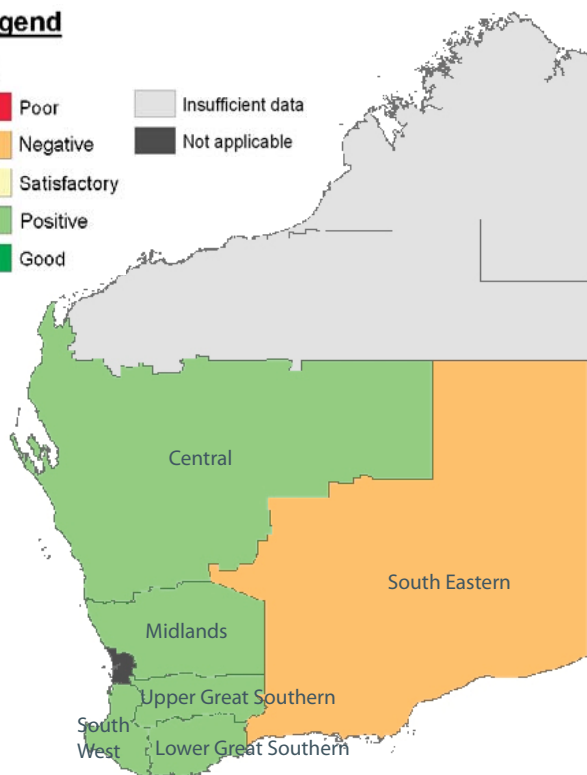


March Quarter 2009

Legend

EPI



"We have finally had some rain so things are looking up"

Crop Producer, South Eastern

The Economic Performance Index (EPI) is the average of results for business performance, employment and investment (capital expenditure) indicators. The EPI for Western Australia was positive during the March Quarter, representing the seventh consecutive quarter of either satisfactory or positive economic performance. It is Western Australia's equal highest EPI on record and ranks Western Australia second amongst the six Australian states (behind Tasmania).

The positive economic performance statewide is the result of positive business performance and, to a lesser extent, positive capital expenditure and employment. Business performance and capital expenditure were particularly strong in the upstream and downstream sectors and employment growth was significant in the upstream sector. Producers reported positive performance in all three indicators of business performance, capital expenditure and employment.

Profitability was reported as less than satisfactory across the state, with better than satisfactory profitability in the upstream and downstream sectors offset by less than satisfactory profitability in the producer sector.

Operating cost increases were mainly driven by the price of chemicals, fuel and freight, wages and raw materials. The rate of increase of operating costs was the lowest since the December Quarter of 2006.

Thirty-nine percent of agribusinesses indicated that they had accessed finance in the last 12 months. Of those that had sought finance, 36% indicated that they had experienced difficulty obtaining the finance.

The EPI for Western Australia by statistical division is shown on the adjacent map. In the March Quarter, five of the six statistical divisions reported positive economic performance (shown in light green; Pilbara and Kimberley are excluded due to insufficient data). South Eastern statistical division was alone in reporting negative economic performance, a significant turnaround from their positive economic performance last quarter.

Agribusiness confidence in Western Australia remained steady this quarter, with 69% of businesses confident about the performance of their business over the next 12 months. In the immediate future, the outlook for the June Quarter of 2009 is for continued positive economic performance across all sectors.

