



Australia's International Business Survey 2015

INDUSTRY PROFILE REPORT: MINING EQUIPMENT, TECHNOLOGY AND SERVICES

Survey partners



THE UNIVERSITY OF
SYDNEY

ABOUT THIS REPORT

Australia's International Business Survey 2015 is the follow-up to the inaugural survey of Australia's international businesses published in 2014.

The findings of this report are distinctive and significant because they provide key insights into the nature, needs, concerns and future plans of the overall Australian international business community from the company perspective.

The report is based on a survey conducted in late 2014 which resulted in the collection of fully completed and validated responses from 1,237 companies involved in international business.

AIBS 2015 was commissioned by the Export Council of Australia (ECA), with the support of our partners, Austrade and EFIC (Export Finance and Insurance Corporation), and was conducted by the University of Sydney (USYD). Australia's International Business Survey 2015.

For more information on the survey methodology, see Appendix D.

AIBS 2016

The 2016 AIBS survey will be launched in October. Please register your interest in participating by subscribing to the ECA database at www.export.org.au

ACKNOWLEDGEMENTS

The Export Council of Australia and survey partners would like to thank the many export companies who took part in the survey and made it a success.

DISCLAIMER

The information presented in this report is based on information received from a survey which was conducted in late 2014.

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APPENDIX C: INDUSTRY PROFILES

A number of industry sectors have been selected for more in-depth analysis. These comprise agricultural, forestry and fishing; education and training; ICT; manufacturing; processed food and beverage; and professional, scientific and technical services together with agricultural equipment, technology and services, and mining equipment, technology and services (both of these latter categories being based on customers).

MINING EQUIPMENT, TECHNOLOGY AND SERVICES (METS) (N=124)

There were 124 survey participants that sold their products and services primarily to the mining sector, comprising around 10 per cent of total respondents.

The United States, as shown in Table C-22, is the top source of international revenue among companies in this sector in the past year (10 per cent of responses identifying the country as the top first or second source of overseas revenue. Other top international revenue sources are Indonesia (9 per cent of responses) and Papua New Guinea (8 per cent of responses).

Table C-22 Main overseas markets – Mining equipment, technology and services

Survey question: Top 10 countries from which companies have earned international revenue in the past year.

Rank	Country	No. of responses	Share
1	United States	23	10%
2	Indonesia	21	9%
3	PNG	19	8%
4	China	16	7%
5	Canada	16	7%
6	South Africa	13	6%
7	Chile	12	5%
8	Malaysia	7	3%
9	New Zealand	6	3%
10	United Kingdom	5	2%

Number of responses = 233

Note: the sample consists of companies that identify above countries as either top 1 or top 2 country from which they have earned international revenue in the past year.

Twenty-three per cent of respondents identified China as the most difficult country in which they currently do business (Table C-23). Fifteen per cent of respondents cited Indonesia as their most difficult current overseas market, while 8 per cent point to India as the most difficult.

Table C-23 Most difficult markets – Mining equipment, technology and services

Survey question: Among your most important markets, which is the most difficult country that your company does business with?

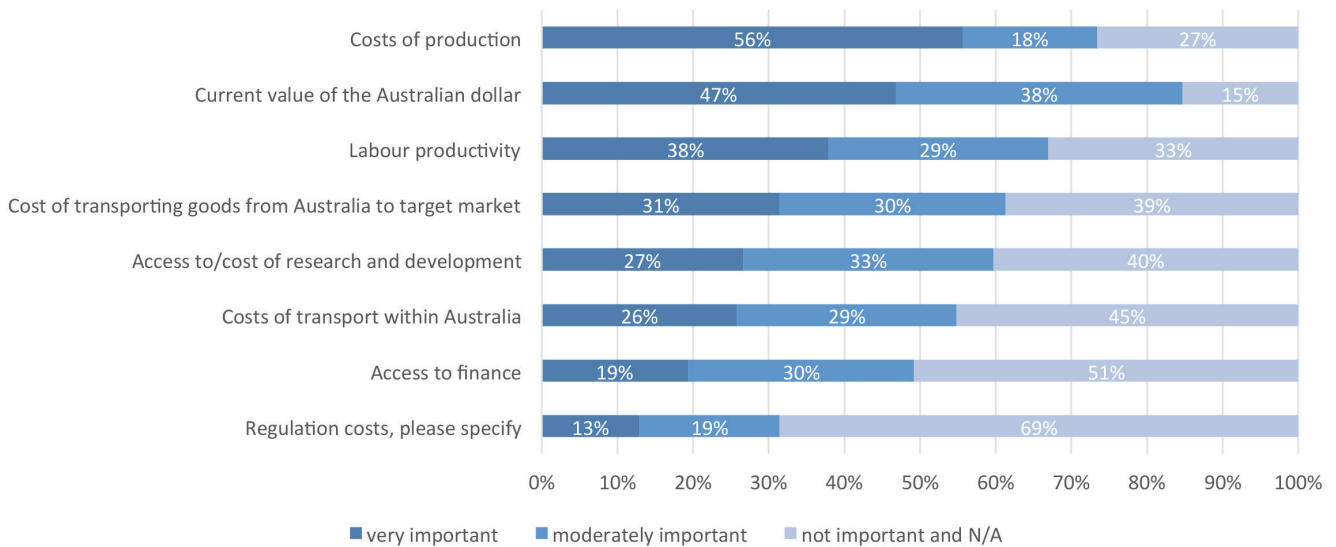
Rank	Country	No. of responses	Share
1	China	29	23%
2	Indonesia	18	15%
3	India	10	8%
4	Brazil	7	6%
5	PNG	7	6%

Number of respondents = 124

The high cost of production in Australia was identified by 56 per cent of respondents as a major obstacle restricting their efforts to pursue international business opportunities (Figure C-28). The current value of the Australian dollar (cited by 47 per cent) and issues related to labour productivity (cited by 38 per cent) also emerged as major hindrances to further international growth.

