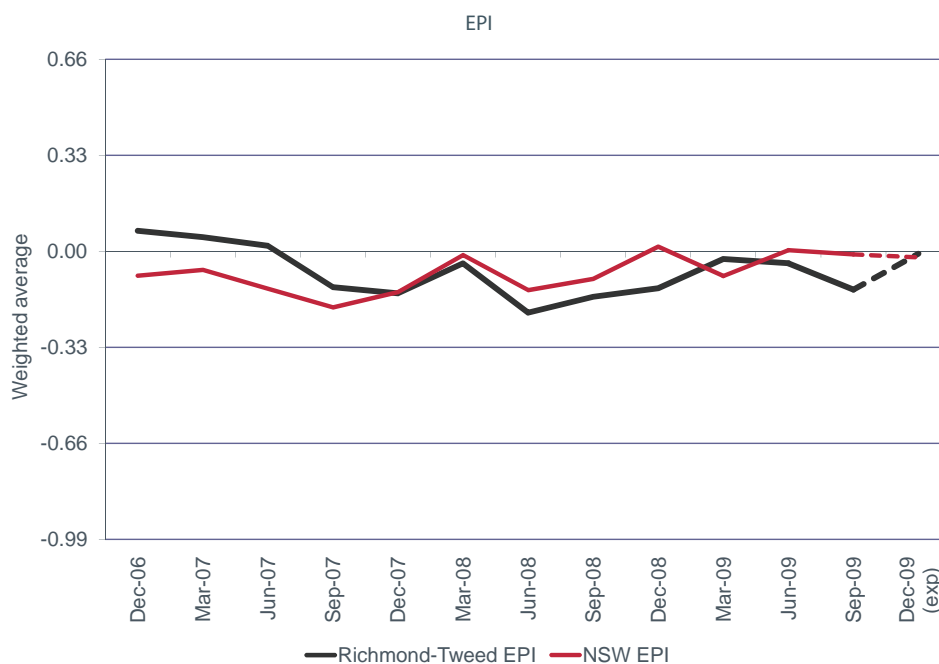
REGIONAL PERFORMANCE

Richmond-Tweed

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.12	-0.16	0.00	-0.13	-0.01	↓
Business Performance	-0.06	-0.22	-0.19	-0.32	-0.16	↓
Capital Expenditure	-0.21	-0.09	0.30	-0.04	0.15	↑
Employment	-0.10	-0.16	-0.11	-0.04	-0.02	↓
Profit	-0.31	-0.50	-0.46	-0.29	-	
Stock Levels	0.07	-0.15	0.04	0.19	-0.02	↓
Operating Costs	0.72	0.89	0.40	0.28	-	

Economic performance in Richmond-Tweed statistical division declined in the September Quarter, moving from satisfactory to negative. Some improvement is, however, anticipated for the coming quarter.

- The Richmond-Tweed statistical division recorded the lowest level of business performance and the largest decline in capital expenditure for the state. Employment conditions improved marginally during the September Quarter, although remained negative.
- Stock levels continued to rise and were the highest reported level for the state.
- The rate of increase in operating costs declined over the September Quarter and profitability, although less than satisfactory, improved from the poor results of the June Quarter.



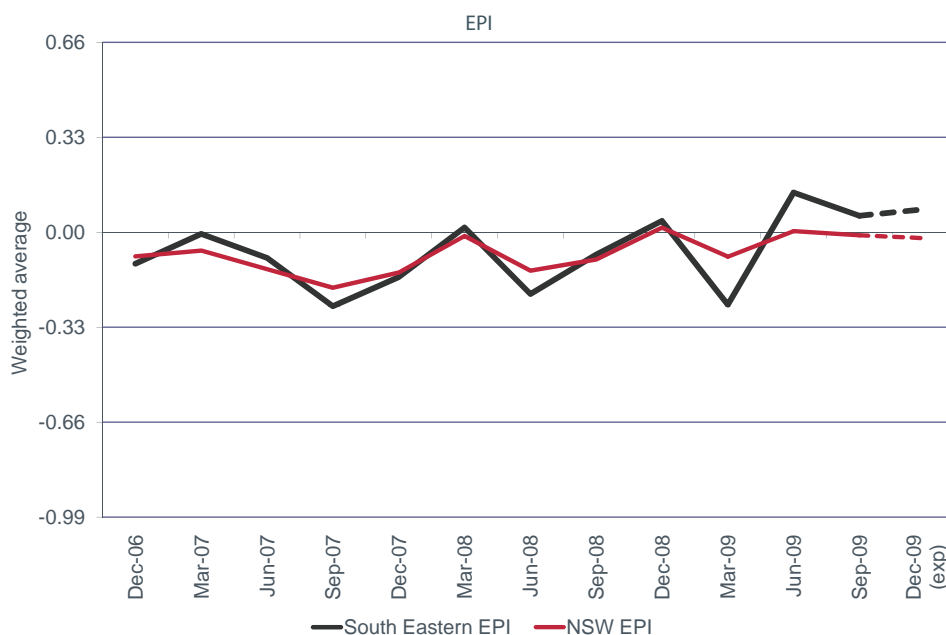
- Just over one in three agribusinesses (34%) across Richmond-Tweed division had sought finance over the past 12 months. This is a significant increase from 23% in the June Quarter. Of those who had sought finance, only 2% indicated that they had experienced some difficulty in obtaining the finance.
- In the September Quarter of 2009, 57% of agribusinesses across Richmond-Tweed statistical division felt confident about the performance of their business over the next 12 months. Confidence has remained relatively stable throughout 2009.
- Economic performance is expected to approach a satisfactory level in the December Quarter with anticipated improvements in capital expenditure. Business performance and employment are expected to improve, though remain in negative territory.