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

Western Australia

SECTOR PERFORMANCE

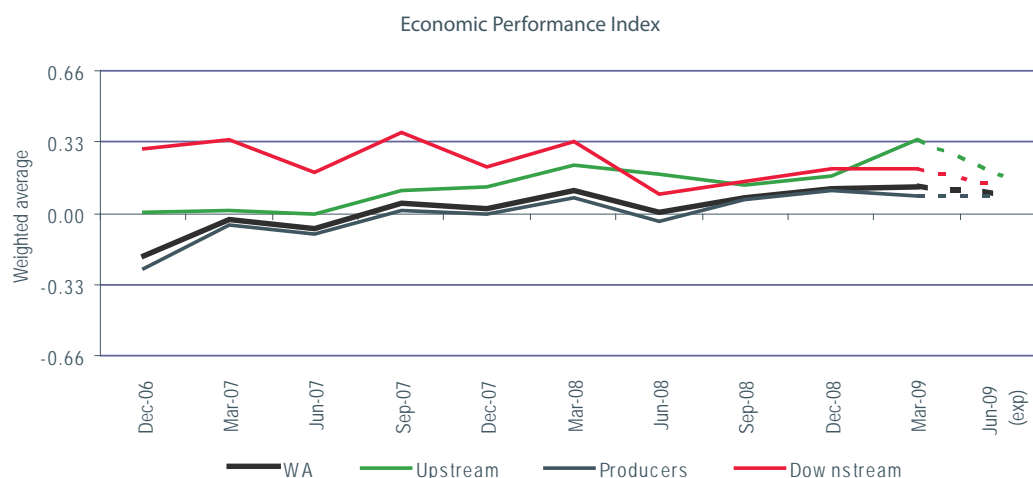
Economic Performance Index

The economic performance results for Western Australia in the March Quarter were:

- All statistical divisions except South Eastern division reported positive economic performance. Midlands and Lower Great Southern divisions were the best performers.
- South Eastern division reported the greatest decline in economic performance to be the worst performing division. This result contrasts starkly with the December Quarter of 2008, when South Eastern division reported the best economic performance.
- The downstream sector reported its highest EPI since the March Quarter of 2008. This was due mainly to positive business performance and capital expenditure. Employment conditions also improved in the downstream sector.
- Profitability in the downstream sector was positive in the March Quarter, a decline on the good results of the December Quarter of 2008. The sector reported increases in stock levels during the quarter and the rate of operating cost increase was the lowest it had been since the June Quarter of 2007.
- Producers continued their positive economic performance from the previous quarter. This was due mainly to positive business performance and capital expenditure. Employment conditions also remained positive in the producer sector.
- The rate of increase of operating costs for producers was reported as the lowest since the December Quarter of 2006. However, producers reported less than satisfactory profitability for the tenth consecutive quarter. Stock levels were reduced for the first time in three quarters.

	Business Performance	Capital Expenditure	Employment	EPI	Outlook
				Mar	Jun
Central	0.15	0.14	0.02	0.10	↑
Lower Great Southern	0.08	0.31	0.10	0.16	↓
Midlands	0.36	0.25	0.05	0.22	↑
South Eastern	-0.07	0.02	-0.08	-0.04	↓
South West	0.16	-0.16	0.20	0.07	↑
Upper Great Southern	0.07	0.27	-0.02	0.11	↑
Upstream	0.44	0.28	0.30	0.34	↑
Producers	0.11	0.10	0.03	0.08	↑
Downstream	0.29	0.25	0.08	0.21	↑
Western Australia	0.16	0.13	0.07	0.12	↑

- The upstream sector reported good economic performance, which is their best result in ten quarters. This quarter's result was largely driven by good business performance and, to a lesser extent, positive capital expenditure and employment growth.
- Upstream sector businesses increased their stock levels and reported better than satisfactory profitability in the March Quarter.
- The outlook for Western Australia for the coming quarter is for continued positive economic performance in all agribusiness sectors.



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.

