

2. THE AUSTRALIAN MARKET

2.1 General Characteristics

Australia has a population of 16.3 million which is highly concentrated in a few major cities primarily on the south and east coasts of the continent. The major cities are:

	Population (Million)	% of Aust. Population
Sydney	3.5	22%
Melbourne	3.0	19%
Brisbane	1.2	7%
Adelaide	1.0	6%
Perth	1.0	6%
Total	<u>9.7</u>	<u>60%</u>

Manufacturing, warehousing and retail businesses are similarly concentrated in these major metropolitan markets.

The Australian economy has been expanding strongly in recent years and this has been reflected in increased demand for plant and equipment including materials handling equipment. The level of demand may decline from current levels however, as the Australian economy slows under the influence of high interest rates.

Exporters to Australia must also be wary of volatility in the Australian dollar exchange rates. Imports of materials handling equipment in 1989 and 1990 may be adversely effected by the combined effect of a slowing in the Australian economy and increased import prices if the \$A exchange rate declines further. On the positive side however, the phased reduction in customs duty from the current 25%-30% to 15% by 1992 should assist the competitiveness of imported product on the local market.

2.2 The Materials Handling Industry

Management of materials handling has become a crucial issue in Australia. The industry is currently addressing specific areas of need including the development of new type conveyor systems for low cost handling in warehousing, automation and high technology in distribution centres, safe manual handling practices, inventory management and quality control. Storage and inventory systems are becoming increasingly sophisticated using the latest in computer technology, as are conveyor-belt systems using process control systems.