

Transporting livestock on roads necessitates specialised skills, customised vehicles, and specific facilities and loading equipment. Stock trucks are designed exclusively for transporting livestock, which limits the transportation opportunities available to these operators.

Due to the prohibition on live sheep exports during the summer period in the northern hemisphere, some individual truck operators have faced business closures. This prohibition has also caused a ripple effect on their suppliers in regional towns. Mechanics, engineers, welders, tire suppliers, and fuel depots have been affected as the side-lined trucks have had an impact on their businesses.

A recent survey of the Australian Livestock & Rural Transporters Association (ALRTA) WA members indicated that *“the removal of live sheep exports would have an impact of between 30 and 40% to their bottom line. 64% of the respondents said they will need to terminate at least one driver and 27% would terminate more than two drivers.”*²⁸

According to the ALRTA, the sale of sheep from farm to the live export trade requires 3.5 movements, on average. In comparison, sheep sold to a WA meat works would be moved just 1.5 times. The expansion of the feedlot sector for sheep in WA could see road transport utilised more frequently, akin to the multiple transportation points seen when sheep are turned off into the live export sector compared to domestic processing.

Surveying of WA transport operators undertaken by Episode 3 as part of this report demonstrated that nearly 40% of respondents intended to exit the industry if the live sheep export phaseout was to proceed.

Direct consultation with several transport operators indicated a consistent view that the phaseout would likely result in a 20%-30% reduction in current staffing requirements for livestock transport operations. Operators indicated that the market for bulk haulage and transportation of livestock was competitive so they could not just expect to pick up alternative work in other areas if the live sheep trade was phased out and the phase out resulted in a reduced WA sheep flock.

Despite concerns regarding the difficulty in switching to alternative transport options around a third of operators surveyed suggested they would attempt to increase their bulk haulage transport if the live export trade was phased out. A further 14% intended to switch to other livestock transport options and 7% felt that their operation would be relatively unaffected by the live sheep phaseout.

Transport operators that intended to exit the sector or increase their bulk haulage raised concerns over the potential loss in value of livestock crates. Several transport operators consulted directly indicated that a new livestock crate cost between \$700,000-\$800,000 and sold for between \$500,000 to \$600,000 second hand. There were fears that a glut of crates due to livestock operators exiting the sector or switching to bulk haulage could see prices for second-hand crates dropping below \$400,000.

Similarly, most respondents to the ALRTA WA members survey *“said the phase out would result in the sale of equipment both trailers and trucks. Considerable anxiety was expressed about the likelihood of livestock crates losing value. A new set of livestock crates is worth between \$500,000 - \$600,000. Second hand, five year old crates typically sell for around \$300 – 350,000. A glut of crates on the market will have a damaging effect on their saleable value.”*²⁹

²⁸ ALRTA WA submission to the Live Sheep Export Phaseout Panel

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WA Transport Operator Intentions if Live Sheep Export is Phased Out

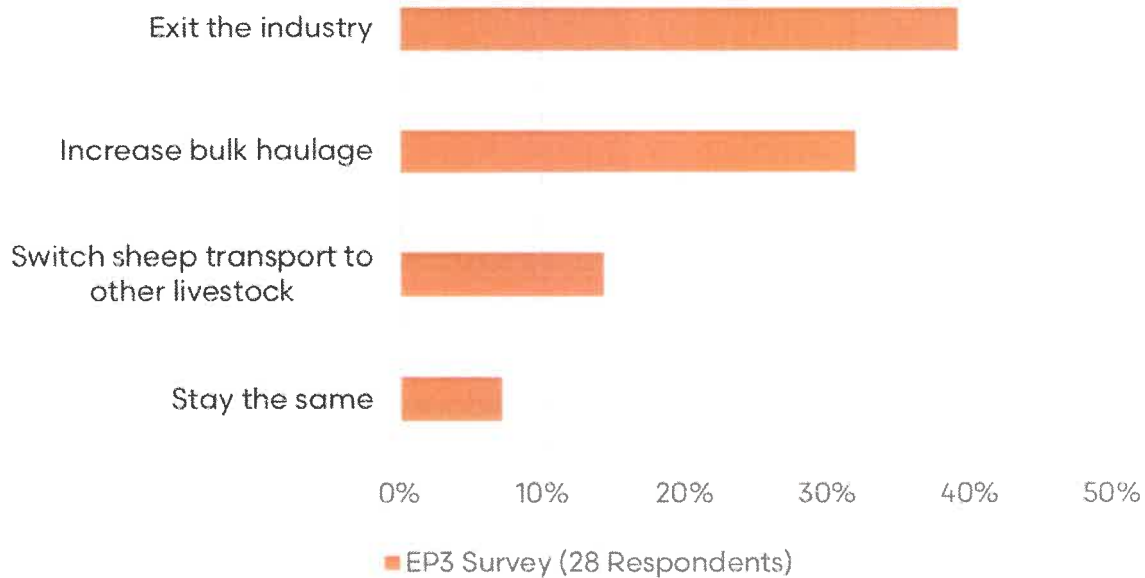


Figure 42 WA Transport Operator Intentions, Sources:EP3

An assistance package such as a subsidy or fuel rebate to encourage transport of sheep west to east was well received by most WA transport operators. However, concerns were raised over the potential for animal activists to target long haul transport and the impact this may have for limiting a west to east turnoff option for WA producers.

Many transport operators thought financial compensation for investment in assets no longer providing the expected return on investment due to the live sheep phase out was appropriate, but unlikely to eventuate. Rebates/tax breaks or interest free loans to retrofit trucks for other haulage options was another common suggestion among several WA transport operators consulted.

D. Feed Mills and Fodder Suppliers

There are several feed manufacturing businesses located in regional Western Australia that supply feed products to live sheep exporters. The proportion of product sold to domestic markets versus live export varies among these businesses. For certain feed pellet manufacturers consulted, who primarily focus on supplying the live export market, over 90% of their revenue comes from this trade.

However, some pellet manufacturers consulted as part of this report noted that since the introduction of the live export prohibition period, they have moved their focus away from the live sheep trade toward the domestic/export feed pellet market or the live cattle feed sector and nowadays have between 5% to 25% of their business revenues exposed to the live sheep export trade.

A specific WA pellet manufacturer consulted, still heavily focused on supplying the live sheep export sector, noted a 54% decline in annual revenues over the last five years, since the beginning of the northern hemisphere summer prohibition. A fall in revenue of this magnitude would make sense given the annual live sheep export volumes have fallen by a similar degree, dropping from around 1 million head prior to the prohibition to around 500,000 head in recent years. Half the number of