We’ve surveyed the international business landscape.

AIBS 2014 Industry Report
MINING EQUIPMENT, TECHNOLOGY & SERVICES

Survey partners

Export Council of Australia
Australian Government
Australian Trade Commission
Australia Unlimited
Finance for Australian Exporters
The University of Sydney
MINING EQUIPMENT, TECHNOLOGY & SERVICES
INDUSTRY REPORT 2014

Mining Equipment, Technology & Services
This report is based on Australia’s International Business Survey 2014 (AIBS 2014). It analyses responses from companies in the mining equipment, technology and services sector (METS), which includes companies who indicated they were in the mining industry and/or that their main buyers were in the mining industry.

The survey, conducted between 22 October and 16 December 2013, is one of the most comprehensive investigations into Australian international business activity to be conducted in more than a decade.

About the Respondents
AIBS 2014 captured data from 159 companies engaged in mining equipment, technology and services.

- Twenty-one per cent of respondents were based in New South Wales, 14 per cent in Victoria and 24 per cent in Queensland. Four per cent were based in South Australia, 25 per cent in Western Australia, and one per cent in Tasmania. Three per cent were based in the Australian Capital Territory, and six per cent were based overseas. Two per cent of respondents did not provide this information.

TOP 5 MOST IMPORTANT OVERSEAS MARKETS

1. Indonesia #1 Market = 19%
2. Papua New Guinea #4 Market = 11%
3. Chile #3 Market = 13%
4. China #5 Market = 10%
5. Australia #2 Market = 15%
• The survey captures companies with significant business experience. Forty-two per cent had been operating for more than 20 years, and 31 per cent had been operating from 10 to less than 20 years. Twenty-one per cent had been operating for 3 to less than 10 years, and six per cent for less than 3 years. One per cent of respondents did not provide this information.

• Respondents represent a variety of industries. Eleven per cent were engaged in minerals and fuels mining, 33 per cent in mining support services, and 18 per cent in elaborate manufacturing. Seven per cent provide professional services and consulting, and 27 per cent represent other industries. Three per cent of respondents did not provide this information.

• Companies in the sample were mainly small-to-medium-sized, with 56 per cent of respondents having less than 50 employees. Twenty per cent had 50 to less than 200 employees, while 23 per cent reported having more than 200 employees. One per cent of respondents did not provide this information.

• In terms of revenue, 30 per cent earned less than $5 million in the last financial year and 24 per cent earned $5 million to less than $20 million. Twenty-eight per cent earned $20 million to less than $200 million, while 11 per cent earned in excess of $200 million. Eight per cent of respondents did not provide this information.
**International Activity and Performance**

Mining equipment, technology and services companies as a group earn their international revenue from a combination of products, services, and/or intellectual property.

**Figure 1: Sources of international revenue**

*Survey question: Does your company earn its international revenue from the sale of products/services/intellectual property? (select all that apply)*

- Products: 68%
- Services: 69%
- Intellectual Property: 14%
- Other: 1%

*Survey respondents (1 did not respond, and 4 indicated 'Other')*

In addition to earning overseas revenue, 42 percent of METS companies imported goods or services, 33 per cent invested overseas and 26 per cent outsourced production or services.
Eighty-five per cent of METS companies earning 75 per cent or more of their revenue internationally have more profitable international rather than Australian operations. In contrast, domestically focused companies (exports making up less than 25 per cent of their business) were far less likely to cite their international operations as more profitable than their domestic operations.

Figure 2: Involvement in other international business activities
Survey question: Is your company involved in any of the following international business activities?

Figure 3: Percentage of International Revenue and International Profitability
Survey questions:
What percentage of your company’s revenue was earned outside Australia in the last 12 months?
Describe the profitability of your company’s international operations over the past 12 months compared to Australian operations.
International Markets, Barriers and Challenges

Current International Markets

METS companies cited Indonesia, the United States and Chile as their top three markets. This contrasts with the top three countries for overall survey of the United States, China and New Zealand. Respondents collectively identify 52 countries as their most important current overseas markets.

Figure 4: Most important overseas markets (Top 10)

*Survey question: Which countries does your company earn most of its revenue from? (top two countries)*

Respondents sold services and products through different modes in different markets. For example, Papua New Guinea was mainly served directly from Australia, but the United States and China were most frequently served through a foreign subsidiary or joint venture.
Compared to the overall sample, METS companies were more likely to indicate that doing business overseas was more difficult than in Australia. Of the top five current international markets, Indonesia was most frequently found to be more difficult than Australia.

