

September Quarter 2009



Legend

EPI

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

"whatever happens with dairy prices affects this business..."

Dairy Farmer, Western Districts

This report discusses the Westpac / Charles Sturt University (CSU) Agribusiness Index for Victoria 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.

The Economic Performance Index (EPI) is the average of results for business performance, employment and investment (capital expenditure) indicators. The EPI for Victoria in the September Quarter of 2009 was -0.04, a slight decline on the result obtained in the June Quarter. The result places Victoria as the worst performing state in Australia. This quarter's result is identical to that of the September Quarter of 2008 and is an improvement on the September Quarter of 2007 result (-0.15).

The negative performance statewide was largely influenced by negative results in capital expenditure and business performance. Although employment decreased slightly overall, producers and the downstream sector reported increased employment levels.

Producers and upstream agribusinesses reported negative economic performance while downstream agribusinesses reported positive economic performance. The positive performance of the downstream sector was largely due to positive business performance.

Profitability was poor for producers and less than satisfactory for upstream agribusinesses while downstream agribusinesses reported better than satisfactory profitability.

Twenty-six percent of agribusinesses indicated that they had accessed finance in the last 12 months, with 27% 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 September Quarter, four statistical divisions reported positive economic performance and one division reported satisfactory economic performance. Four divisions reported negative economic performance and one division, East Gippsland, reported poor economic performance, making it the worst performing division in Australia in the September Quarter.

Business confidence in Victoria increased this quarter, with 68% of businesses confident about the performance of their business over the next 12 months (up from 64% in the June Quarter). Economic performance is expected to be positive in the December Quarter, largely due to positive results in business performance and capital expenditure.

Victoria

SECTOR PERFORMANCE

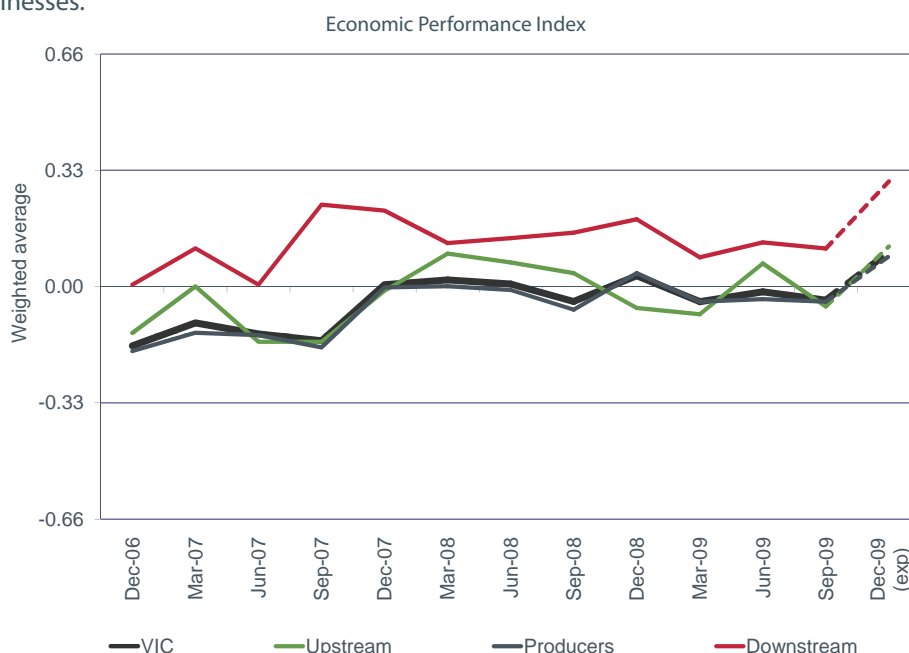
Economic Performance Index

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

- Five of the ten statistical divisions reported positive or satisfactory economic performance, with Wimmera being the best performing division.
- Four statistical divisions reported negative economic performance while one statistical division, East Gippsland, reported poor economic performance. The result in East Gippsland was the worst economic performance result for a Victorian statistical division in two years.
- Producers and upstream agribusinesses reported negative economic performance while downstream agribusinesses reported positive economic performance. The greatest decline in economic performance between the June and September Quarters was incurred by the upstream sector which moved from positive to negative territory.
- Business performance remained positive for the downstream sector while producers and the upstream sector reported negative business performance. Upstream agribusinesses reported the greatest decline in business performance.
- Capital expenditure increased in the upstream and downstream sectors, though at lower rates than in the June Quarter. In contrast, the producer sector decreased capital expenditure for the first time in four quarters.
- Employment conditions in the downstream sector remained positive and marginally improved. Producers also reported improvements with increases reported after two quarters of decreases. In contrast, further employment contractions were experienced by upstream agribusinesses.

	Business Performance	Capital Expenditure	Employment	EPI Sep	Outlook Dec
Barwon	0.04	-0.06	0.01	0.00	↑
Central Highlands	0.08	0.08	-0.03	0.05	↑
East Gippsland	-0.57	-0.49	0.00	-0.36	↓
Gippsland	-0.04	-0.12	-0.05	-0.07	↓
Goulburn	-0.19	0.03	0.10	-0.02	↑
Loddon	0.23	0.01	0.14	0.12	↑
Mallee	-0.14	-0.22	-0.15	-0.17	↑
Ovens-Murray	0.02	-0.02	-0.13	-0.04	↑
Western District	0.20	-0.05	-0.11	0.01	↑
Wimmera	0.25	0.18	0.07	0.17	↑
Upstream	-0.02	0.03	-0.18	-0.06	↑
Producers	-0.05	-0.09	0.02	-0.04	↑
Downstream	0.23	0.05	0.05	0.11	↑
Victoria	-0.04	-0.07	-0.01	-0.04	↑

- Overall profitability declined resulting in poor profitability for the state, the worst result since the March Quarter of 2007. Producers reported poor profitability for the second consecutive quarter, whilst upstream agribusinesses reported a significant decline.
- Statewide, the rate of increase in operating costs slowed during the quarter, the rate of increase easing for the producer and upstream sectors, but remaining stable for downstream agribusinesses.
- The outlook for Victoria for the coming quarter is for positive economic performance in all agribusiness sectors. All statistical divisions except East Gippsland and Gippsland are expecting a positive economic performance.