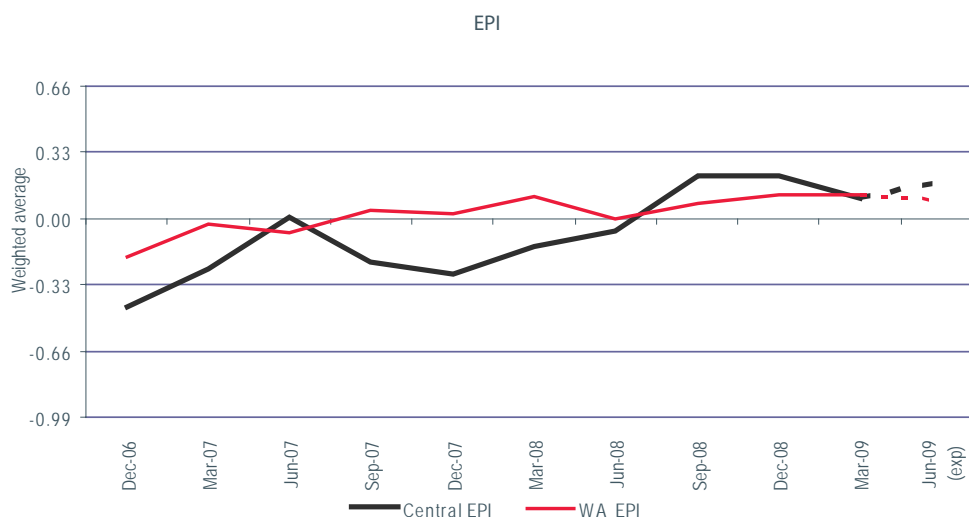
REGIONAL PERFORMANCE

Central

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.25	-0.14	0.21	0.10	0.18	▲
Business Performance	-0.42	-0.20	0.20	0.15	0.08	▲
Capital Expenditure	-0.24	0.03	0.25	0.14	0.26	▲
Employment	-0.07	-0.25	0.17	0.02	0.18	▲
Profit	-0.51	-0.34	-0.09	-0.08	-	▼
Stock Levels	-0.20	-0.28	0.11	0.03	-0.06	▼
Operating Costs	0.26	0.71	0.64	0.36	-	

Economic performance in Central statistical division remained positive for the third consecutive quarter. These three quarters of positive economic performance followed four quarters of negative economic performance, indicating that Central division has steadily improved its economic performance over the last eighteen months.

- The positive economic performance was largely due to positive results for business performance and capital expenditure. Employment increased slightly in the March Quarter.
- Stock levels increased slightly for the third consecutive quarter, albeit at a much lower rate than the previous two quarters. Operating costs increased by the lowest rate since the September Quarter of 2007.
- Profitability was recorded as less than satisfactory for the quarter, having been less than satisfactory or poor since the inception of the survey. However, the profitability result (-0.08) was the best in ten quarters.



- In the March Quarter of 2009, 50% of respondents in Central statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 38% in the December Quarter and higher than the 43% 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 65% of agribusinesses across Central statistical division felt confident about the performance of their business over the next 12 months. This is an improvement on confidence levels expressed during the December Quarter (68%). In line with this, Central division expects continuing positive business performance in the coming June Quarter, and further improvements in capital expenditure and employment, resulting in positive economic performance.

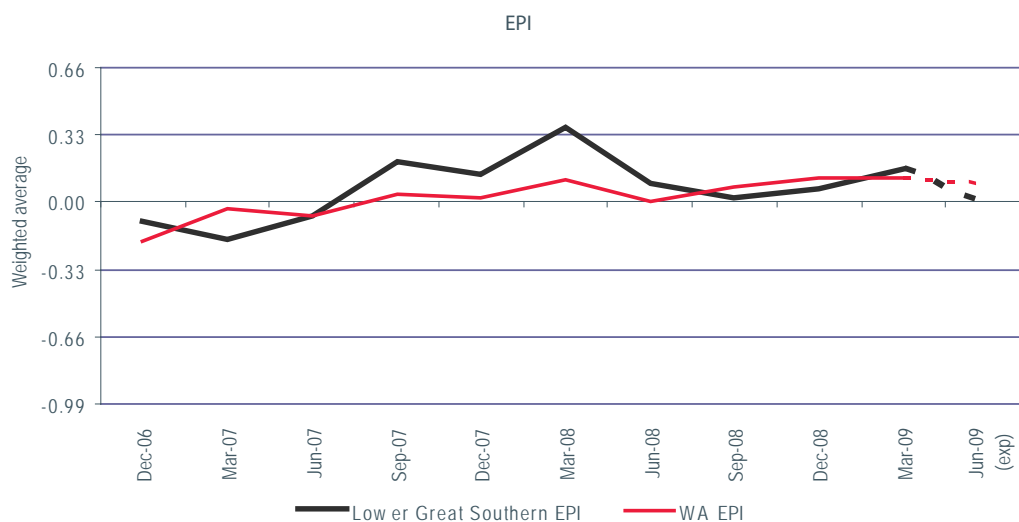
REGIONAL PERFORMANCE

Lower Great Southern

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.18	0.37	0.07	0.16	-0.02	↓
Business Performance	-0.14	0.52	0.20	0.08	0.16	↑
Capital Expenditure	-0.46	0.40	-0.02	0.31	-0.15	↓
Employment	0.05	0.18	0.02	0.10	-0.08	↓
Profit	-0.22	0.37	0.09	-0.03	-	
Stock Levels	-0.03	0.03	0.22	0.12	-0.11	↓
Operating Costs	0.37	0.84	0.47	0.30	-	

Economic performance in Lower Great Southern statistical division remained positive for the seventh consecutive quarter. This quarter's EPI was the best result for this statistical division since the March Quarter of 2008.

