



Simplifying Export Market Development Grants

Frequently Asked Questions

Why is the government reforming the export market development grants (EMDG) scheme?

- The *Review of Financial Assistance to SME Exporters* examined the effectiveness of the EMDG scheme and found that, while the EMDG is valued by SMEs, its administration was too complex and needed to be simplified.
- The Review also found that each SME's export journey is unique, and assistance needs to be aligned to the stages of an SME's exporter journey.
- The Review therefore recommended the program be re-targeted toward exporters with a turnover of less than \$20 million at three stages of their export journey:
 - SMEs that are export-ready and will be doing business overseas for the first time
 - Exporters who are expanding in their current markets or entering new markets
 - Exporters who continue to expand into new markets
- Relevant industry associations will continue to receive assistance to undertake overseas promotion on behalf of their members. They will now also be able to assist members who haven't exported before to become export-ready.

Has the government accepted all of the reviewer's recommendations?

- Yes. All recommendations have been accepted in principle.

What is staying the same?

- The principles underpinning the EMDG scheme will be retained:
 - The Act establishes an entitlement for eligible exporters
 - It does not prioritise particular industries or export markets
 - A wide range of expenditure is eligible, reflecting that businesses approach markets in different ways
 - SMEs have access to multi-year entitlements, reflecting the time it takes to build a presence in the market
- The following design features will also be preserved:
 - Assistance is focused on export market development and promotion
 - SMEs have 'skin in the game' – they are reimbursed a proportion of their eligible expenditure
 - The scheme will continue to be subject to regular evaluation

What are the main changes?

- EMDG will be changed from a reimbursement scheme to an eligibility-based grants program to encourage export-ready businesses to increase their exports and diversify their markets.

- Unlike the current reimbursement scheme which saw exporters waiting up to two years for payments, eligible SMEs will be able to get **upfront funding certainty over multiple years** for eligible marketing and promotional activities, enabling them to plan their activities with confidence.
- Grants will target eligible, **export-ready SMEs** with an annual **turnover of less than \$20 million** at three stages of their export journey:
 - Eligible SMEs who are new to export will be able to access grants up to \$80,000 over two years
 - Eligible exporters who plan to **expand their presence in current markets** or **enter new markets** will be able to access grants up to \$240,000 over three years
 - Those eligible exporters who **continue to expand into new markets** will be able to access further grants of up to \$450,000 over three years
- Assistance to **industry bodies or alliances** will be expanded to encompass both overseas promotion on behalf of their members and, now, to help members new to export become export ready
- Program administration will be simplified and streamlined, making it easier to access.

Why has the eligibility threshold lowered from \$50 million to \$20 million?

- The Review found that larger exporting businesses saw the money as a 'nice to have' rather than it wasn't an incentive to invest in more export promotion activity.
- The review found that for exporters with a turnover over \$20 million, and EMDG payment was equivalent to less than 0.15 per cent of total revenue.
- The review therefore recommended the program be re-targeted at businesses with a turnover of less than \$20 million. The Minister has accepted this recommendation
- Exporters with a turnover of \$20 million or more are able to access other Austrade services to support them

What does being export ready mean?

- The precise definition and requirements to establish export readiness will be finalised during the consultation period.
- However, the definition and requirements will be based on existing export readiness tests. Austrade's international readiness indicator is available at (<https://www.austrade.gov.au/Australian/Export/Guide-to-exporting/International-Readiness-Indicator>).

When will the new program commence?

- The new program will commence on 1 July 2021, subject to the passage of implementing legislation.

Is the current scheme still in operation?

- Current EMDG arrangements remain in place for this financial year, with 2020-21 being the last year to spend under the current scheme.

Will there be transitional arrangements?

- Transitional arrangements will be in place for financial year 2021-22, to reimburse recipients for activities conducted this financial year (2020-21).

Will there be consultations on these reforms?

- We will consult on the program Rules and design of program administration.

I have received previously received an EMDG entitlement. Will I will be eligible for under the new program?

- This depends on whether you meet the criteria of the new EMDG program: a turnover of less than \$20 million and being export-ready.
- Exporters who have already received eight years of EMDG support at the time of program commencement, and are therefore no longer entitled to EMDG support, will not be eligible for the new program.
- For businesses who are no longer be eligible, other Austrade services are available to support your export journey.

Previously recipients did not always receive their requested grant amount in full. Will this happen again?

- The EMDG program will continue to be an eligibility-based program. This means that all SMEs who apply and are eligible will receive funding. Unlike the current scheme, a major benefit of the new program is that applicants will know how much they will receive from EMDG *before* they undertake their marketing and promotion activities, giving them certainty and allowing them to plan with confidence.

Why have the grant amounts been reduced under the new program?

- Government funding of the EMDG scheme has not changed.
- The Review found that new-to-export recipients typically made relatively smaller claim, while expanding exporters spend more on marketing and promotional activities. The grant amounts have been adjusted to reflect this finding to ensure the available finding makes the greatest impact.

What do the proposed reforms mean for EMDG consultants?

- SMEs can continue to use EMDG consultants' services, including to develop marketing and market expansion plans.

Where can I find out more?

- Further information on EMDG reforms can be found at www.austrade.gov.au/Australian/Export/Export-Grants