

Equine industry  
Export Market Development Grants – Fact sheet



Australian Government  
Australian Trade Commission



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

## What is EMDG?

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 \$20,000. Eligible businesses can receive a maximum of seven taxable grants of up to \$150,000 each.

In 2010-11, 9 equine industry exporters received \$166,418 in EMDG grants. These companies generated around \$2.2 million in exports.

To qualify for an EMDG grant, you must:

- be an eligible business genuinely carrying on business in Australia, with annual income of not more than \$50 million
- be seeking to export an eligible product (goods, services, intellectual property or know-how)
- have incurred expenses on an eligible promotional activity (overseas marketing visits, overseas representation, marketing consultants, participation in trade fairs, communications, free samples, promotional literature and advertising, visits to Australia by overseas buyers and registration and insurance of intellectual property).

## Eligibility considerations for equine industry businesses

Equine companies promoting eligible, identifiable goods, services, intellectual property or know-how may apply for EMDG. Some key eligibility considerations for Equine businesses apply to each of these categories:

### Goods

For goods to be eligible for an EMDG grant:

- they must be made in Australia, or
- goods that are not made in Australia are eligible for EMDG if Austrade determines that Australia would derive a significant net benefit from the sale of those goods outside Australia.

### Intellectual Property / know-how – ownership and Australian content

- The applicant must be promoting the sale of intellectual property or know-how that has a significant amount of Australian input.
- Applicants that have licensed their intellectual property or know-how to a foreign resident may claim for the promotion of sales of the overseas-made goods from which they receive licence or royalty type income.

### Principal status

The applicant and, where the applicant is a company, the applicant or its related entity, must be the principal or intended principal in any export sale – refer to section 37(1A)(4) & (5) of the EMDG Act for the definition of related entity.

This means that applicants or, in certain circumstances, applicants or their related entities, must own the product

being exported and must promote sales contracts with overseas residents. It also means that, agents – who sell on behalf of the owner – cannot claim under the EMDG scheme.

Applicants promoting goods need to promote the sale and export of these goods. In the case of the equine industry, this means that businesses cannot receive EMDG support for the promotion of horses that are sold to foreign residents for training and racing in Australia. Contact Austrade for more details if you have any questions about this rule.

### **What expenses are eligible?**

The nine categories of eligible expenses under EMDG include:

1. overseas representation
2. marketing consultants
3. marketing visits
4. communications
5. free samples
6. trade fairs and promotional events
7. promotional literature and advertising
8. overseas buyer visits to Australia
9. registration and insurance of intellectual property.

Specific equine industry examples of expenses that may be eligible under the above expense categories include:

- the costs of entering and transporting horses to international events such as endurance races where the purpose of participating is to promote future sales
- the costs of free samples given away free of charge to potential buyers. The value of horses given away can be difficult to calculate as the costs need to be actually borne by the business and do not include the market value of the horse. Some costs that may be claimable include stud fees, stable fees (including wages), costs of breaking and training, agistment, feed, vet fees, and freight to the potential buyer.
- sponsorship of equine events where it can be shown that the sponsorship expenditure was incurred for the promotion of the applicants' products
- the cost of producing and distributing promotional material such as stud books to potential overseas buyers
- equine businesses based in Australia sometimes invite overseas buyers or potential overseas buyers to travel to Australia in order to show or demonstrate their products to them. The EMDG scheme reimburses some of the costs of inward travel by overseas buyers, including for site visits.

Australian events where part or all of the expenditure is aimed at promoting products to visiting overseas buyers.

### **Key dates**

Applications open on 1 July and close on 30 November.

## Equine industry case study

### Southern Cross Saddlery

Fourth-year EMDG grant recipient, Southern Cross Saddlery stunned the North American saddle industry by scoring a major order of Australian stock saddles to the Mexican Government.

Established by Wayne Parker and Kevin Peatey, Southern Cross Saddlery has built a highly successful business enterprise on custom-making Australian Stock Saddles for all types of horses from station animals through to show ponies.

Southern Cross Saddlery has a particular focus on the USA market, with its equestrian industry supporting 6.9 million horses, about half of which are used for recreation and trail-riding. The Australian stock saddle has become the equipment of choice for North American trail-riders, since it was first introduced nationally in 1979 by the Australian Stock Saddle Company, in Malibu, California.

However, receiving the order from Mexico came as a surprise to the company. Kevin Peatey commented: "We were shocked. We didn't think Mexico even knew we existed."

The saddles that Southern Cross Saddlery exported to Mexico were among the most expensive ever produced in Australia, with some trimmed in farm-raised crocodile skin, while others were decked in Sterling silver.

The Export Market Development Grant has been instrumental in the company's success, supporting the company's visits to trade fairs in the USA and partially reimbursing costs incurred on placing advertisements in the Western Horseman Magazine that is distributed in this market.

"We believe that the advertising for our product is part of the export success that we have had the last two years, and that was thanks to Austrade," said Wayne Parker, Southern Cross Saddlery.

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For more information visit [www.austrade.gov.au](http://www.austrade.gov.au) or call 13 28 78

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