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

Agribusiness Index

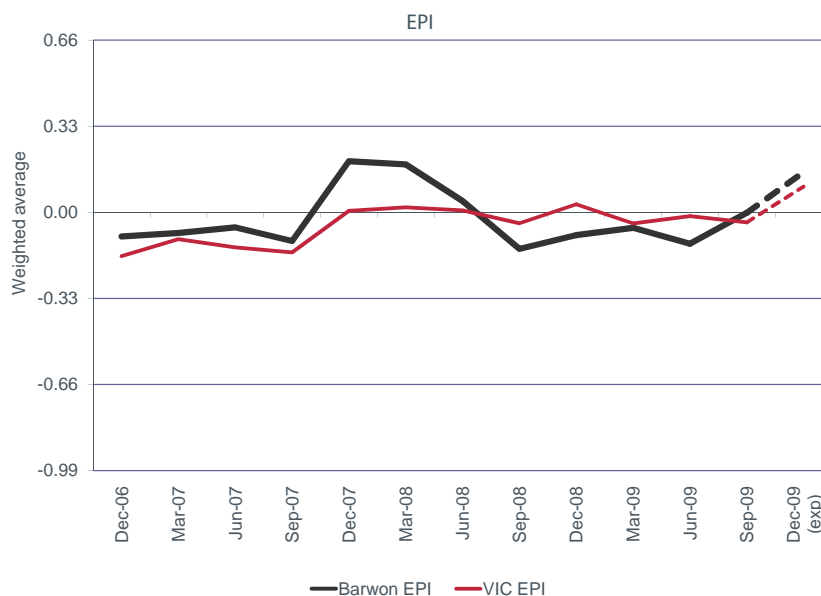
REGIONAL PERFORMANCE

Barwon

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.11	-0.14	-0.12	0.00	0.15	▲
Business Performance	-0.32	-0.25	-0.31	0.04	0.38	▲
Capital Expenditure	0.01	-0.12	-0.07	-0.06	0.07	▲
Employment	-0.02	-0.05	0.02	0.01	0.01	▲
Profit	-0.40	-0.53	-0.38	-0.34		
Stock Levels	-0.35	-0.02	-0.30	-0.24	0.01	▲
Operating Costs	0.56	0.55	0.66	0.39		

Economic performance in Barwon statistical division was satisfactory in the September Quarter (0.00), an improvement on the negative economic performance reported in each of the last four quarters. Economic performance in the September Quarter was an improvement on the results obtained in the September Quarter of 2008 (-0.14) and the September Quarter of 2007 (-0.11).

- Satisfactory economic performance was the result of marginally positive results in business performance and employment, offset by reductions in capital expenditure. Business performance improved significantly in Barwon division this quarter after four quarters of negative business performance. Employment and capital expenditure results were similar to those reported in the June Quarter.
- Stock levels continued to fall in Barwon statistical division, with the last four quarters reporting similar rates of reduction. Operating costs increased in the September Quarter, although the level of increase was considerably lower than that reported in the previous quarter or in the preceding September Quarters of 2008 and 2007.
- Profitability amongst Barwon agribusinesses remained poor for the second consecutive quarter.



- In the September Quarter, 19% of respondents in Barwon statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 22% in the June Quarter but an increase from 16% who accessed finance in the September Quarter of 2008. Of those who had sought finance, 55% indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 78% of agribusinesses across Barwon division felt confident about the performance of their business over the next 12 months. This is an increase on confidence levels expressed during the June Quarter (61%). In the coming quarter, increases in capital expenditure and employment, and significant improvement in business performance, is expected to result in a positive economic performance for Barwon statistical division.