Figure C-28 Factors restricting firms from taking advantage of international business opportunities – Mining equipment, technology and services

Survey question: How important are the following factors in Australia in restricting you from taking advantage of new international business opportunities?

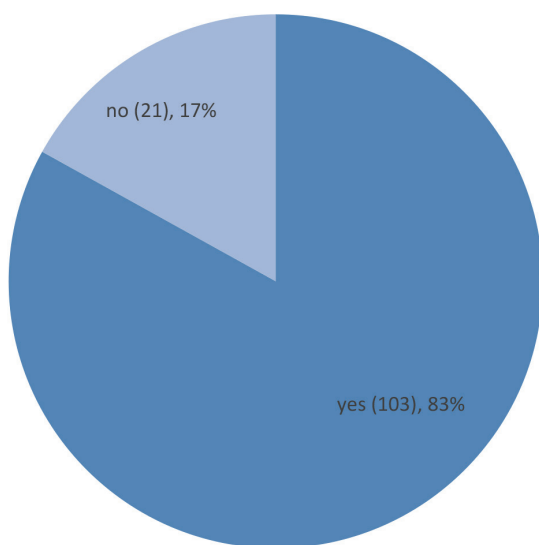


Number of respondents = 124

Eighty-six per cent of respondents intend to expand to new international markets in the next 2 years, while 14 per cent have no immediate expansion plans (Figure C-3).

Figure C-29 Plan for doing business in additional countries – Mining equipment, technology and services

Survey question: Is your company planning to do business in additional countries in the next 2 years?



Number of respondents = 111

Among those that expressed the intention to undertake further international business expansion, 13 per cent identified Indonesia as their most important future market in terms of generating new international revenue (Table C-23). Nine per cent expected the United States to be their next important country, while 6 per cent pointed to India as the country that they expect will play a critical role in growing their overseas revenue.

Table C-24 Most important new country – Mining equipment, technology and services

Survey question: Which new country do you expect to be the most important in terms of additional revenue?

Rank	Country	No. of responses	Share
1	Indonesia	13	13%
2	United States	9	9%
3	India	6	6%
4	China	5	5%
5	Canada	5	5%

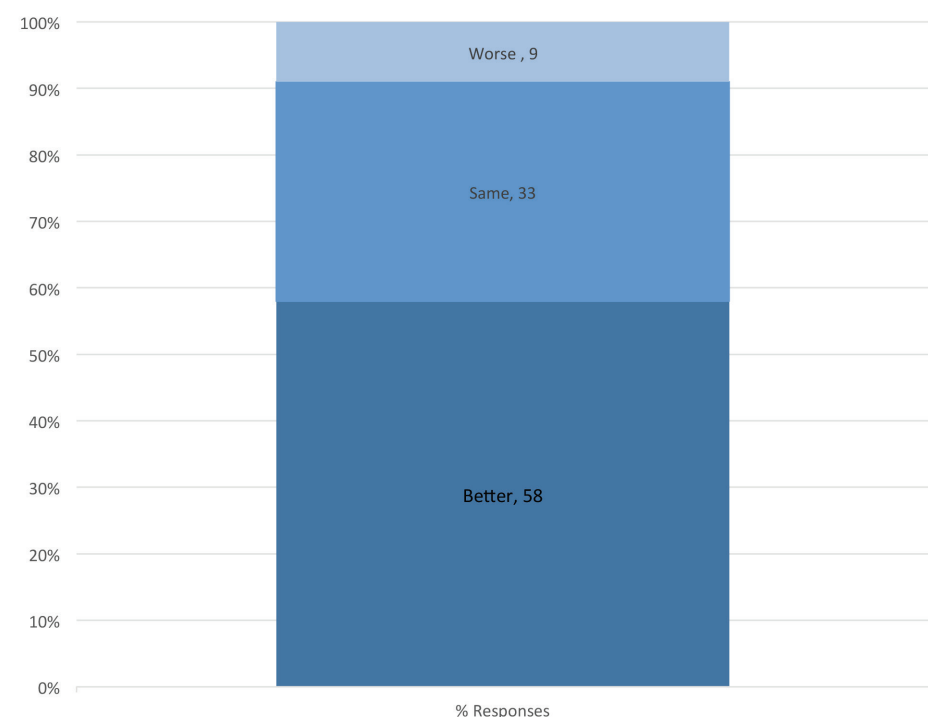
Number of respondents = 103

OUTLOOK

While close to 85 per cent of companies in this sector have plans to further expand internationally next year, a smaller percentage (close to 60 per cent) expect the performance of their international operations to be better in 2015 compared to 2014 (Figure C-30). Thirty-three per cent expect their international performance to be the same, while 9 per cent expect their performance to be worse than last year.

Figure C-30 Overall outlook – Mining equipment, technology and services

Survey question: What is the overall outlook for your company’s international operations in 2015 compared to 2014?



Number of respondents = 124