- The positive economic performance was largely due to positive results for capital expenditure. Business performance and employment were also reported as positive in the March Quarter.
- Stock levels increased for the seventh consecutive quarter, albeit at a lower rate than the previous quarter. Operating costs increased at the lowest rate since the inception of the survey.
- Profitability was recorded as less than satisfactory for the first time since the September Quarter of 2007. Profitability results have greatly decreased since the peak reported in the March Quarter of 2008.



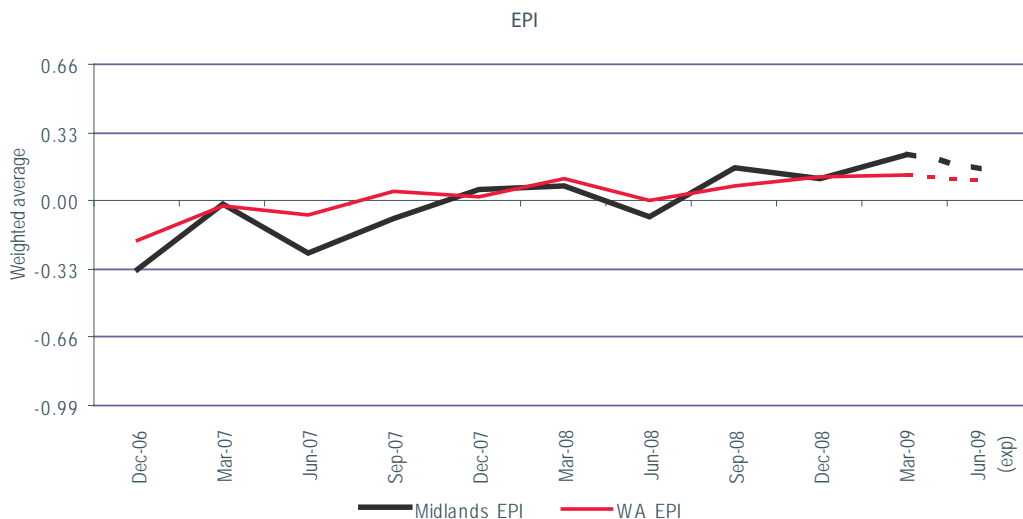
- In the March Quarter of 2009, 49% of respondents in Lower Great Southern statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 43% in the December Quarter and higher than the 41% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 40% indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter 55% of agribusinesses across Lower Great Southern statistical division felt confident about the performance of their business over the next 12 months. This is a substantial decrease on confidence levels expressed during the December Quarter (72%). In line with this, Lower Great Southern division expects a decline in capital expenditure and employment in the coming June Quarter, resulting in a negative economic performance.

Midlands

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	-0.02	0.07	0.10	0.22	0.14	↑
Business Performance	-0.02	-0.09	0.24	0.36	0.20	↑
Capital Expenditure	0.06	0.24	0.05	0.25	0.26	↑
Employment	-0.10	0.05	0.03	0.05	-0.03	↓
Profit	-0.24	-0.21	0.09	0.00	-	
Stock Levels	0.10	-0.07	-0.17	-0.14	0.12	↑
Operating Costs	0.51	0.66	0.35	0.39	-	

Economic performance in Midlands statistical division remained positive for the third consecutive quarter. This quarter's EPI was the best result for this statistical division in ten quarters.

- The positive economic performance was largely due to good business performance and positive results for capital expenditure. Employment was also reported as positive in the March Quarter. Business performance has steadily improved in each of the last three quarters.
- Stock levels decreased for the sixth consecutive quarter. Operating costs increased for the tenth consecutive quarter, although the rates of cost increase in the previous quarter and this quarter were the lowest since the December Quarter of 2006.
- Profitability was recorded as satisfactory after the previous two quarters reported better than satisfactory profitability.



- In the March Quarter of 2009, 38% of respondents in Midlands statistical division indicated that they had accessed finance in the last 12 months. This is down from 41% in the December Quarter and substantially lower than the 57% 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 80% of agribusinesses across Midlands 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 December Quarter (73%). In line with this, Midlands division expects continued positive business performance and capital expenditure in the coming June Quarter, resulting in positive economic performance. Employment is expected to decrease slightly.