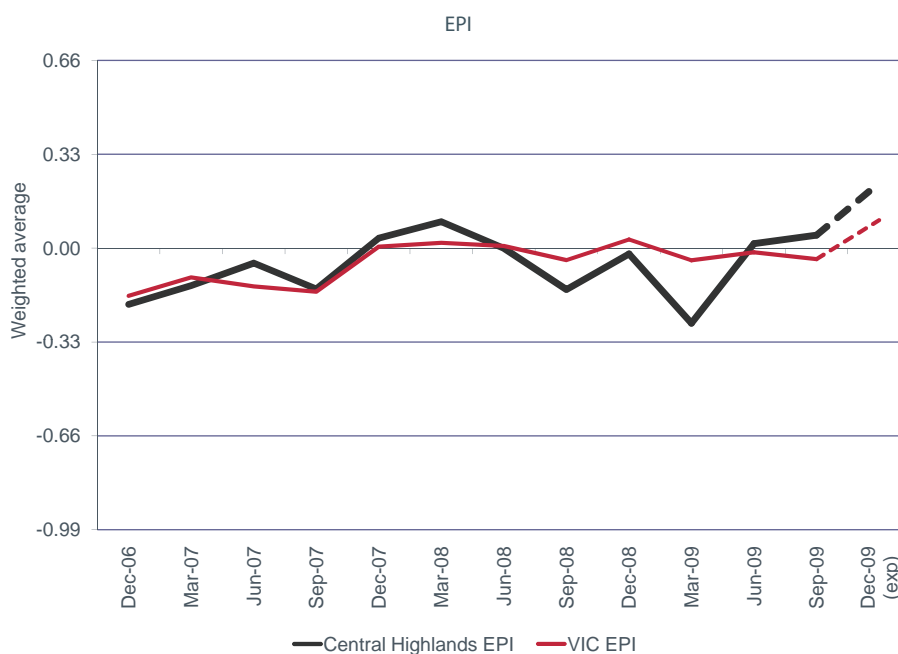
REGIONAL PERFORMANCE

Central Highlands

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.14	-0.15	0.02	0.05	0.23	↑
Business Performance	-0.27	-0.26	-0.18	0.08	0.51	↑
Capital Expenditure	-0.15	-0.17	0.24	0.08	0.21	↑
Employment	-0.01	0.00	-0.01	-0.03	-0.03	↓
Profit	-0.58	-0.28	-0.03	-0.15		
Stock Levels	-0.37	-0.20	-0.42	-0.15	-0.20	↓
Operating Costs	0.42	0.48	0.34	0.34		

Economic performance in Central Highlands statistical division was positive in the September Quarter (0.05), an improvement on the June Quarter's performance. This result was an improvement on the results obtained in the September Quarter of 2008 (-0.15) and the September Quarter of 2007 (-0.14).

- Positive economic performance was due to positive results in business performance and capital expenditure. Business performance improved significantly in Central Highlands division this quarter after four quarters of negative performance. Capital expenditure results were down on those of the June Quarter, though remained positive. In contrast, employment contractions continued for the third consecutive quarter.
- Stock levels continued to fall in Central Highlands statistical division, although the rate of reduction was lower this quarter than that reported in the June Quarter. Operating costs increased by the same rate as reported in the previous quarter.
- Profitability amongst Central Highlands agribusinesses was less than satisfactory in the September Quarter, a deterioration on results from the June Quarter.



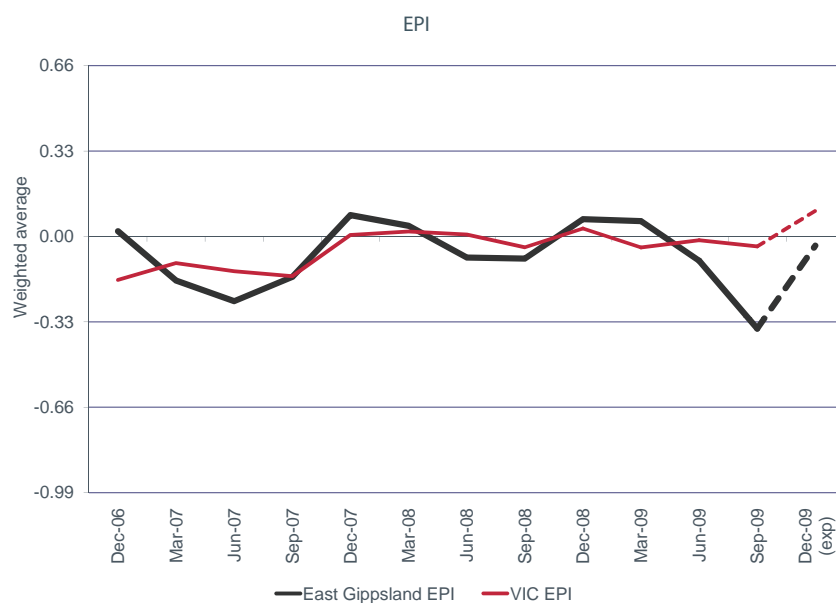
- In the September Quarter, 20% of respondents in Central Highlands statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 15% in the June Quarter but a decrease from 22% who accessed finance in the September Quarter of 2008. None of the agribusinesses that accessed finance indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 59% of agribusinesses across Central Highlands division felt confident about the performance of their business over the next 12 months. This is an increase on confidence levels expressed during the June Quarter (50%). In the coming quarter, significant improvements in business performance and capital expenditure are expected to result in continuing improvement in economic performance for Central Highlands statistical division.

East Gippsland

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.16	-0.09	-0.09	-0.36	-0.04	↓
Business Performance	-0.53	0.01	-0.37	-0.57	-0.09	↓
Capital Expenditure	0.13	-0.21	0.10	-0.49	-0.10	↓
Employment	-0.07	-0.07	-0.01	0.00	0.08	↑
Profit	-0.50	0.11	-0.58	-0.79		
Stock Levels	-0.18	-0.16	-0.17	-0.48	-0.08	↓
Operating Costs	0.88	0.08	0.60	0.23		

Economic performance in East Gippsland statistical division was poor in the September Quarter (-0.36), a significant decline on economic performance compared to the previous quarter. This result was significantly worse than the results obtained in the September Quarter of 2008 (-0.09) and the September Quarter of 2007 (-0.16).

- Poor economic performance was due to poor results in business performance and capital expenditure. The results for business performance and capital expenditure were the worst on record for the division. Employment was satisfactory and has returned similar results for each of the last three quarters.
- Stock levels significantly fell in East Gippsland statistical division, the greatest rate of stock reduction since the December Quarter of 2007. Operating costs increased in the September Quarter, although at a rate much lower than the previous two quarters.
- Profitability amongst East Gippsland agribusinesses was poor in the September Quarter, a decline on already poor profitability results obtained in the June Quarter.



- In the September Quarter, 3% of respondents in East Gippsland statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 16% in the June Quarter and a decrease from 14% who accessed finance in the September Quarter of 2008. None of the agribusinesses that accessed finance indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 45% of agribusinesses across East Gippsland 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 June Quarter (33%). In the coming quarter, results for business performance and capital expenditure are expected to remain negative despite considerable improvement. This is expected to result in a negative though improved EPI for the division.

