

Overview

This report outlines the results of the Reliance Credit Union Central West Business Survey for the June quarter of 2007. The survey includes the responses of 500 businesses across regional NSW including 173 businesses from the Central West and provides a good indication of business sentiment in the region.

Sales performance in the Central West in the June quarter was slightly better than that reported for regional NSW as a whole. Sales performance decreased marginally compared with the March quarter, with climatic conditions the single greatest influence on poor sales performance. Expectations for the coming quarter were strong, particularly in the manufacturing and retail sectors.

Profitability levels in the June quarter were higher than had been anticipated in the March quarter, particularly in the construction and business and professional services sectors. The outlook for the September quarter is generally for further increases in profitability, particularly in the manufacturing sector. Similarly, while employment levels remained relatively stable in the June quarter, full-time employment is expected to be increased by a net 5.2% of businesses in the September quarter.

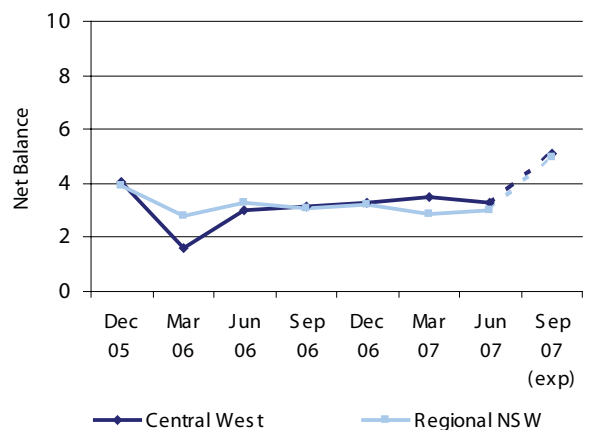
Infrastructure related to the provision of energy was most commonly nominated as being important for the long term strength of businesses in the Central West, particularly among the transport, construction and business and professional services sectors. Water-related infrastructure was the next most important and was of particular relevance to the tourism and retail sectors.

Sales Performance

Sales performance in the June quarter 2007 among businesses in the Central West decreased marginally when compared with the March quarter. Fifty percent of businesses reported good or very good sales, a slight increase since the previous quarter. Seventeen percent reported poor or very poor sales, an increase of 14% from the March quarter. Overall, the sales performance of businesses in the Central West was slightly better than that reported for regional NSW.

Businesses surveyed in the Central West anticipate improved sales performance in the coming quarter with 60% of businesses expecting good or very good sales. Only 9% of businesses surveyed expected poor or very poor sales in the September quarter.

Sales Performance



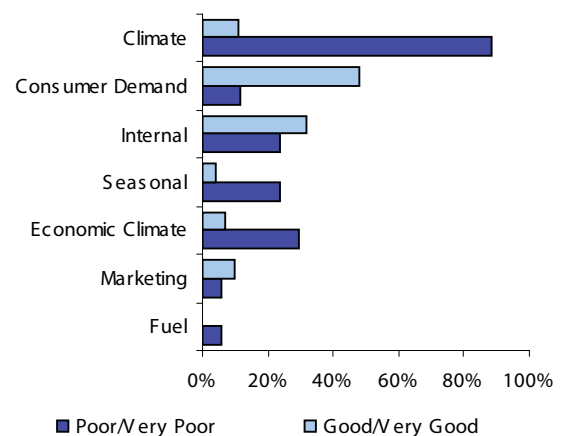
Influences on Sales

Consumer demand, climatic conditions and internal factors had the greatest overall impact on sales performance in the June quarter.

Climate was the single biggest influence on poor or very poor sales (88%) while consumer demand was reportedly the most significant factor affecting good or very good sales (48%).

Internal factors and consumer demand were of particular significance to positive performance in the tourism and business and professional services sectors, while climate was reported to have a negative impact on the tourism, manufacturing and retail sectors.

Influences on Sales



Net balance is equal to positive less negative responses divided by the total number of responses, with the result expressed as a score between -10 and 10. A positive score indicates an improvement and a negative score a deterioration.

NB: Internal Factors refer to changes to elements such as product lines, customer services or staffing.

