

ELDERS LIMITED

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To Whom It May Concern,

As the Dairy Specialist for Elders Limited W.A. I have been asked to express my views on the status of the Western Australian Dairy Industry from the prospective as a Marketing Agent. I feel that it is not my role or in my interest to pass comment on the Agro-politics that are at play at present within the industry, instead I intend to pin point some of the real issues that are influencing the day to day economics viability of the West Australian Dairy Producer.

I am in the unique position that has me on many farms on a regular basis dealing with the Farmers one on one, seeing their business and their dreams being eroded away by many factors. These factors include payments for milk being at or below cost of production, spiralling input costs, skilled labour shortage and possibly worst of all the next generation family member leaving the farm in search of a better income. At present the W.A. Industry, as a whole, is economically demoralised.

On the flip side there is still a very strong base to the industry of participants that believe there is still a future and they want to be part of it. But these producers are not doing any better than the vast majority economically, instead they are clinging to the hope that the Industry will improve and they will be ready for it when it does.

The Industry is still in deep depression with on farm investment stalled, expansion programs shelved and other sources of income away from milk production being considered. The industry has also been misled over the past five years by poor advice coming from advantage taking financial advisers, misleading claims from processors and hollow promises from Government Officials.

Since August 2005 we have seen 15 producers exit the Industry. This watershed has been tempered by an outstanding season that has benefited the industry. But this season is now coming to an end, and I fear that as many as 60 produces could exit over the next six months. Even if conditions economically were to improve, it may be already too late for many of these.

The export industry for both heifers and cows is strengthening at present with China, Mexico and the Middle East fighting for our product. It comes at as a cruel irony that these countries are fighting for our genetic bloodstock to supply their booming industries will ours is dieing. While the export trade has been the savour for the industry at present, it will come at a huge cost to the future industry. With over 20,000 heifers exported from W.A. over the past two years and now dairy cows being the focus of the Middle East trade. Still I believe that export trade will always have an important place within the industry, I feel that the present rate may be unsustainable.

It is demoralising even to myself to see the industry that I have always been a part of and love being snuffed out of existence. We have an industry already in W.A. that is one of the best in the world; it must be saved before it no longer exists.

Kind Regards,

Carl Harnett – Elders Limited.