



Western Australia Economic Activity Snap Shot



If you want to know what is actually happening in the economy now – just ask the transport industry.

Transport has long been regarded as a key lead economic indicator, with transport usually the first into and the first out of a recession.

Given nearly every sector of WA's economy depends on transport from couriers to heavy haulage, the WA road transport industry is uniquely able to provide a more accurate and timely insight into the actual state of the WA economy.

Furthermore three factors combine uniquely to ensure an accurate WA economic insight:

- An isolated market with 95% of freight tasks occurring within the state;
- Near absolute dominance of road transport to move freight in WA; and
- A peak transport association that represents all forms road transport ranging from couriers, waste, cranes, to heavy haulage and long distance.

To prove this point WARTA conducted a quick economic snap shot using information gathered from its members. A sample of this is contained below.

Mining transport stabilising but is this the new normal?

Transport operators supplying the mining sector report that freight volumes have stabilised although rate pressure remains. Whilst there have been positive signs with an increase in equipment and other supplies being transported in support of the mining exploration sector.

The general consensus of long term mining transport operators is that we have re-entered a period of normality.

Non-mining business activity and confidence remains low

The economic activity in the state as measured by fuel consumption is down 15% on last year, with WARTA fuel suppliers and distributors reporting the downturn. This is further supported by courier operators who report similar levels of downturn in business deliveries and pick-ups.

At the other end of the scale, this downturn is also being felt by commercial waste transporters who report a downturn of 15-20% from last year.

On a positive note, repossession of company vehicles and related equipment appears to have plateaued according to WARTA's recovery and towing members.

Household exodus and pressures

The exodus from WA continues with the number of people returning overseas up 50% year on year as well as a three-fold increase in the number re-locating back East. In fact such is the rate of flow back to the East the removal companies are struggling to find stocks of removal containers in WA.

An indication of household financial pressure is also reported by Tow Truck operators, who report a marked increase in the number of un-insured vehicles at accidents they are attending.

Transport operators supporting industries in residential construction report significant downturns, with those supplying clay to the brick makers reporting activities levels falling as much as 70%.

A common metric used by many companies is that four years after residential construction homeowners begin to undertake home improvements such as sheds, pools etc. There should be an uplift in such activity now following the residential boom four years ago, however transport and mobile crane operators in this sector say that activity remains extremely low. Even transport operators supply mulch and decorative gravel report patchy activity levels.

Grocery transporters report consistent activity to stores, however discretionary retail is down. Port transport operators report that discretionary retail, such as furniture, are not only deferring container imports due to poor cash flow, they are shipping product east to try and sell it. This correlates with reports that even WA manufactured bricks are being shipped east due to poor sales.

Common Themes

The major theme coming from members was a lack of business confidence within their customer base and hence themselves as transport operators. Secondly, that cash is king as payments are being deferred or delayed creating a compounding cash flow issue along the supply chain.

Cam Dumesny

**Freight and Logistics Division
WARTA**

T: 08 9355 3022
M: 0481 064371
E: cam@warta.com.au