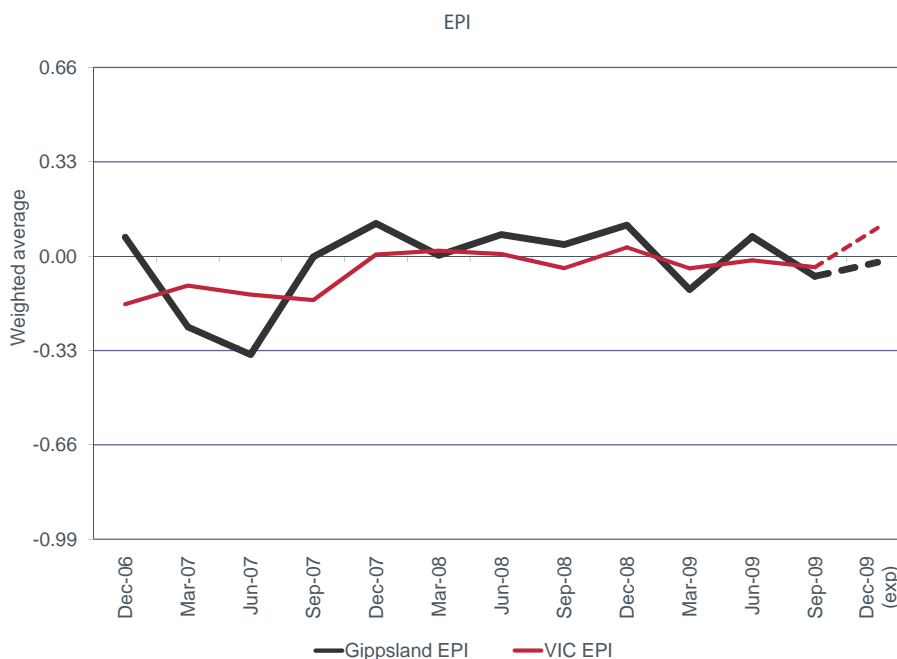
REGIONAL PERFORMANCE

Gippsland

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	0.00	0.04	0.07	-0.07	-0.02	↓
Business Performance	-0.01	0.24	0.20	-0.04	0.03	↑
Capital Expenditure	0.07	-0.07	0.10	-0.12	-0.08	↓
Employment	-0.07	-0.05	-0.09	-0.05	-0.01	↓
Profit	-0.13	-0.02	-0.24	-0.32		
Stock Levels	-0.16	-0.03	0.06	-0.15	-0.14	↓
Operating Costs	0.50	0.70	0.19	0.25		

Economic performance in Gippsland statistical division was negative in the September Quarter (-0.07), a decline on the positive performance of the previous quarter. This result represents a decline on results obtained in the September Quarter of 2008 (0.04) and the September Quarter of 2007 (0.00).

- The negative economic performance result was due to negative results in business performance, capital expenditure and employment. Declines in business performance and capital expenditure were considerable compared to the previous quarter. Despite remaining negative, the employment result was an improvement on that obtained in the June Quarter.
- Stock levels fell in Gippsland statistical division, after increasing in each of the previous two quarters. Operating costs increased in the September Quarter at a rate similar to that reported in the previous three quarters.



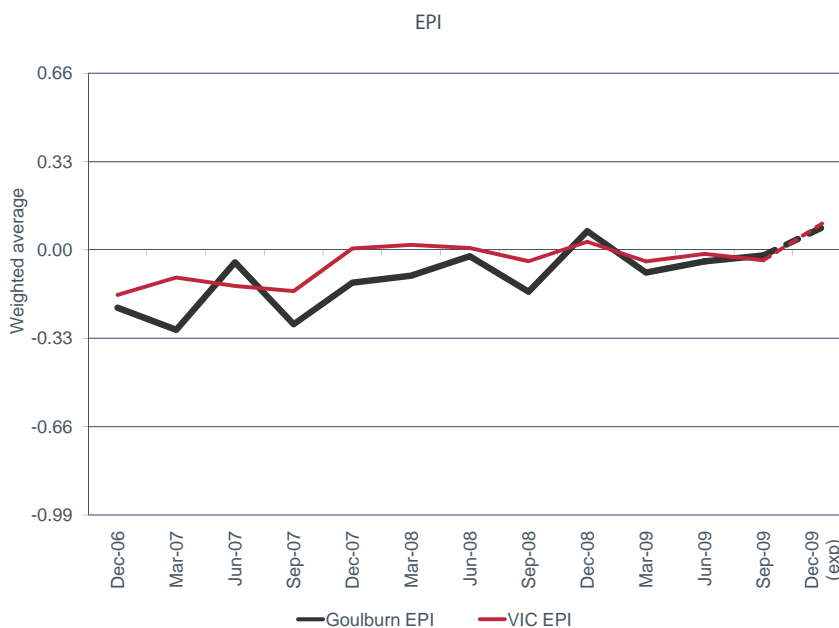
- Profitability amongst Gippsland agribusinesses was less than satisfactory in the September Quarter, a further decline on results obtained in the June Quarter.
- In the September Quarter, 22% of respondents in Gippsland statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 26% in the June Quarter but an increase from 19% who accessed finance in the September Quarter of 2008. None of the agribusinesses that accessed finance indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 57% of agribusinesses across Gippsland statistical division felt confident about the performance of their business over the next 12 months. This is a slight decrease on confidence levels expressed during the June Quarter (59%). In the coming quarter, negative results in capital expenditure and employment are expected to result in continuing negative economic performance for Gippsland division, despite slight improvements in business performance.