South Eastern

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.26	-0.08	0.11	0.06	0.08	↑
Business Performance	-0.30	-0.02	0.07	0.14	0.28	↑
Capital Expenditure	-0.36	-0.09	0.24	0.00	0.01	↑
Employment	-0.11	-0.12	0.03	0.03	-0.05	↓
Profit	-0.57	-0.24	-0.21	-0.17	-	
Stock Levels	-0.36	0.23	-0.21	-0.11	0.13	↑
Operating Costs	0.49	0.43	0.25	0.48	-	

Economic performance in South Eastern statistical division declined slightly over the September Quarter, but remained in positive territory. This is first time the South Eastern division has reported positive performance over two consecutive quarters since the Index commenced in the December Quarter of 2006.

- In a relatively strong result for the region, agribusinesses in the South Eastern division experienced improved business performance and growth in employment over the quarter.
- Stock levels continued to decrease over the September Quarter, however at a slower rate than in the June Quarter.
- Profitability amongst South Eastern agribusinesses remained less than satisfactory, although the result did improve on the previous two quarters. In addition, the rate of increase in operating costs jumped significantly from the June Quarter to the highest level since the December Quarter of 2008.



- In the September Quarter, 28% of respondents in South Eastern division indicated that they had accessed finance over the past 12 months, down from 36% in the June Quarter. Of those who had sought finance, only 4% indicated that they had difficulty obtaining the finance.
- In the September Quarter of 2009, 84% of agribusinesses across South Eastern statistical division felt confident about the performance of their business over the next 12 months. This is the highest level on record for the division.
- In line with improved business confidence, agribusinesses in the South Eastern division expect improved business performance and increased capital expenditure. In contrast, employment conditions are expected to deteriorate slightly.

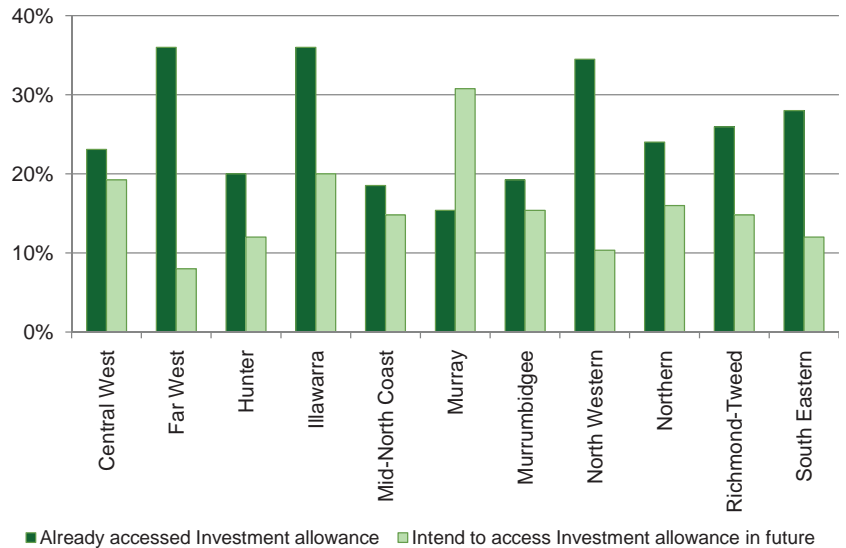
OUTLOOK

Topical Question

As part of the Westpac/Charles Sturt University (CSU) Agribusiness Index in the September Quarter of 2009, agribusinesses were asked about their use of the Federal Government's business stimulus investment allowance for capital expenditure.

- Twenty-six percent of respondents across regional New South Wales had utilised the investment allowance. The greatest uptake occurred in the Far West and Illawarra statistical divisions (36% each) and the lowest in the Murray statistical division (15%).
- Almost half (49%) of New South Wales respondents who had accessed the investment allowance had invested in vehicles. A further 40% invested in machinery and equipment, 3% in computers and IT equipment and the remainder (8%) in buildings and other capital equipment.
- One third (33%) of respondents would not have made the purchase had the investment allowance not been available.

- Forty-five percent of all New South Wales respondents who invested sought financial advice before making the purchase, and 82% believed the purchase would increase the profitability of their business.
- Sixteen percent of respondents intend to access the investment allowance in the future.



Business Confidence

Sixty-seven percent of agribusinesses in New South Wales felt confident about the performance of their business over the next 12 months, remaining relatively stable from the June Quarter.

- Increased confidence levels were reported by five statistical divisions: Hunter, Illawarra, Mid-North Coast, Northern and South Eastern divisions. The greatest increase in confidence was expressed by Hunter division (up from 71% to 89%) which was also the most confident overall.
- The greatest decrease in confidence were expressed by Far West division (down from 72% to 48%), which was also the least confident overall.
- Downstream agribusinesses were the most confident (80%) with producers the least confident at 66%.
- Overall business confidence remained relatively stable across all sectors throughout the September Quarter.