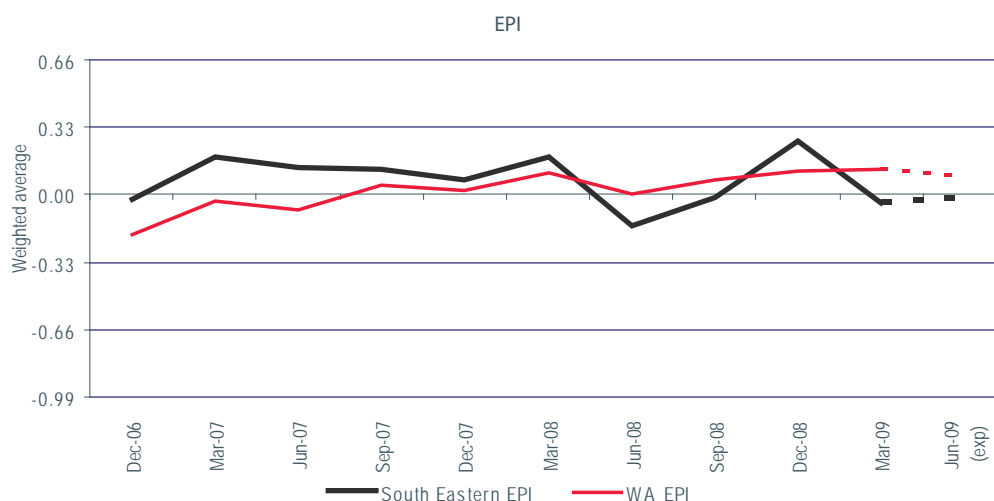
REGIONAL PERFORMANCE

South Eastern

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.18	0.19	0.26	-0.04	-0.02	↓
Business Performance	0.34	0.29	0.42	-0.07	-0.02	↓
Capital Expenditure	0.28	0.20	0.36	0.02	-0.06	↓
Employment	-0.08	0.07	0.00	-0.08	0.01	↑
Profit	0.11	0.03	0.09	-0.11	-	↓
Stock Levels	0.00	0.04	0.00	-0.58	-0.28	↓
Operating Costs	0.48	0.33	0.28	0.55	-	

Economic performance in South Eastern statistical division was reported as negative in the March Quarter after reporting a strongly positive result in the previous quarter.

- The negative economic performance was largely due to negative business performance and employment results. Capital expenditure was reported as positive in the March Quarter. Business performance, capital expenditure and employment all worsened between the December Quarter of 2008 and the March Quarter of 2009.
- Stock levels significantly decreased in the March Quarter after remaining steady in the December Quarter of 2008. Operating costs increased for the tenth consecutive quarter, at a considerably higher rate than that reported in the December Quarter.
- Profitability was recorded as less than satisfactory after one quarter of better than satisfactory profitability was reported in the December Quarter of 2008.



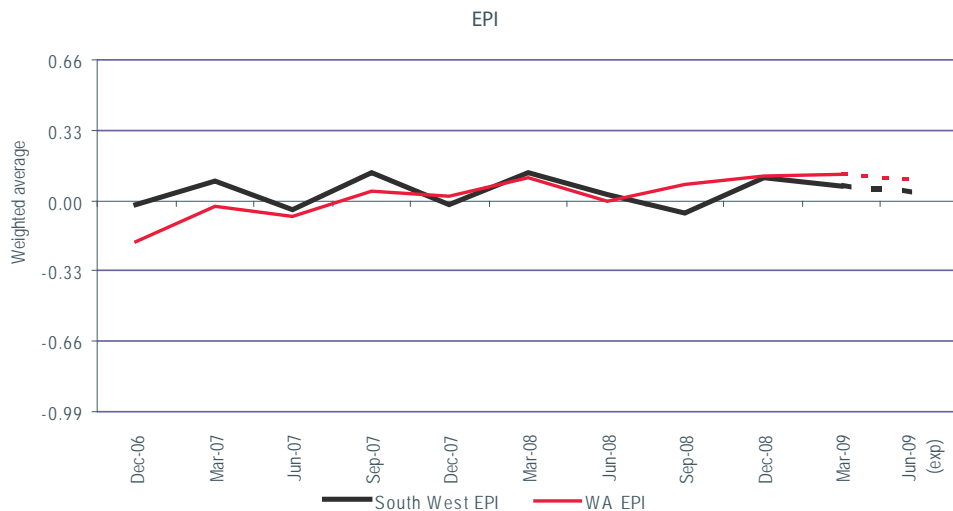
- In the March Quarter of 2009, 42% of respondents in South Eastern statistical division indicated that they had accessed finance in the last 12 months. This is an increase from 31% in the December Quarter however lower than the 50% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 16% indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter 73% of agribusinesses across South Eastern statistical division felt confident about the performance of their business over the next 12 months. This is a decrease on confidence levels expressed during the December Quarter (75%).
- In the coming June Quarter, South Eastern division expects business performance to remain negative and capital expenditure to worsen slightly, resulting in negative economic performance. Employment is expected to increase slightly.