Goulburn

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.28	-0.16	-0.04	-0.02	0.08	▲
Business Performance	-0.67	-0.17	-0.19	-0.19	-0.10	▼
Capital Expenditure	-0.16	-0.20	0.08	0.03	0.30	▲
Employment	-0.01	-0.09	-0.02	0.10	0.05	▲
Profit	-0.59	-0.24	-0.58	-0.57		
Stock Levels	-0.36	-0.13	-0.12	-0.40	-0.01	▼
Operating Costs	0.39	0.71	0.27	0.66		

Economic performance in Goulburn statistical division was negative in the September Quarter (-0.02), although this result was a slight improvement on the result reported in the previous quarter. Additionally, this result represents an improvement on the results obtained in the September Quarter of 2008 (-0.16) and the September Quarter of 2007 (-0.28).

- Negative economic performance was due to a negative result in business performance which has been negative or poor in each of the last five quarters. Capital expenditure and employment reported positive results. Employment reported its best result since the inception of the Index.
- Stock levels fell significantly in Goulburn division, with a significantly greater rate of reduction than that reported in the June Quarter. The rate of operating cost increase was significantly higher this quarter than in the June Quarter, the highest rate reported since the September Quarter of 2008.
- Profitability amongst Goulburn agribusinesses was poor in the September Quarter, a similar result to that obtained in the June Quarter.



- In the September Quarter, 34% of respondents in Goulburn statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 38% in the June Quarter and a decrease from 39% who accessed finance in the September Quarter of 2008. Of those who had sought finance, 46% indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 69% of agribusinesses across Goulburn 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 June Quarter (61%). In the coming quarter, positive results in capital expenditure and employment are expected to result in a positive economic performance for Goulburn division, despite continued negative business performance.

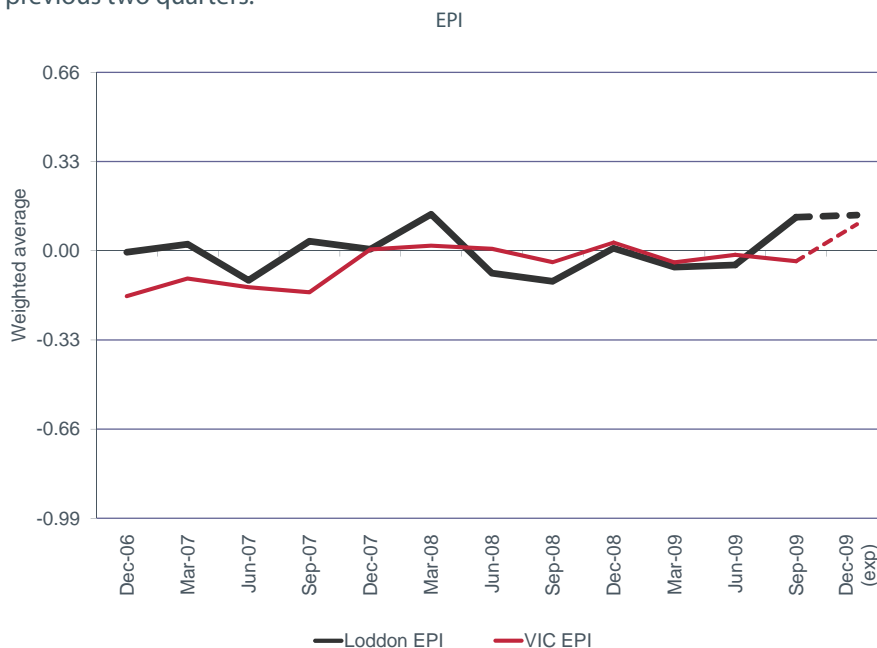
REGIONAL PERFORMANCE

Loddon

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	0.04	-0.11	-0.05	0.12	0.13	↑
Business Performance	0.02	-0.13	-0.02	0.23	0.25	↑
Capital Expenditure	0.11	-0.02	0.03	0.01	0.23	↑
Employment	-0.02	-0.19	-0.16	0.14	-0.08	↓
Profit	-0.37	-0.24	-0.53	-0.31		
Stock Levels	0.03	0.07	-0.44	0.15	0.05	↑
Operating Costs	0.58	0.72	0.43	0.53		

Economic performance in Loddon statistical division was positive in the September Quarter (0.12), an improvement on the negative result reported in the previous quarter. This result was also an improvement on the results obtained in the September Quarter of 2008 (-0.11) and the September Quarter of 2007 (0.04).

- The positive economic performance result was due to positive results in business performance, capital expenditure and employment. Business performance reported a particularly strong positive result, with its best result since the March Quarter of 2008. Employment returned a positive result after four quarters of negative results and capital expenditure increases were reported for the fourth consecutive quarter.
- Stock levels increased in Loddon statistical division, after significant reductions were reported in the June Quarter. Operating costs increased at a slightly higher rate to that reported in the previous quarter.
- Profitability amongst Loddon agribusinesses was less than satisfactory in the September Quarter, an improvement on the poor result obtained in the previous two quarters.