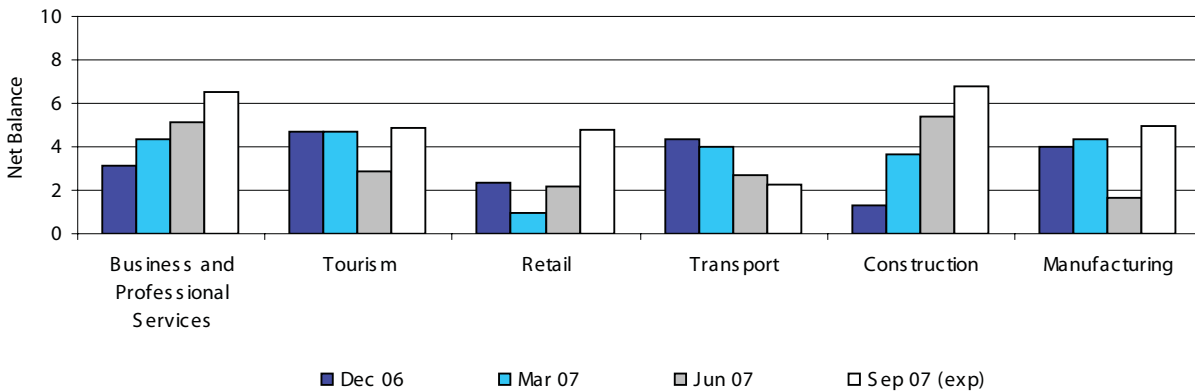
Sales Performance by Sector

The following graph compares sales performance between six industry sectors in the Central West. All sectors reported positive sales performance in the June quarter with the business and professional services, construction and retail sectors all reporting improved performance compared with the March quarter.

The strongest performances overall were recorded by the construction and business and professional services sectors. The manufacturing sector exhibited the greatest decline in performance compared with the

previous quarter and the lowest performance overall.

All sectors with the exception of transport anticipate improved performance in the coming quarter. The most significant improvements are expected in the manufacturing and retail sectors.



Employment

Businesses surveyed in the Central West in the June quarter employed a total of 973 staff members. Sixty-one percent of these were full-time, 12% part-time and 28% casual.

There was little movement in the employment market compared with the March quarter. A net 1.2% of businesses reduced full time employees while 0.6% increased casual positions. On balance, part-time employment remained stable.

The outlook for the coming quarter generally mirrors that for regional NSW.

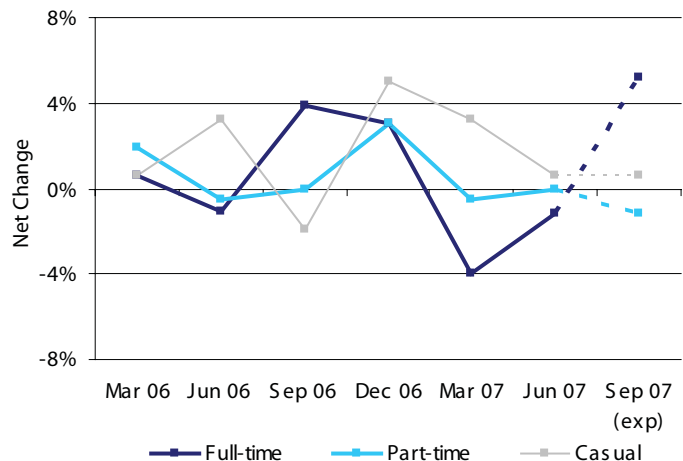
Of the businesses surveyed, 5.2% expect to increase full-time employment, while 0.6% expect to increase casual employment. Part-time employment is expected to be decreased by 1.1% businesses in the September quarter.

June Quarter 2007

	Decrease	Same	Increase
Full - Time	3.5%	94.2%	2.3%
Part - Time	0.6%	98.8%	0.6%
Casual	1.7%	96.0%	2.3%

Expected September Quarter 2007

	Decrease	Same	Increase
Full - Time	1.2%	92.5%	6.4%
Part - Time	2.3%	96.5%	1.2%
Casual	1.2%	97.1%	1.7%