South West

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.09	0.13	0.11	0.07	0.03	▲
Business Performance	0.10	0.27	0.11	0.16	0.17	▲
Capital Expenditure	0.22	0.11	0.05	-0.16	-0.08	▼
Employment	-0.03	0.01	0.16	0.20	0.01	▲
Profit	-0.17	0.22	0.01	-0.14	-	
Stock Levels	0.20	0.30	0.09	0.11	-0.01	▼
Operating Costs	0.48	0.73	0.32	0.32	-	

Economic performance in South West statistical division remained positive for the second consecutive quarter. Economic performance in South West division has been positive in four of the last five quarters.

- The positive economic performance was largely due to positive business performance and employment. Employment increased by its greatest amount in ten quarters. In stark contrast to these results, capital expenditure decreased by the largest amount in ten quarters.
- Stock levels increased for the third consecutive quarter. Operating costs increased for the tenth consecutive quarter, although the rates of cost increase in the previous quarter and this quarter were the lowest since the inception of the survey.
- Profitability was recorded as less than satisfactory after one quarter of better than satisfactory profitability.



- In the March Quarter of 2009, 14% of respondents in South West statistical division indicated that they had accessed finance in the last 12 months. This is down from 24% in the December Quarter and lower than the 22% who accessed finance in the March Quarter of 2008. Of those who had sought finance, 82% indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter 63% of agribusinesses across South West statistical division felt confident about the performance of their business over the next 12 months. This is a decrease on confidence levels expressed during the December Quarter (71%). Despite this, South West division expects continued increases in business performance and positive employment in the coming June Quarter, resulting in positive economic performance. Capital expenditure is expected to remain negative for the second consecutive quarter.