Figure 6: Ease of doing business compared to Australia
Survey question: Ease of doing business (top two countries)
Top Barriers and Challenges

The top barriers in international markets to doing international business for METS companies were a lack of information on local culture, language and business practices; a lack of information on local regulations and tariffs; and customer payment issues.

Figure 7: Barriers faced by Australian businesses

*Survey question: What are the barriers that make (this country) so difficult for your company? (select all that apply)*

Respondents allowed to select more than one option. Percentages calculated based on the number of respondents who selected the barrier divided by the total industry sample size (n = 159).
Factors cited as adversely affecting international competitiveness include the value of the Australian dollar, cited as most important by 43 per cent of respondents; labour productivity, cited by 19 per cent of respondents; and transportation/freight costs, cited by 18 per cent.

**Figure 8: Factors in Australia that adversely affect international competitiveness**

*Survey question: What are the factors in Australia that adversely affect your company’s international competitiveness? (select all that apply)*

Respondents allowed to select more than one option and to indicate the importance of the factor. ‘Most Important’ percentages calculated based on the number of respondents who identified the factor as ‘Most Important’ divided by the total industry sample size (n = 159). The same method was used to calculate ‘Important’ percentages.
Future International Business Plans

The international business outlook for this sector was positive. Close to 75 per cent of respondents planned to target new overseas markets in the next two years. Collectively, they targeted 36 new markets.

Figure 9: Top 10 overseas markets to be targeted in the next two years

*Survey question: Which is the most important overseas country your company planning on doing business in, within the next two years?*

Percentages calculated based on number of respondents with clear international expansion plans (n = 117).
Australia’s International Business Survey Partners

Export Council of Australia (ECA)
The Export Council of Australia (ECA) is the peak Industry body for the Australian export community. The ECA is the next exciting step in the evolution of the Australian Institute of Export (AIEx) which, for over 50 years, has had the interests of Australian exporters at heart.

Owned by its members and steered by a Board and a Council of Industry specialists, the ECA is a not-for-profit organisation that has the development of Australia’s resources via the promotion of Australian industry in international markets as its primary goal. The ECA represents all exporters: large, medium and small.

The ECA is the voice for Australia’s exporters:
• Leading Trade Policy Research
• Developing International Trade Skills
• Breaking down Barriers to Trade
• Building Global Networks
• Amplifying Global Trade Success

Austrade
The Australian Trade Commission – Austrade – contributes to Australia’s economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they:

• develop international markets
• win productive foreign direct investment
• promote international education
• strengthen Australia’s tourism industry
• seek consular and passport services.

Austrade provides information and advice that can help you reduce the time, cost and risk of exporting. We also administer the Export Market Development Grant Scheme and offer a range of services to Australian exporters in growth and emerging markets.

W www.austrade.gov.au
E info@austrade.gov.au
T 13 28 78 (within Australia)

 Efic
At Efic we believe in unlocking finance for export success. We are a specialist financier that delivers simple and creative solutions for Australian companies – to enable them to win business, grow internationally and achieve export success.

We provide financial support to Australian based companies which are exporting, are involved in a global supply chain or are seeking to grow internationally. We facilitate and encourage Australian export trade on a commercial basis, working with

• SMEs and larger domestic exporters
• Australian companies participating in export focussed global supply chains and
• Australian companies conducting business and investing in emerging and frontier markets.

We do not compete with the private sector, we partner with banks to provide financial support when the banks are unable or unwilling to assist. The companies we work with are among Australia’s best. They compete on the world stage and win contracts against global competitors. We work with companies across all industries all around Australia.

To find out more about how we could help your business achieve export success, please phone us on 1800 093 724 or visit www.efic.gov.au.

The University of Sydney
The University of Sydney, founded in 1850, is one of Australia’s leading research intensive universities. In the Business School, the International Business group carries out research in the areas of strategy, entrepreneurship and international business. In the Excellence in Research Australia (ERA) 2012 assessment the quality of research by its members was ranked as “well above world standard” – the highest possible level.

The members of the group teach into coursework programs at both undergraduate and post-graduate level, including the Master of International Business, Master of Management and Master of Business Administration. There is also an honours program and a significant number of PhD students.

The International Business group has an active research program, including research groups on entrepreneurship and innovation, and emerging markets. Research funding is sourced from the Australian Research Council and from industry partners such as Merck & Co. Inc, KPMG and the Export Council of Australia.
## Survey partners

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