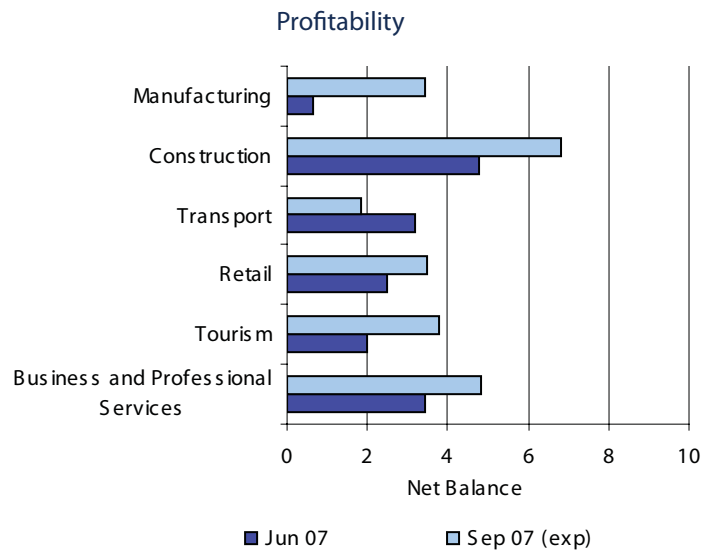


Profitability

Profit levels were higher in the June quarter than was anticipated from the March quarter. In March, 35% of businesses had expected good or very good profitability, and 43% achieved this.

The construction and business and professional services sectors reported the strongest profitability levels in the June quarter. The manufacturing sector reported the lowest level of profitability, although remained slightly above satisfactory.

All sectors, with the exception of transport, expect profitability to increase in the September quarter, with the greatest increase anticipated by the manufacturing sector. However, the construction sector anticipates the strongest profitability overall.

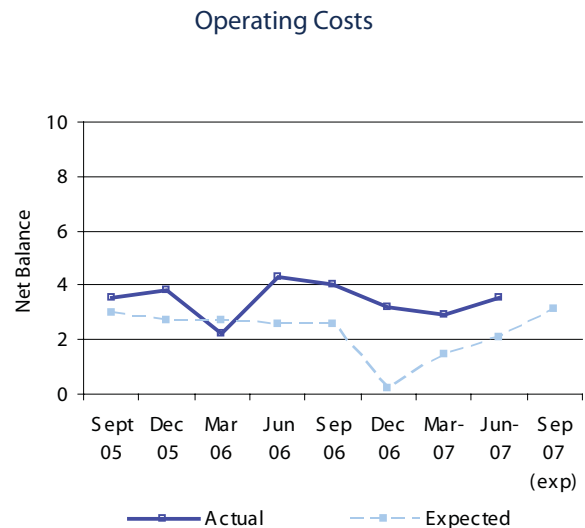


Operating Costs

The rate of increase in operating costs among businesses surveyed in the Central West was higher than that experienced in the March quarter. Similar to the trend found across regional NSW, 42% of businesses reported that operating costs had increased compared with the previous quarter.

The main components influencing increases in operating costs were reported to be the costs of inputs and materials (44%) and freight and fuel charges (24%).

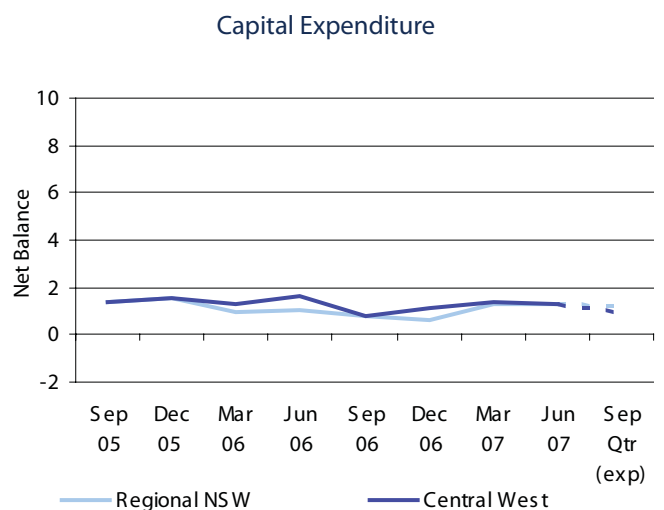
Thirty-six percent of businesses expect operating costs to continue to increase in the coming quarter while a further 60% expect there to be no change.