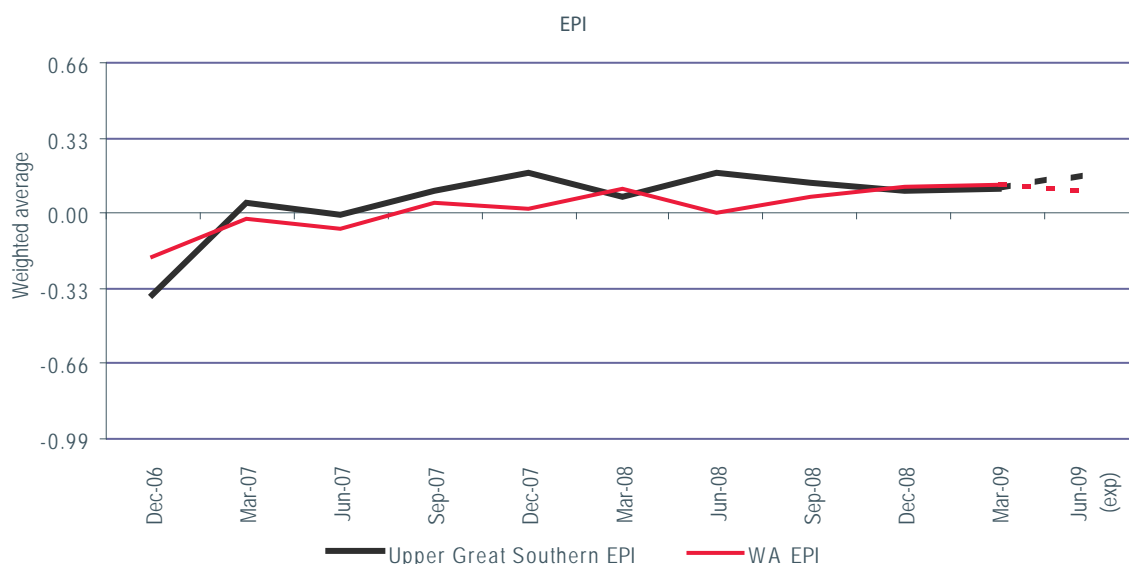
REGIONAL PERFORMANCE

Upper Great Southern

	Mar Qtr 2007	Mar Qtr 2008	Dec Qtr 2008	Mar Qtr 2009	Jun Qtr (exp)	Outlook Jun
EPI	0.05	0.07	0.10	0.11	0.17	↑
Business Performance	-0.13	0.31	-0.11	0.07	0.36	↑
Capital Expenditure	0.24	-0.02	0.35	0.27	0.08	↑
Employment	0.04	-0.08	0.06	-0.02	0.06	↑
Profit	-0.26	0.10	-0.11	0.10	-	
Stock Levels	-0.28	-0.11	-0.12	-0.11	-0.22	↓
Operating Costs	0.66	0.76	0.73	0.45	-	

Economic performance in Upper Great Southern statistical division remained positive for the seventh consecutive quarter.

- The positive economic performance was largely due to positive capital expenditure. Business performance also returned a positive result while employment decreased slightly.
- Stock levels decreased for the second consecutive quarter. Stock levels have decreased in nine of the last ten quarters in Upper Great Southern division. Operating costs increased for the tenth consecutive quarter, although the rate of increase was the lowest it had been since the December Quarter of 2006.
- Profitability was recorded as better than satisfactory after two quarters of less than satisfactory profitability. Profitability this quarter was identical to the result obtained in the March Quarter of 2008.



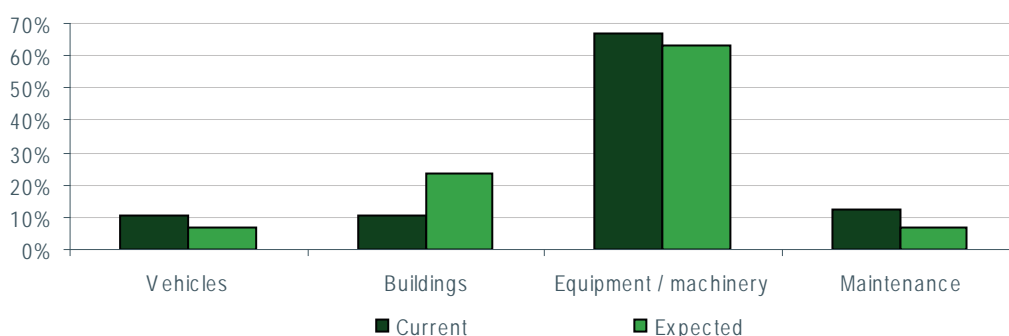
- In the March Quarter of 2009, 60% of respondents in Upper Great Southern statistical division indicated that they had accessed finance in the last 12 months. This is down from 66% in the December Quarter and is the same level as in the March Quarter of 2008. Of those who had sought finance, nine percent indicated that they had experienced difficulty obtaining the finance.
- In the March Quarter 78% of agribusinesses across Upper Great Southern statistical division felt 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 (51%). In line with this, Upper Great Southern division expects increases in business performance and employment in the coming June Quarter, resulting in a positive economic performance. Capital expenditure is expected to remain positive.

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 Western Australia 19% of respondents indicated that they had increased spending in the March Quarter with 9% expecting to increase spending in the coming June Quarter.
- Overall, two-thirds (67%) of spending was on equipment/machinery in the March Quarter followed by 12% on purchasing items as part of general maintenance. Eleven percent of spending was on buildings and vehicles.
- Sixty-nine percent of the producer and downstream sectors indicated that they had purchased equipment/machinery compared to 58% of upstream respondents.
- In the coming June Quarter 63% of respondents expect to invest in equipment/machinery followed by 23% on buildings and 7% on maintenance and on vehicles.



Business Confidence

Sixty-nine percent of agribusinesses in Western Australia felt confident about the performance of their business over the next 12 months. This is identical to the December Quarter result but remains lower than confidence levels expressed in the March Quarters of 2008 (81%) and 2007 (74%).

- Downstream agribusinesses reported the highest confidence levels (94%), followed by upstream agribusinesses (83%) and producers (66%). Upstream and downstream agribusinesses reported greater confidence levels than that reported in the December Quarter of 2008 while producers reported slightly decreased confidence levels.
- Central, Lower Great Southern, South Eastern and South West divisions reported decreased business confidence while Midlands and Upper Great Southern divisions reported increased business confidence.
- The greatest improvement in business confidence occurred in Upper Great Southern division, which increased from 51% in the December Quarter to 78% in the March Quarter.

