

Approved Joint Venture status



Australian Government
Australian Trade Commission



What is EMDG?

The Export Market Development Grants (EMDG) scheme is a key Australian Government financial assistance program for aspiring and current exporters.

EMDG encourages small and medium sized Australian businesses to develop export markets by reimbursing up to 50 per cent of eligible export promotion expenses in a financial year above a threshold of \$10,000, provided that the expenses are at least \$20,000.

What is Austrade Approved Joint Venture status?

Austrade Approved Joint Venture status is a special approval granted by Austrade to groups of small to medium sized Australian businesses which co-operate or collaborate in a joint venture style marketing arrangement to pursue specific export activities. Approval enables the group, which would normally be ineligible, to access the EMDG scheme.

Approval is granted for 5 years. Further terms of approval may be applied for. Approved Joint Ventures are entitled to receive a maximum of 5 grants.

If the Joint Venture is incorporated then it is not eligible under these provisions.

What is an Approved Joint Venture able to receive under EMDG?

With Austrade Approved Joint Venture status, the group is able to apply for an EMDG grant if it spends at least \$20,000 on eligible export promotion during a financial year. First year applicants may combine 2 years expenses to meet this threshold.

EMDG reimburses eligible expenses at a rate of up to 50 per cent, less the first \$10,000 which is not reimbursable. Each Approved Joint Venture is eligible to receive up to five EMDG grants with a maximum of \$150,000 per annum, subject to available funds in the scheme. See our EMDG *In Brief* publication for further details.

The Approved Joint Venture may only claim export promotional expenses that:

- are eligible under the EMDG scheme
- were incurred within the scope of the organisation's approved export activity, project or purpose.

Where a member of the group is a foreign company, a government body, or has an income in excess of \$50 million per annum, that member's promotional expenses are not eligible for reimbursement under EMDG.

Who may apply?

Any group of small to medium sized Australian based businesses who have cooperated or collaborated may apply for Austrade Approved Joint Venture status where the group is in pursuit of a specific export activity, project or purpose.

What are the requirements to be satisfied?

A group is required to meet nine specific approval requirements in order to be considered eligible for Approved Joint Venture status. These are:

1. A written agreement exists to which each of the members of the group is a party.
2. Significant synergy flows from the collaboration between the members of the group.
3. The group is promoting a new activity, project or purpose.
4. The group's activity, project or purpose is planned.

5. The group's activity, project or purpose is commercially feasible.
6. The group's activity, project or purpose is financially feasible.
7. The activity, project or purpose is a co-operative exercise between the proposed members to achieve the promotion of Australian exports.
8. There is no association between members of the group other than as members of the joint venture.
9. The group's activity, project or purpose can bring significant net benefit to Australia.

How to apply

To apply for Approved Joint Venture status the organisation must submit a written application to Austrade addressing the assessment criteria. An application for Approved Joint Venture status may be made at any time. Austrade will assess the information in the application to determine whether or not the organisation meets the approval requirements listed above.

The following information is required to enable the application to be assessed:

- **details about the group**

- name of the group (if applicable)
- names and addresses of all the members of the group (including ACN and ABN numbers for company members)
- total export earnings for each member of the group over the last three years, broken-down by product and market
- details of any government support, particularly financial support, received during the past 2 years by any member of the group (e.g. AusIndustry, State Government programs, etc.).

You must also provide details of any member in the group that:

- is a non-Australian resident
- is a government entity
- is a member of another Austrade Approved Joint Venture
- has an annual income in excess of \$50 million

- **contact member details**

- details of the group's contact member. This person must be an Australian resident, have an Australian Business Number (ABN) at the time of being entitled to receive a grant and be able to act on behalf of the group and keep consolidated management accounts for the group. Austrade contact with this person for all EMDG related matters.

- **details on the approval requirements**

- information on how each of the approval requirements is met. "Assessment Guidelines" are provided in this brochure and highlight what Austrade will consider in assessing the application and will provide a guide as to what information you should provide in relation to each requirement.

- **declaration**

- declaration as follows: "I (organisation's representative) present this information to Austrade believing it to be a true and correct representation of the organisation's current position and intentions associated with this application."

- **attachments**

- copy of the written agreement in place for the group or brief CV of the key staff involved in export
- current financial statements for each member of the group and a promotional budget covering the group's proposed expenditure over the next three years
- copy of the minutes from a recent group meeting.

In addition, please provide contact name and details of any consultant used to help prepare the application and ensure that the application is signed and dated by the organisation's representative.

What happens next?

Austrade will either phone or visit the organisation's representative to assess whether each of the approval requirements have been met by the organisation.

Approval will generally not be granted if:

- the controlling member or members of the group are not a resident or residents of Australia
- more than half the members of the group are not residents of Australia
- where there are two or more members of the group and one contributes more than 75 per cent of the group's expenditure on promotion of its activity, project or purpose
- there are three or more members of the group and one contributes more than 50 per cent of the group's expenditure on promotion of its activity, project or purpose
- a member of the group is already a member of three other Austrade Approved Joint Ventures.