Capital Expenditure

On balance, businesses in the Central West region increased their level of capital expenditure in the June quarter. This was in line with the experiences of regional NSW as a whole. Twenty-one percent of businesses surveyed in the Central West reported increased capital expenditure compared with the March quarter. A further 71% of businesses maintained their level of expenditure on buildings, plant and equipment.

In the coming quarter, 19% of businesses expect to increase their capital expenditure while 72% expect no change. Overall, the level of growth in capital expenditure in the Central West is expected to be marginally lower than for regional NSW.



Infrastructure Development

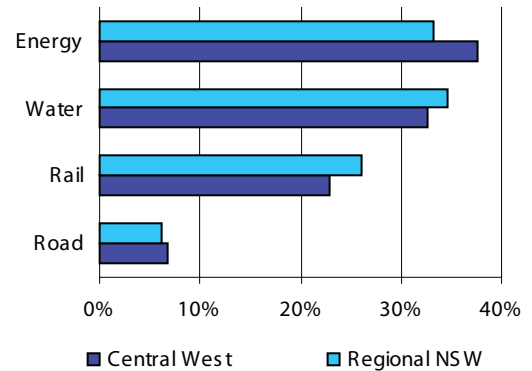
Businesses were asked which sector of infrastructure development was most important for the long-term strength of their business. All infrastructure development was deemed important, however the question required the respondent to prioritise one facet of development.

Businesses surveyed in the Central West differed marginally from regional NSW, with the provision of energy (38%) being the most common response, followed by water-related infrastructure (33%). In comparison, respondents across regional NSW nominated water-related infrastructure most frequently (35%) while energy-related facilities were nominated by 33% of businesses surveyed.

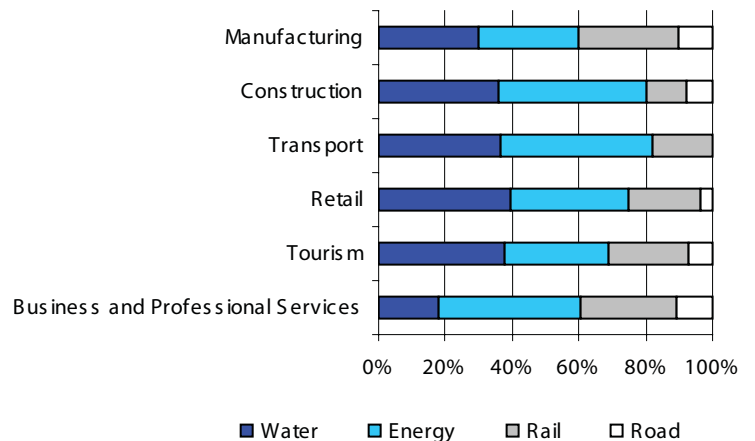
Improvements to rail transport infrastructure were nominated by 23% of respondents while 7% noted road transport as being most significant to the long term strength of their business.

Some differences were found between industry sectors in the Central West. A higher than average emphasis was placed on water-related infrastructure by the tourism and retail sectors, while the transport, construction and business and professional services sectors expressed an above-average interest in energy-related infrastructure. The manufacturing and business and professional services sectors exhibited above-average interest in improvements to rail infrastructure.

Infrastructure Development



Infrastructure Development by Sector



Survey Notes

Sample Characteristics: The sample includes 500 businesses from regional NSW, including 173 businesses from the Central West region.

Disclaimer: Individual responses are confidential and remain the property of the WRI. All possible care has been taken in the preparation of the information contained in this survey. However, WRI expressly disclaims any liability for the accuracy and sufficiency of the information and under no circumstances shall be liable in negligence or otherwise in and arising out of the preparation or supply of any of the information aforesaid. Persons who utilise the information provided herein do so at their own risk. It is recommended that before any reliance is placed upon information provided, independent advice be sought.

Central Western Regional Development Board
 Suite2 , Level 1, 206 Lords Place, Orange NSW 2800
 Ph: 02 6360 8400 Email: sharon@centralwest.com



Reliance Credit Union
 203-209 Russell Street, Bathurst NSW 2795
 Ph: 13 24 40 Email: admin@reliance.com.au



Western Research Institute
 C/- CSU, Research Station Drive, Bathurst 2795
 Ph: 02 6338 4435 Email: tmurphy@csu.edu.au

