



mitchell & co
EXPERIENCE THAT COUNTS

EMDG Newsletter March 2022 – The News Keeps on Coming

You have to "hum" the applicable song tune as you read on.

2021 EMDG OLD Application - "Don't go breaking my heart!"

Earlier today we lodged our last EVER application under EMDG OLD.

EMDG OLD was based on a system that was in place for over 46 years, you spend your money first and then claim it back, the reimbursement model, like a tax return.

It involved just one application and if you lodged early, you got paid early!

The biggest bug in that system was the spilt payment system, a guaranteed amount paid upon audit completion, and the balance at year end.

Sometimes the second payment was low, but overall, the impact was felt by only about 15-20% of the applicants for the year.

For the 2019 grant year, as part of the COVID stimulus package, clients were paid in full. For 2020 the first installment was \$100,000 and that was it, no second payment.

For the 2021 grant year, the first installment was set low at \$30,000.

The 2021 grant year second tranche payment amount will not be paid in full. It depends on the demand on the scheme in the past and now unusual bookkeeping to say the least by the Minister/Austrade.

The Minister has confirmed (Senate hearing of Feb 17th) the rumor that \$26M of this year's budget appropriation – to pay the prior 2021 grant year bids will be allocated to help fund the overdemand for the 2022 grant round (the first year of EMDG NEW). The budget is \$157M (before Austrade's costs) so this amounts to 16.5% of the funding pool.

I have already written to the Minister to express my concern about how 2021 applicants are being treated.

In short, the decision is so wrong on many levels: -

A case of robbing **“Peter to Pay Paul.”** One class of exporters, who applied in for 2021 under the existing rules and precedent are to be short changed. It is completely and morally unfair.

It is **“simply a dumb political decision.”** Exporters have already been poked in the eye with a sharp stick for the 2022 round, now it is happening again for the prior year. The Minister has simply failed big time in his custodianship of the scheme. The 2022 grant payments will be the worst on record, it seems 2021 will not be that far behind as well. We should have a **“two strikes and you are out”** policy here.

An accounting entry, drummed up by bureaucracy to suits themselves, to help solve the funding issues for 2022, it is a case of **“two wrongs do not make a right”**.

I could go on and on.

I intend to write another letter to the Minister. See additional comments below under the heading of **EMDG Lobbying**.

Hopefully, we can get a positive result before or after the forthcoming Federal Election.

Audit/payment activity for 2021 applications is starting to increase.

2022 EMDG NEW Applications - "The first cut is the deepest".

Grant Offers are on the way – very slowly, albeit at the drastically reduced amount (the first cut) as advised before.

This is the first year of EMDG NEW.

The actual grant offers are starting to flow – but only like a leaking tap: drip, drip, drip.

Offers are only being sent out for Tier 1 and Tier 4 (Representative Body) applications.

For those applicants, the grant offers will actually be “pre-paid” to spend the \$26M budget transfer mentioned above. Austrade is trying to push things through a bit too hard and in fact, cutting some big corners to make this happen.

They state the following in an email being sent to Tier 1 and Representative Body applications, who have accepted the grant offer (as recommended you do) via the MyGovID process.

“To enable Austrade to make an upfront payment for the 2021-22 financial year

under your grant agreement, you must provide the following information by Tuesday 1 March 2022....

If an agent or a consultant assisted you in preparing your application, it is up to you if you'd like to use their services to assist you with this request."

This is bull-dust. It has no legal basis whatsoever. In terms of the timeframe and who is to answer the question.

Please do not respond directly to Austrade. That is our job. We have a contractual arrangement; we are your lodging agent and hence we will always respond to Austrade on your behalf.

The reporting obligations per your grant offer are not consistent with Austrade's approach per the email advice above, you are not excused from them. Sending in inaccurate information could cause you to have to repay and funds advanced if not correctly spent.

We will be in touch with you in the coming days to make sure the correct response is provided so there is no claw back.

We have to prepare a report to support the payment by August, so there is in fact no rush here.

Tier 2 and Tier 3 grant offers are yet to be sent out.

They are on the way – via a slow boat to China it seems.

You have not missed anything. You just have to sit tight!

The offers will be sent out in the coming weeks/month. Again, we will consult with you then. You will not be offered pre-payment; it will be milestone reporting. Again, our job to do for you.

For the different Tiers of applicants, we intend to start the required reporting in the coming weeks, so we have it ready to go now and well before June 30th, to ensure the prompt but correct payment of your grant entitlement with no risk of overpayment/recovery.

Lobbying Efforts – “Some days are diamonds some days are stones”.

I have written in two letters to date. I intend to write a third as indicated above.

I did get a response from the Minister’s Chief of Staff. I was grateful for that, I noted the comments made in it. It has fired me up some more. I am not sure who wrote it, it is full of incorrect statistics and incorrect assertions.

I will post the letter on our website when I send my next letter in.

All the best,

Stuart and team.