When a decision has been made, Austrade will advise this in writing to the nominated contact member. Approval is granted for 5 years but may be reviewed at any time. The terms of approval will be provided and may be subject to some conditions. Any application for an EMDG grant must be within the terms of this approval.

Once approved, the group may submit an application for an EMDG grant.

For further information on what can be claimed and how to apply for a grant, refer to our EMDG *In Brief* publication. Visit www.austrade.gov.au/exportgrants/publications or call 13 28 78 to obtain a copy.

What else is important?

- The application and assessment process for Approved Joint Venture status is separate to the application and assessment process for an EMDG grant.
- The applicant may seek to vary the terms of approval at any time.
- Approved Joint Ventures are not required to pass Grants Entry requirements.
- The group will not be able to receive a grant if any members are subject to insolvency administration or subject to offences relating to fraud or dishonesty under the Corporations Law or Crimes Act.
- Grants paid are assessable income for taxation purposes.
- The rules of the EMDG scheme are provided for under the [Export Market Development Grants Act 1997](#). The Act is available on our website and can also be purchased from government bookshops.

Assessment guidelines

These guidelines are based on the Ministerial Guidelines for the *Export Market Development Grants Act 1997*.

As part of the assessment, Austrade will give weight to the following:

- a) Austrade requires a copy of a written agreement signed by all parties. The agreement must specify the following:
 - a description of the activity, project or purpose, product/s and target market/s,
 - the start and finish date of the activity, project or purpose,
 - the role of each member of the group in undertaking the activity, project or purpose,
 - the processes for decision making by the members of the group.
- b) Significant synergy will be demonstrated if the group can substantiate an increase in efficiency or reduction in costs by reason of the activity, project or purpose being conducted by the group as a whole rather than by individual members of the group.
- c) An activity, project or purpose will be considered new if the eligible products (as defined in the Act) being promoted are products for which no more than half the members of the group previously had export earnings of more than \$300,000 over the preceding 3 financial years in respect of each of the proposed markets.
- d) An activity, project or purpose will be considered planned where the group has a business/export plan that includes:
 - market research that has been undertaken for each of the target markets,
 - an analysis of the project's strengths and weaknesses,
 - specific promotional activities to be undertaken,
 - a list of objectives and milestones to be achieved and a timetable for their achievement.
- e) The commercial feasibility of an activity, project or purpose will be assessed having regard to:
 - the technical and managerial skills of the members of the group,
 - the success of the members of the group in the domestic market,
 - the success of the members in developing new export activity.
- f) The financial feasibility of an activity, project or purpose will be assessed having regard to:
 - the arrangements for funding the activity, project or purpose,
 - the consequences for the members of the group if the activity, project or purpose fails,
 - each member's current financial position,
 - financial projections for the activity, project or purpose for the next 3 years.
- g) A cooperative exercise will be assessed having regard to:
 - whether the members of the group meet regularly,
 - whether each member is actively involved in promoting the activity, project or purpose,
 - if there are two or more members of the group and no one member contributes more than 75 per cent of the group's expenditure on promotion of its activity, project or purpose,
 - if there are three or more members of the group and no one member contributes more than 50 per cent of the group's expenditure on promotion of its activity, project or purpose.

h) Where one member controls or is able to control another member, or where any association exists between members of the group other than as members of the joint venture, those members may be treated as one.

Association includes where one member is:

- a "relative" (as defined in section 107 of the Act), of another member,
- a "related corporation" (within the meaning of section 50 of the Corporations Law) in relation to another member, or
- determined by Austrade to be a person closely related to another person who is a member.

i) The potential to generate significant net benefit to Australia will be assessed having regard to whether the activity, project or purpose may result in:

- an increase in export earnings,
- an increase in employment in Australia,
- the provision of new capital investment in Australia,
- introduction of new technologies and new value-added operations in Australia.

Where to lodge applications

Applications for Approved Body status may be forwarded to the Special Approvals Manager, EMDG at your local Austrade office:

NSW/ACT

GPO Box 5301
Sydney, NSW, 2001
Tel: (02) 9390 2787
Fax: (02) 9390 2730

QLD

GPO Box 1061
Brisbane, QLD, 4001
Tel: (07) 3364 7793
Fax: (07) 3364 7749

VIC/TAS

PO Box 310
South Melbourne MDC, VIC, 3205
Tel: (03) 9648 3142
Fax: (03) 9648 3144

WA

PO Box 7400
Cloisters Square Perth, WA, 6850
Tel: (08) 9261 7900
Fax: (08) 9261 7906

SANT

PO Box 3341
Rundle Mall, SA, 5000
Tel: (08) 8202 7812
Fax: (08) 8202 7808

For more information visit www.austrade.gov.au or call **13 28 78**