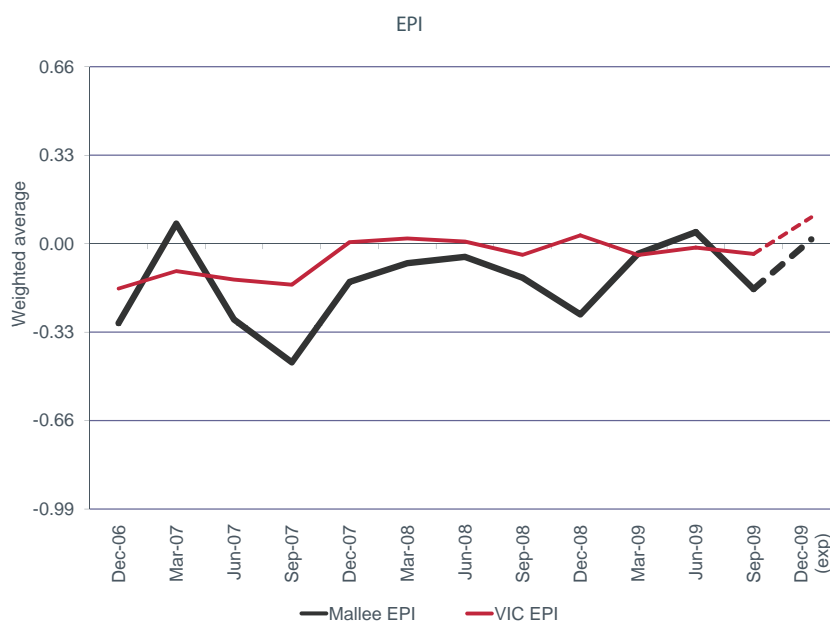
- In the September Quarter, 26% of respondents in Loddon statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 37% in the June Quarter and a slight increase from 25% who accessed finance in the September Quarter of 2008. Of those who had sought finance, 18% indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 71% of agribusinesses across Loddon statistical division felt confident about the performance of their business over the next 12 months. This is a slight decrease on confidence levels expressed during the June Quarter (75%). In the coming quarter, positive results in business performance and capital expenditure are expected to result in positive and improved economic performance for Loddon division, despite expected contractions in employment.

Mallee

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.44	-0.13	0.04	-0.17	0.02	↑
Business Performance	-0.52	-0.29	0.20	-0.14	-0.16	↓
Capital Expenditure	-0.57	-0.09	0.05	-0.22	0.09	↑
Employment	-0.24	-0.01	-0.13	-0.15	0.12	↑
Profit	-0.38	-0.59	0.04	-0.45		
Stock Levels	-0.16	-0.26	-0.25	-0.04	0.03	↑
Operating Costs	0.12	0.53	0.53	0.19		

Economic performance in Mallee statistical division was negative in the September Quarter (-0.17), a decline on the positive result reported in the previous quarter. This result represents a decline on the result obtained in the September Quarter of 2008 (-0.13) but an improvement on the poor performance result of the September Quarter of 2007 (-0.44).

- Negative economic performance was due to negative results in business performance, capital expenditure and employment. Business performance and capital expenditure experienced significant declines compared to June Quarter results. Employment conditions, while remaining negative, were similar to those reported in each of the previous two quarters.
- Stock levels decreased in Mallee statistical division, which is the seventh consecutive quarter of stock reductions. Operating costs increased in the September Quarter, although at a much lower rate than that reported in the previous quarter.
- Profitability amongst Mallee agribusinesses was poor in the September Quarter, a considerable deterioration on the better than satisfactory profit result reported in the June Quarter.



- In the September Quarter, 42% of respondents in Mallee statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 22% in the June Quarter and an increase from 32% who accessed finance in the September Quarter of 2008. Of those who had sought finance, 27% indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 55% of agribusinesses across Mallee statistical division felt confident about the performance of their business over the next 12 months. This is a significant decrease on confidence levels expressed during the June Quarter (83%). In the coming quarter, positive results in capital expenditure and employment are expected to result in a return to positive economic performance for Mallee division, despite an expected worsening in business performance.

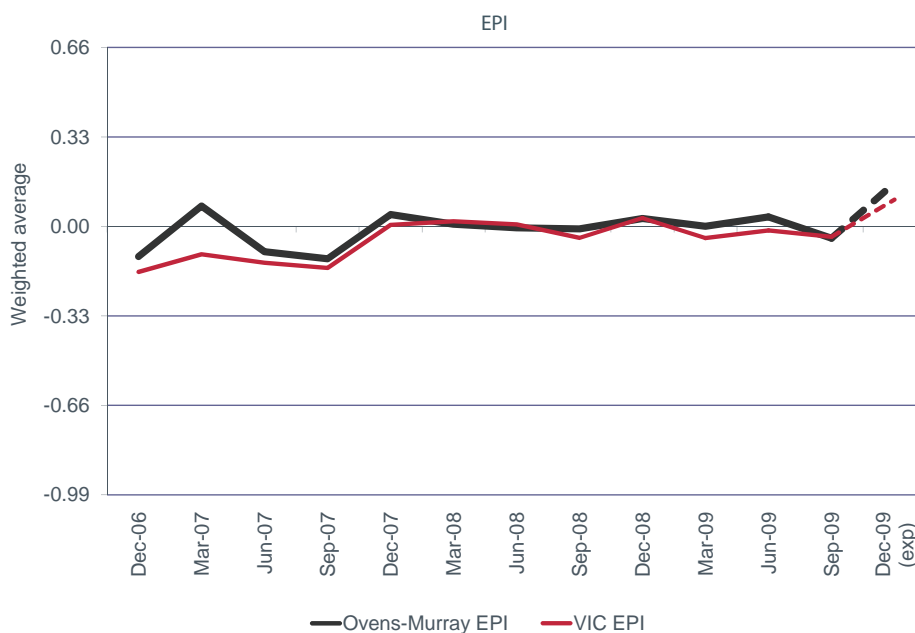
REGIONAL PERFORMANCE

Ovens-Murray

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.12	-0.01	0.03	-0.04	0.16	↑
Business Performance	-0.34	-0.16	0.00	0.02	0.47	↑
Capital Expenditure	0.09	0.03	0.13	-0.02	0.12	↑
Employment	-0.11	0.10	-0.03	-0.13	-0.10	↓
Profit	-0.48	-0.09	-0.29	-0.26		
Stock Levels	-0.31	0.01	-0.23	-0.10	0.15	↑
Operating Costs	0.67	0.68	0.37	0.36		

Economic performance in Ovens-Murray statistical division was negative in the September Quarter (-0.04), a decline on the positive result reported in the previous quarter. This result represents a decline on the result obtained in the September Quarter of 2008 (-0.01) but an improvement on the result obtained in the September Quarter of 2007 (-0.12).

