



The Hon Dan Tehan MP
Minister for Trade, Tourism and Investment

Parliament House
CANBERRA ACT 2600

Telephone: 02 6277 7420

Our Ref: MC21-000411

Mr Stuart Mitchell
Mitchell and Co
7B The Parade
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Dear Mr Mitchell

Stuart,

Thank you for your letter of 19 March 2021 regarding implementation of the existing Export Market Development Grants (EMDG) program, and the EMDG reform process currently underway.

In relation to current EMDG reimbursements, the payment of EMDG applications made in the 2020-21 financial year is ongoing and final numbers will be released in due course. In setting a much higher than usual Initial Payment Ceiling Amount (IPCA) and waiving the Export Performance Test (EPT) for 2020-21, the Government has provided Small and Medium Enterprise (SME) exporters with a stronger guarantee of funding which was not available to them in previous years. This has increased cash flow to assist SME exporters address the impact of COVID-19. The Government also made the announcements in relation to these matters early, in March 2020, to provide support to Australian SME exporters at the height of the economic impacts of COVID-19.

Austrade's analysis of the impact of COVID-19 on SME exporters' marketing activities for 2021-22 is not yet complete, although there are promising signs of economic recovery for Australia more generally. As you are no doubt aware, changes to SME marketing behaviour in response to COVID-19 have been significant, and the impact of those changes on EMDG is much more unpredictable when compared to previous years. Once Austrade's analysis is finalised and advice is provided to me, I will decide the appropriate level for the IPCA in 2021-22. Once this decision is made, the IPCA will be announced through the usual channels, including through the EMDG Update newsletter and on Austrade's website.

Thank you for the comprehensive written submission you provided on behalf of ECAI on the draft EMDG Rules. Thank you too for your participation, and that of other members of the ECAI Board, in a variety of meetings and online webinars, including during the consultations on the EMDG Rules. As is the usual course of action for consultations of this kind, all submissions and feedback have been analysed and the draft EMDG Rules are being amended to reflect the feedback received. Once finalised, Austrade will alert all stakeholders through their usual communications channels and provide access to the EMDG Rules.

Austrade will also soon be undertaking the next round of consultations for the EMDG reforms on the grant guidelines. This round of consultations will address the majority of issues raised in previous consultations, including requests for clarity around timing, concepts such as the plan to market, and questions about payment milestones. The reformed EMDG program will manage these sorts of issues through administrative processes including the grant guidelines, rather than through legislation as is done for the current EMDG scheme. These changes more closely align EMDG processes with standard Commonwealth grants processes. Austrade will inform interested parties of the dates for the next consultation round through direct email to all registered parties, all those who have previously made submissions, and by notification on the Austrade website.

I note your comments in relation to the transition year where the two EMDG programs will operate at the same time. With the current scheme a reimbursement scheme, and the new program a more traditional grants program with upfront funding agreements, this was necessary to ensure there was no gap in support to SME exporters. Austrade is working to ensure a smooth transition and your suggestions on how to manage the transition year will be considered during the next consultation round. In this regard, I note that no decision has been taken on the application period.

The Austrade website was updated in mid-March to provide as much information as possible at this time and will be updated regularly as we move towards the start of the transition year. I appreciate this is a significant change and it will take some time to familiarise all stakeholders with the new program. However, these changes are much needed. They will significantly reduce the administrative burden on applicants and provide greater certainty for grantees.

Your continued enthusiasm and support for the program is greatly appreciated. I look forward to your contributions to the next phase of consultations.

Yours sincerely



DAN TEHAN

14 APR 2021