- Negative economic performance was due to negative results in capital expenditure and employment. Capital expenditure was negative for this first time since the June Quarter of 2008 whilst employment was negative for the second consecutive quarter. In contrast, business performance was positive, with its best result since the December Quarter of 2008.
- Stock levels decreased in Ovens-Murray statistical division, although at a lower rate than that reported in the June Quarter. Operating costs increased at a similar rate to that reported in the previous quarter.
- Profitability amongst Ovens-Murray agribusinesses was less than satisfactory in the September Quarter. Profitability has been less than satisfactory or poor since the inception of the Index.



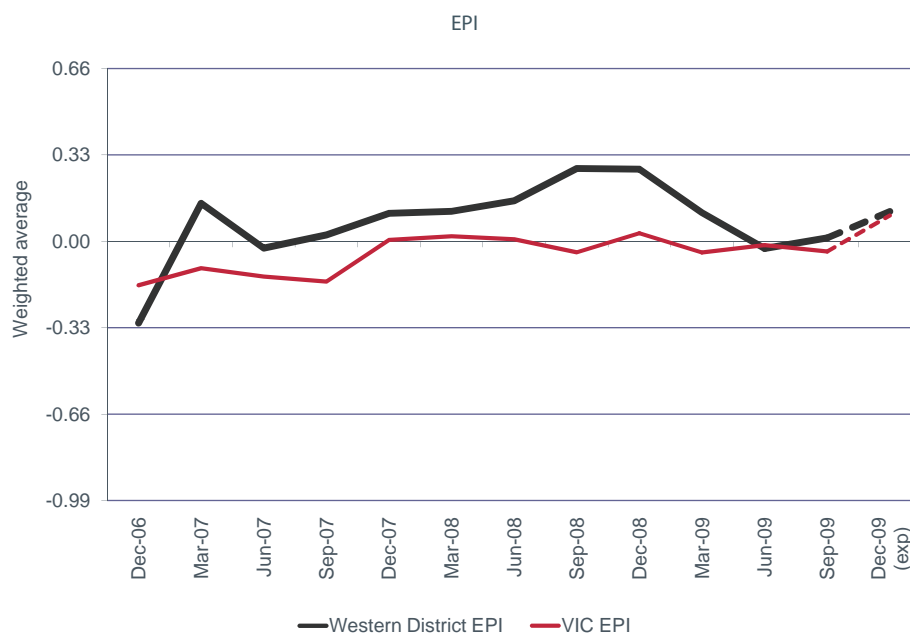
- In the September Quarter, 16% of respondents in Ovens-Murray statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 23% in the June Quarter and a decrease from 25% who accessed finance in the September Quarter of 2008. Of those who had sought finance, 21% indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 71% of agribusinesses across Ovens-Murray 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 June Quarter (67%). In the coming quarter, good results in business performance and positive results in capital expenditure are expected to result in positive economic performance for Ovens-Murray division, despite an expected worsening in employment.

Western District

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	0.02	0.28	-0.03	0.01	0.11	▲
Business Performance	0.10	0.51	-0.01	0.20	0.25	▲
Capital Expenditure	-0.05	0.11	0.04	-0.05	0.11	▲
Employment	0.02	0.21	-0.11	-0.11	-0.02	▼
Profit	-0.18	-0.25	-0.27	-0.26		
Stock Levels	0.06	0.34	-0.13	-0.27	-0.26	▼
Operating Costs	0.38	0.47	0.56	0.08		

Economic performance in Western District statistical division was positive in the September Quarter (0.01), an improvement on the negative result reported in the previous quarter. This result represents a decline on that of the September Quarter of 2008 (0.28) and is similar to results obtained in the September Quarter of 2007 (0.02).

- Positive economic performance was due to a strong positive result in business performance, which offset the negative results obtained in capital expenditure and employment. The business performance result was a turn-around on the negative result obtained in the June Quarter. Capital expenditure reductions were reported for the first time since the June Quarter of 2008. Employment was negative for the second consecutive quarter.
- Stock levels decreased in Western District division, at a higher rate than that reported in the June Quarter. The rate of operating cost increase was the lowest on record for the division.



- Profitability amongst Western District agribusinesses was less than satisfactory in the September Quarter for the second consecutive quarter.
- In the September Quarter, 32% of respondents in Western District statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 23% in the June Quarter and a decrease from 39% who accessed finance in the September Quarter of 2008. Of those who had sought finance, 33% indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 85% of agribusinesses across Western District 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 June Quarter (73%). In the coming quarter, positive results in business performance and capital expenditure are expected to result in a positive economic performance for Western District statistical division.

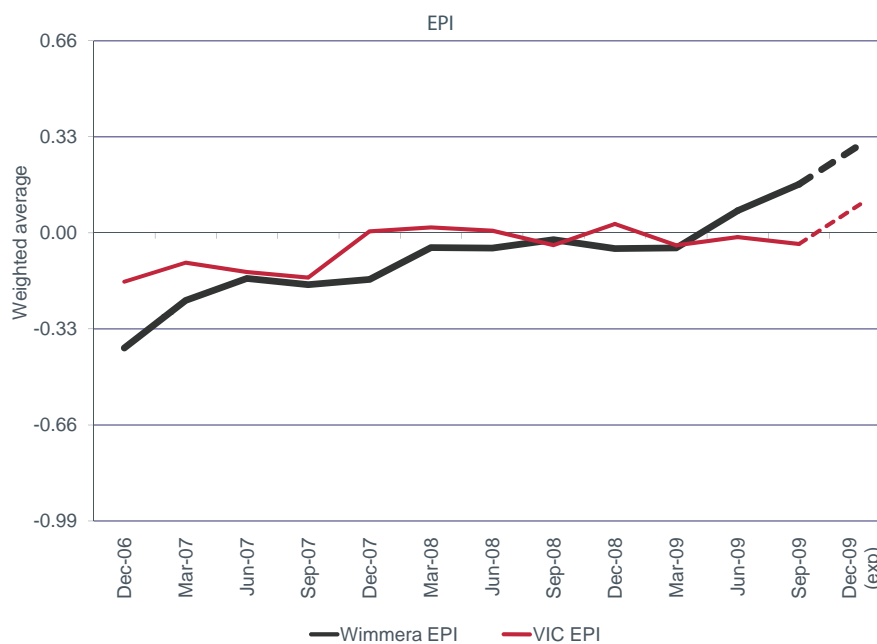
REGIONAL PERFORMANCE

Wimmera

	Sep Qtr 2007	Sep Qtr 2008	Jun Qtr 2009	Sep Qtr 2009	Dec Qtr (exp)	Outlook Dec
EPI	-0.18	-0.02	0.08	0.17	0.30	↑
Business Performance	-0.24	-0.06	0.12	0.25	0.74	↑
Capital Expenditure	-0.19	-0.06	0.11	0.18	0.19	↑
Employment	-0.10	0.04	0.00	0.07	-0.02	↓
Profit	-0.15	-0.41	-0.13	-0.17		
Stock Levels	-0.22	0.17	-0.23	0.02	0.06	↑
Operating Costs	0.42	0.61	0.70	0.08		

Economic performance in Wimmera statistical division was positive in the September Quarter (0.17), having moved further into positive territory since the previous quarter. This result represents an improvement on the results obtained in the September Quarter of 2008 (-0.02) and the September Quarter of 2007 (-0.18).

- The positive economic performance result was due to positive results in business performance, capital expenditure and employment, all of which have shown improvement since the June Quarter. The results for business performance and employment were the best on record for the division.
- Stock levels increased in Wimmera statistical division after significant reductions were reported in the previous quarter. The rate of operating cost increase was significantly lower than that reported in the previous quarter.
- Profitability amongst Wimmera agribusinesses was less than satisfactory in the September Quarter, reporting a similar result to that obtained in the June Quarter.



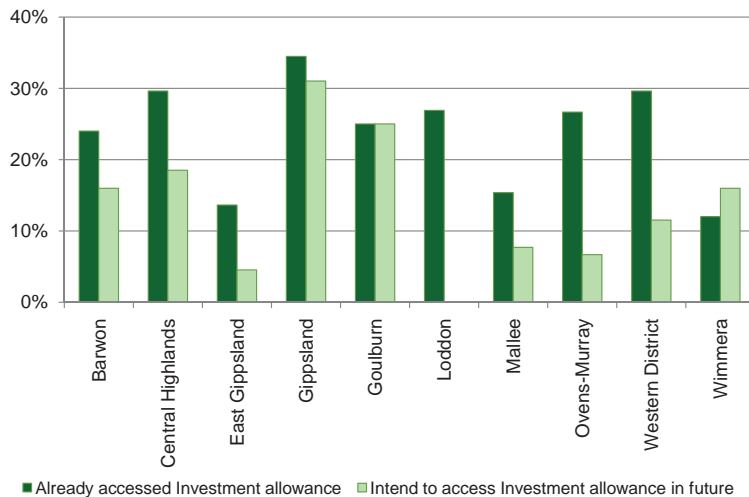
- In the September Quarter, 18% of respondents in Wimmera statistical division indicated that they had accessed finance in the last 12 months. This is a decrease from 36% in the June Quarter and from 30% who accessed finance in the September Quarter of 2008. Of those who had sought finance, 27% indicated that they had experienced difficulty obtaining the finance.
- In the September Quarter, 84% of agribusinesses across Wimmera 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 June Quarter (80%). In the coming quarter, good results in business performance and positive results in capital expenditure are expected to result in positive and improved economic performance for Wimmera division, despite expected contractions in employment.

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.

- Almost one quarter (24%) of respondents across regional Victoria had utilised the investment allowance. The greatest uptake occurred in the Gippsland region (34%) and the lowest in the Wimmera region (12%).
- Over half of Victorian respondents (56%) who had accessed the investment allowance had invested in machinery and equipment. A further 38% invested in vehicles, 3% in computers and IT equipment and the remainder (3%) in other capital equipment.
- Thirty-nine percent of respondents would not have made the investment had the investment allowance not been available.

- Fifty-two percent of all Victorian respondents who invested sought financial advice before making the purchase, and 80% believed the purchase would increase the profitability of their business.
- Thirteen percent of respondents intend to access the investment allowance in the future.



Business Confidence

Sixty-eight 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 June Quarter when 64% of businesses felt confident.

- Producers were the only agribusiness sector to report increased confidence in the September Quarter, increasing from 62% to 67%. Downstream agribusinesses reported a decrease in business confidence (from 82% to 72%) while upstream agribusiness confidence remained steady at 73%.
- Seven out of the ten statistical divisions reported increases in confidence levels, with Western District statistical division reporting the highest level of business confidence (85%).
- Mallee statistical division reported the greatest reduction in business confidence, dropping from 83% in the June Quarter to 55% in the September Quarter.

